

The Shropshire Gateway Educational Trust

(A Company Limited by Guarantee)



Shropshire
Gateway
Educational Trust

Annual Report and Financial Statements

Year ended 31 August 2018

Company Registration Number:
09115941 (England and Wales)

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Nigel Gibbon, Chair Graham Pain Val Simpson Elizabeth Davies Mark Dayborn
Directors	Phillip Dews (resigned 31 December 2017) Nigel Gibbon, Chair Alex Gurney Matt Home Pete Howman Dennis Hill Anthony Kinsey Lisa Mason (appointed 25 March 2018) Andrew Morrish Darren Reynolds, Chief Executive
Company registered number	09115941
Company name	The Shropshire Gateway Educational Trust
Principal and registered office	Lacon Childe School Love Lane, Cleobury Mortimer Dudley DY14 8PE
Accounting Officer	Darren Reynolds
Chief executive officer	Darren Reynolds
Senior management team	D Reynolds, Trust Executive Headteacher - Lacon Childe School G Bradley, Trust Business Manager C Little, Head Teacher - Clee Hill Community Academy C Mayfield, Head Teacher - Cleobury Mortimer Academy K Jones, Head Teacher - Stottesdon C of E Primary A Cole (resigned 31/8/18), Deputy Head - Lacon Childe School R Croxton-Broome, Deputy Head - Lacon Childe School M Dawes, Deputy Head - Cleobury Mortimer Primary N Roff, Assistant Head - Lacon Childe School T Stiles, Assistant Head - Lacon Childe School
Independent auditors	Whittingham Riddell LLP Chartered Accountants Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Solicitors

Browne Jacobson
Victoria Square House
Victoria Square
Birmingham
B2 4BU

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors (who are also directors of the charity for the purposes of the Companies Act) present their Annual Report together with the audited Financial Statements and Auditors' report of The Shropshire Gateway Educational Trust (the Trust) for the Period ended 31 August 2016. The Directors confirm that the Annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2015. The Annual Report serves the purposes of both a Governors Report and a Directors' Report under company law.

Structure, governance and management

a. Constitution

The Trust is a charitable company limited by guarantee and was set up by a Memorandum of Association on 3 July 2014.

The charitable company's Memorandum of Association is dated 3 July 2014.

The principal object of the Trust is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

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 Directors

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

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

The Executive Headteacher and Chair are responsible for all training. There is an induction programme for all new Directors, and access to training delivered by internal and external providers. Where necessary, training will be offered on charity, educational, legal and financial matters. All Directors are provided with copies of the constitution and policy documents. In addition, they are routinely involved in meetings to scrutinise accounts, reports, budgets and plans to enable them to carry out their roles and responsibilities effectively.

e. Organisational structure

All Directors are involved in decision making. The main Governing body and sub-committees meet regularly. The Directors are responsible for setting general policy, risk management strategy, plans, budgets and targets, as well as monitoring the performance of the Trust against aims and objectives.

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

f. Pay policy for key management personnel

Directors are responsible for setting the pay of key management personnel in line with budgets, individual responsibilities and performance.

Objectives and Activities

a. Objects and aims

The Academy Trust's object is specifically restricted to the following:

a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and which shall include:

- i) Academies other than those designated Church of England, whether with or without a designated religious character; and
- ii) Church of England Academies designated as such which shall be conducted in accordance with the principals, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Diocesan Board of Education.

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

b) to promote for the benefit of the inhabitants of the areas where the Academies are established and its surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have such need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said individuals.

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

b. Objectives, strategies and activities

Our principle aspirational guidelines is that we hope to embed 'outstanding and beyond' teaching and learning across all areas of the Trust. This is used to inform and develop their own individual policies for teaching and learning. In this way the policy, and its practice, will enable our learners to make rapid and sustained progress in all areas of the curriculum.

We will ensure that there is:

- A high quality teaching and learning experience for all students
- A framework by which excellence and challenge are provided for all students
- A coherent approach with consistency of expectation
- Raised attainment across all year groups enabling all students to make expected (at least three levels) progress between key stages 2 and 4 (as a result of teaching which increases student motivation, participation and independence)
- Promote learning behaviours, self belief and a 'can do' culture for both staff and students at the Academies
- Give more opportunities for self reflection and the sharing of good and outstanding practice
- Provide opportunities for students to develop the skills necessary to become independent, lifelong learners

c. Public benefit

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

The significant activities for achieving this are detailed above.

Achievements and performance

Strategic report

a. Key performance indicators

Ofsted rating of Good achieved for for Lacon Childe School, Clee Hill Community Academy and Cleobury Mortimer Primary. Stottesdon C of E Primary has not been inspected and therefore retains its outstanding rating.

b. Going concern

After making appropriate enquiries, the Board of Directors which also incorporates the Finance and Resource committee has a reasonable expectation that the 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.

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

c. Review of activities

The Trust continues to flourish. In September 2017 Lacon Childe school saw its biggest Year 7 intake and are pleased to be a popular choice for parents with waiting lists for places at the school. Primary transition work continues in many curriculum areas to support pupils as they move through their school career. Lacon Childe School, Cleobury Mortimer Primary and Clee Hill Community Academy all welcomed visits from Ofsted and are pleased to have been awarded a good rating from these inspections. Stottesdon C of E primary retains its current outstanding rating. continues with its plans for a new build hall as a welcome addition to its premises.

Lacon Childe School 2017-2018

2017-18 was a very eventful year for Lacon Childe School. In November we had a visit from Ofsted. It was good to hear from an external source how we were doing at Lacon and the resulting 'Good' grade justification for the developments we have put in place.

Our sports teams, once again, performed magnificently and we achieved many notable successes with our netball, hockey, rugby and football teams, as well as tremendous achievements in showjumping.

Our GCSE results were good in many areas and it was especially pleasing to see our maths results closer aligned with both English and science. Most impressively however, were our art results with a 100% pass rate at grade 5 and above.

We have remodelled our workforce and restructured the leadership of the school at middle and senior level. At the same time we have created the opportunity for more staff to take on a part time role. This has resulted in some big cost savings and a reduction in our overall staffing budget. We had a 3% staff turnover rate with 1 member of staff leaving at the end of the year, indicating a strong desire for teachers to remain at our school.

Our enrichment programme was, again, enhanced by the opportunity for students to travel to Barcelona, Arthog in Wales, Paris and Krakow. There were many other local and national visits undertaken by our students throughout the year.

Clee Hill Community Academy 2017-2018

- The school was above the national standard for Reading, Writing and Maths combined for both reaching the expected standard and greater depth by the end of both Key Stage 1 and Key Stage 2
- The school was above national for the attainment of pupils reaching at good level of development by the end of the Early Years Foundation Stage.
- The school had a very positive OFSTED experience in March 2018, where the judgement was that Clee Hill Community Academy remained a good school.
- The school runs community days every term where members of the community paint, garden and repair elements of the school grounds. As a result a number of Community Grants were gained to make improvements to the Reception Class fencing and construct an outdoor class area for Forest Schools.
- Parental and Pupil Questionnaire are very positive and show the community led atmosphere of the school where everyone is valued. 'Great school, great staff, great before- and after-school club, great headteacher, just great, great, great!' OFSTED parental questionnaire March 2018. "My children are blessed to be part of such a fantastic school" Parent's Questionnaire Spring 2018

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

Stottesdon Cof E Primary and Nursery 2017-2018

During 2017/18, significant achievements were as follows:

- Establishing the previous private partner (Chorley Family Playgroup and wraparound) as our own Nursery and wrap around provision. Early Years Foundation Stage provision is being strengthened to meet need and a pattern of lower baselines.
- Continued high standards of attainment, particularly in writing.
- A good outcome from our SIAMS report:
- The spiritual, moral, social and cultural development of children is a great strength.....
- The close partnership between the school, the local church and its community enhances the Christian life of the school.
- Continued breadth of curriculum which inspires children and supports progress. Sport and music continue to be strengths of the school provision with the school being awarded the School Games Gold Award.

Cleobury Mortimer Primary 2017-2018

2017-18 was a very successful year for CMPS. In October we were visited by Ofsted and the school was graded 'Good'. Particular strengths identified by the inspection included the good outcomes we achieve for all pupils; good support and precise targeting of interventions for children with additional learning needs and the high expectations the senior leadership team has of all staff and, as a consequence of that, all children. Other highlights of the year include participating in sports' competitions and becoming county champions in tag rugby. We have also had several very successful STEM weeks, working alongside local and national businesses to develop an understanding of how what is learned in school can be transferred into work. The children have enjoyed many enrichment activities and visits including the annual Year 6 Residential trip to Wales. Improvements to the school site included the installation of a trim trail at the request of the school council who have been working to improve the health of the whole school. The school council have also worked with the Town Council to host the annual Town Expo at our school. They have also been responsible for installation of a speed warning sign near the school in an effort to improve road safety.

d. Investment policy and performance

As stated in the Articles of Association, Directors have the power to invest in the name of the Trust such part of the funds as they may see fit. The Trust currently holds its cash balances at its bank and has no plans to change this policy in the near future.

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

Financial review

a. Reserves policy

The surplus position of the Trust excluding Fixed Assets and Pension at the end of the accounting period 31st August 2018 was £98,629. Reserves for the Trust have decreased by £85,523 during the period. The reserves position at the end of the accounting period shows that the Trust holds the following reserves.

Fixed Asset Fund reserve £16,947,660

Pension Fund reserve (£2,058,000)

Restricted Fund reserves £nil

Unrestricted Fund reserves £98,629

The directors have approved a reserves policy and investment policy for the Trust which are reviewed annually. Decisions on the use of is made at director level for specific purposes across the trust schools.

In 2017/2018 use of the reserves was approved by directors to support the operating activities of individual schools. The principal source of funding for the trust academies is general annual grant directly from the Education Funding Agency, this funding is used to support the objectives of the academies with opportunities for income generation and external fund raising and grant applications supporting wherever possible. During the year three of the trusts four schools received an Ofsted visit with outcomes at all three schools being confirmed as good. The Trust also uses it annual grant funding to meet its obligations for pension deficits on the Local Government pension scheme.

The Trust recognises it main financial risk to be that of cash flow and aims to minimise this risk by contributing in future years to a reserve fund set at a level prudent to be able to deal with cash flow and unexpected events.

b. Principal risks and uncertainties

The effect of a judgement made by an Ofsted visit can be very positive or very negative. With the turbulence in results nationally this is an increased risk.

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

c. Financial risk management objectives and policies

The Trust and Academies budgets and related expenditure are closely monitored for best value by the Accounting Officer and Board, with auditing carried out by an independent accountant.

The Directors have devised a risk register with scoring, control measures and assurance control in place which will be implemented across all Academies..

Fundraising

The Trust has a keen approach to fundraising to support its activities in order to enhance its provision of activities for students and its involvement in the local community. It fundraising activities include:

Working with external community groups, professionals and fundraisers to recognised standards and monitoring these activities for impact, levels of participation and achievements whether this be fundraising for a specific reason or for future activities.

It ensures that its fundraising operates in a way that protects the public including those who may be more vulnerable from unreasonably intrusive or persistent fundraising approaches including pressure to donate.

Plans for future periods

a. Future developments

The individual schools within the Trust have written and constantly monitor, evaluate and update a school improvement plan which sets out their targets for the following years. This seeks to focus activities towards shared goals and aspirations of the individual school and using funds available to it to achieve these targets. The schools reflect on past activities and the changing educational environment when reviewing this plan.

Trade Union Activities

There are no disclosures to make in respect of Trade Union activities.

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

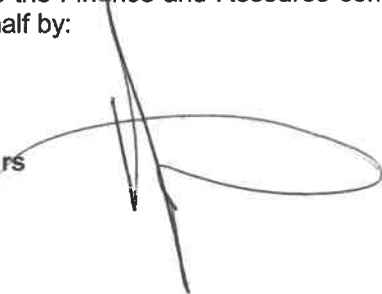
Disclosure of information to auditors

Insofar as the Directors are aware:

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

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors which also incorporates the Finance and Resource committee, as the company directors, on 28 November 2018 and signed on its behalf by:

Nigel Gibbon
Chair of Directors



THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors which also incorporates the Finance and Resource committee has delegated the day-to-day responsibility to the executive headteacher, 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 The Shropshire Gateway Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors which also incorporates the Finance and Resource committee any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors which also incorporates the Finance and Resource committee has formally met 4 times during the year. Attendance during the year at meetings of the Board of Directors which also incorporates the Finance and Resource committee was as follows:

Director	Meetings attended	Out of a possible
Nigel Gibbon, Chair	3	4
Alex Gurney	3	4
Matt Home	3	4
Pete Howman	4	4
Dennis Hill	2	4
Anthony Kinsey	4	4
Lisa Mason	1	2
Andrew Morrish	3	4
Darren Reynolds, Chief Executive	4	4
Phillip Dews (resigned 31.12.17)	1	1

The Finance and Resources committee is a sub-committee at each school of the main board of trustees. Its purpose is to: Challenge and understand information presented in a transparent manner to ensure good value and effective use of the academy resources to fit its policy purposes. During the year the committee has faced the challenge of understanding the improved and more in-depth information given to them and acting on the relevance of this information.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors which also incorporates the Finance and Resource committee where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

Centralising its core financial, payroll and HR functions to achieve specialist knowledge, management and understanding of financial and employment matters and to improve financial and personnel management.

Centralising its procurement of services and provisions for use at all of its schools to provide efficient and best value use of the funding available to it together with benefitting from bulk buying arrangements and avoidance of duplicated service provisions.

Centralising responsibilities for premises management to ensure a consistent approach to meeting statutory requirements.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Shropshire Gateway Educational Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors which also incorporates the Finance and Resource committee;
- regular reviews by the Finance 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 Directors which also incorporates the Finance and Resource committee has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Whittingham Riddell LLP, the external auditors, to perform additional checks.

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

- Reviewing and testing the operations of the systems of controls;
- Review of financial procedures in place;
- Detailed transactional testing; and
- Reporting on their findings.

On a termly basis, the external auditors report to the Board of Directors which also incorporates the Finance and Resource committee on the operation of the systems of control and on the discharge of the Board of Directors which also incorporates the Finance and Resource committee' financial responsibilities.

The external auditors have performed this additional testing during the year as planned and have reported to the Board appropriately.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (continued)

Review of Effectiveness

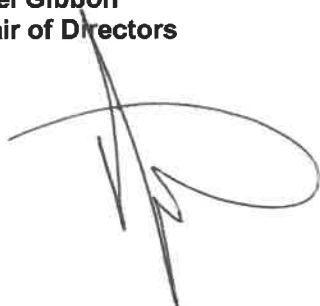
As Accounting Officer, the executive headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Board of Directors which also incorporates the Finance and Resource committee on 28 November 2018 and signed on their behalf, by:

Nigel Gibbon
Chair of Directors



Darren Reynolds
Accounting Officer



THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Darren Reynolds
Accounting Officer

Date: 28/11/2018

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

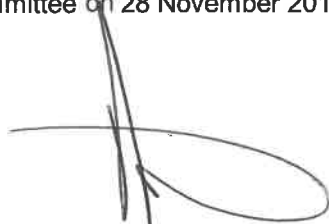
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The Directors 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 Directors 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 Directors 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 Directors which also incorporates the Finance and Resource committee on 28 November 2018 and signed on its behalf by:



Nigel Gibbon
Chair of Directors

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SHROPSHIRE GATEWAY EDUCATIONAL TRUST**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST

Other information

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

Matters on which we are required to report by exception

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

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

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SHROPSHIRE GATEWAY EDUCATIONAL TRUST**

Responsibilities of trustees

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

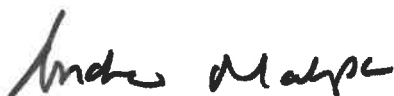
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

13 December 2018

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
SHROPSHIRE GATEWAY EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25 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 The Shropshire Gateway Educational Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Shropshire Gateway Educational Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Shropshire Gateway Educational Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Shropshire Gateway Educational Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Shropshire Gateway Educational Trust's accounting officer and the reporting accountant

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

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

Approach

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

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

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

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
SHROPSHIRE GATEWAY EDUCATIONAL TRUST 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.



Andrew Malpass BA FCA

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

13 December 2018

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(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 funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	162,506	-	162,506	334,884
Charitable activities	3	-	5,252,852	-	5,252,852	4,852,991
Other trading activities	4	-	289,624	-	289,624	230,718
Investments	5	281	-	-	281	646
TOTAL INCOME		281	5,704,982	-	5,705,263	5,419,239
EXPENDITURE ON:						
Charitable activities		90,097	5,856,414	176,275	6,122,786	6,068,638
TOTAL EXPENDITURE	6	90,097	5,856,414	176,275	6,122,786	6,068,638
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	(89,816)	(151,432)	(176,275)	(417,523)	(649,399)
		-	(50,568)	50,568	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(89,816)	(202,000)	(125,707)	(417,523)	(649,399)
Actuarial gains on defined benefit pension schemes	20	-	332,000	-	332,000	4,000
NET MOVEMENT IN FUNDS		(89,816)	130,000	(125,707)	(85,523)	(645,399)
RECONCILIATION OF FUNDS:						
Total funds brought forward		188,445	(2,188,000)	17,073,367	15,073,812	15,719,211
TOTAL FUNDS CARRIED FORWARD		98,629	(2,058,000)	16,947,660	14,988,289	15,073,812

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09115941

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		16,947,660		17,073,367
CURRENT ASSETS					
Debtors	14	150,038		219,031	
Cash at bank and in hand		358,089		431,843	
		<u>508,127</u>		<u>650,874</u>	
CREDITORS: amounts falling due within one year	15	<u>(409,498)</u>		<u>(462,429)</u>	
NET CURRENT ASSETS			98,629		188,445
TOTAL ASSETS LESS CURRENT LIABILITIES			17,046,289		17,261,812
Defined benefit pension scheme liability	20		<u>(2,058,000)</u>		<u>(2,188,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			14,988,289		15,073,812
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds excluding pension liability			<u>16,947,660</u>		<u>17,073,367</u>
Pension reserve			<u>(2,058,000)</u>		<u>(2,188,000)</u>
Total restricted income funds			14,889,660		14,885,367
Unrestricted income funds	16		<u>98,629</u>		<u>188,445</u>
TOTAL FUNDS			14,988,289		15,073,812

The financial statements on pages 22 to 49 were approved by the Directors, and authorised for issue, on 28 November 2018 and are signed on their behalf, by:


Nigel Gibbon
Chair of Directors

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	18	<u>(23,467)</u>	<u>(124,884)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		281	646
Purchase of tangible fixed assets		<u>(50,568)</u>	<u>(253,916)</u>
Net cash used in investing activities		<u>(50,287)</u>	<u>(253,270)</u>
Change in cash and cash equivalents in the year		(73,754)	(378,154)
Cash and cash equivalents brought forward		<u>431,843</u>	<u>809,997</u>
Cash and cash equivalents carried forward	19	<u><u>358,089</u></u>	<u><u>431,843</u></u>

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The Shropshire Gateway Educational Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Turnover

Turnover comprises revenue recognised by the Academy in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Leasehold property	-	0.8% Straight Line
Furniture and fixtures	-	20% Straight Line
Motor vehicles	-	20% Reducing balance
Computer equipment	-	33% Straight Line

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

1.7 Debtors

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

1.8 Cash at Bank and in hand

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

1.9 Liabilities and provisions

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

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 Taxation

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

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Fund accounting

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

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.

Investment income, gains and losses are allocated to the appropriate fund.

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Donations and sponsorship	-	90,429	-	90,429	77,123
Capital Grants	-	72,077	-	72,077	257,761
	-	162,506	-	162,506	334,884
<i>Total 2017</i>	-	334,884	-	334,884	

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
GAG	-	4,149,373	4,149,373	4,087,446
	-	4,149,373	4,149,373	4,087,446
Other government grants				
Other	-	19,454	19,454	318
SEN Funding	-	222,160	222,160	169,028
Other EFA Grants: Excluding Capital	-	130,839	130,839	83,981
Other Govt Grants: Excluding Capital	-	95,330	95,330	24,197
Pupil Premium	-	202,403	202,403	198,542
	-	670,186	670,186	476,066
Other funding				
Transport Income	-	154,450	154,450	148,611
Income from Universities	-	11,746	11,746	11,233
Income from Local Authority	-	160,852	160,852	99,179
Other income	-	92,516	92,516	23,526
Looking after Children	-	13,729	13,729	6,930
	-	433,293	433,293	289,479
	-	5,252,852	5,252,852	4,852,991
<i>Total 2017</i>	-	4,852,991	4,852,991	

4. TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Charity trading income				
Catering Income	-	110,140	110,140	85,348
Sale of Other Goods & Services	-	179,484	179,484	145,370
	-	289,624	289,624	230,718
	-	289,624	289,624	230,718

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income - local cash	281	-	281	646
<i>Total 2017</i>	646	-	646	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Academy's Educational Activities					
Direct costs	3,357,366	-	515,251	3,872,617	3,613,630
Support costs	1,200,693	318,008	731,468	2,250,169	2,455,008
	4,558,059	318,008	1,246,719	6,122,786	6,068,638
<i>Total 2017</i>	4,312,676	298,999	1,456,963	6,068,638	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Direct costs - Academy Educational Activities	3,872,617	2,250,169	6,122,786	6,068,638
<i>Total 2017</i>	4,274,460	1,794,178	6,068,638	

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of direct costs

	Academy's Educational Activities 2018 £	Total 2018 £	Total 2017 £
Educational Supplies & Services	85,183	85,183	72,435
External Professional Services	85,612	85,612	100,328
Other Supplies & Services	229,312	229,312	231,578
Technology Costs	32,587	32,587	5,312
Staff Development	30,767	30,767	39,954
Examination fees	51,790	51,790	47,955
Travel and Subsistence	-	-	20,155
Wages and salaries	2,545,822	2,545,822	2,321,252
National insurance	252,099	252,099	238,465
Pension cost	559,445	559,445	536,196
	<u>3,872,617</u>	<u>3,872,617</u>	<u>3,613,630</u>
<i>At 31 August 2017</i>	<u>3,613,630</u>	<u>3,613,630</u>	

Analysis of support costs

	Academy's Educational Activities 2018 £	Total 2018 £	Total 2017 £
Pension income	48,000	48,000	38,000
Staff costs	1,200,693	1,200,693	1,216,763
Depreciation	147,892	147,892	210,003
Maintenance of Premises	75,405	75,405	317,527
Occupancy Costs	242,603	242,603	149,064
Catering	203,782	203,782	163,550
Bank Charges & Interest	3,944	3,944	3,161
Other Supplies & Services	865	865	621
Technology Costs	141,784	141,784	144,522
Other Expenditure	79,495	79,495	92,776
Cleaning Costs	62,057	62,057	59,712
Travel and Subsistence	440	440	527
Governance	43,209	43,209	58,782
	<u>2,250,169</u>	<u>2,250,169</u>	<u>2,455,008</u>
<i>At 31 August 2017</i>	<u>2,455,008</u>	<u>2,455,008</u>	

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	147,892	210,003
Auditors' remuneration - audit	5,600	5,600
Auditors' remuneration - other services	8,075	6,700
	<u>161,567</u>	<u>222,303</u>

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,555,392	3,350,721
Social security costs	299,496	286,090
Operating costs of defined benefit pension schemes	691,336	669,658
	<u>4,546,224</u>	<u>4,306,469</u>
Agency staff costs	11,835	6,207
	<u>4,558,059</u>	<u>4,312,676</u>

b. Staff numbers

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

	2018 No.	2017 No.
	182	171

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	4	2
In the band £80,001 - £90,000	1	1

d. Key management personnel

The key management personnel of the academy trust comprises the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £626,074 (2017: £453,535).

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

10. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the Academy. The Principal and other staff Directors 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 Directors. The value of Directors' remuneration and other benefits was as follows:

		2018 £	2017 £
D Reynolds	Remuneration	75,000-80,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000

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

11. DIRECTORS' AND OFFICERS' INSURANCE

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

12. OTHER FINANCE INCOME

	2018 £	2017 £
Interest income on pension scheme assets	22,000	19,000
Interest on pension scheme liabilities	(70,000)	(57,000)
	<u>(48,000)</u>	<u>(38,000)</u>

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

13. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2017	17,410,307	16,964	187,275	55,300	17,669,846
Additions	-	38,568	-	12,000	50,568
Disposals	-	-	-	(51,637)	(51,637)
Transfer between classes	-	4,488	(4,488)	-	-
At 31 August 2018	<u>17,410,307</u>	<u>60,020</u>	<u>182,787</u>	<u>15,663</u>	<u>17,668,777</u>
Depreciation					
At 1 September 2017	394,600	3,558	172,904	25,417	596,479
Charge for the year	141,137	3,651	2,804	300	147,892
On disposals	-	-	-	(23,254)	(23,254)
At 31 August 2018	<u>535,737</u>	<u>7,209</u>	<u>175,708</u>	<u>2,463</u>	<u>721,117</u>
Net book value					
At 31 August 2018	<u>16,874,570</u>	<u>52,811</u>	<u>7,079</u>	<u>13,200</u>	<u>16,947,660</u>
At 31 August 2017	<u>17,015,707</u>	<u>13,406</u>	<u>14,371</u>	<u>29,883</u>	<u>17,073,367</u>

14. DEBTORS

	2018 £	2017 £
Trade debtors	30,047	46,406
Other debtors	35,084	66,555
Prepayments and accrued income	84,907	106,070
	<u>150,038</u>	<u>219,031</u>

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

15. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	177,608	173,541
Other taxation and social security	106,153	120,812
Other creditors	2,315	993
Accruals and deferred income	123,422	167,083
	409,498	462,429
	409,498	462,429
	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	104,833	81,156
Resources deferred during the year	62,055	104,833
Amounts released from previous years	(104,833)	(81,156)
	62,055	104,833
	62,055	104,833

Deferred income relates to trip fees received in advance and income received to fund specific items relating to the 2018/19 year end.

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

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Lacon Childe School- Sinking Fund	-	-	-	50,000	-	50,000
Stottesdon C of E Primary - Hall project	-	-	-	29,000	-	29,000
Stottesdon C Of E Primary - Lottery grant	-	-	-	10,000	-	10,000
Stottesdon C of E Primary - Tesco grant	-	-	-	1,000	-	1,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>
General funds						
General Funds - all funds	188,445	281	(90,097)	(90,000)	-	8,629
Total Unrestricted funds	<u>188,445</u>	<u>281</u>	<u>(90,097)</u>	<u>-</u>	<u>-</u>	<u>98,629</u>
Restricted funds						
Restricted Funds	-	5,704,982	(5,654,414)	(50,568)	-	-
Pension reserve	(2,188,000)	-	(202,000)	-	332,000	(2,058,000)
	<u>(2,188,000)</u>	<u>5,704,982</u>	<u>(5,856,414)</u>	<u>(50,568)</u>	<u>332,000</u>	<u>(2,058,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	17,073,367	-	(176,275)	50,568	-	16,947,660
Total restricted funds	<u>14,885,367</u>	<u>5,704,982</u>	<u>(6,032,689)</u>	<u>-</u>	<u>332,000</u>	<u>14,889,660</u>
Total of funds	<u><u>15,073,812</u></u>	<u><u>5,705,263</u></u>	<u><u>(6,122,786)</u></u>	<u><u>-</u></u>	<u><u>332,000</u></u>	<u><u>14,988,289</u></u>

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

Restricted general funds have been utilised for the Academy's educational operation.

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.

The purpose of the sinking fund is the Lacons schools contribution to replacing the AstroTurf.

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

16. STATEMENT OF FUNDS (continued)

The Stottesdon C of E Primary Lottery grant and Tesco grant both will contribute to their hall project.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Lacon Childe School	(165,710)	(65,919)
Clee Hill Community Academy	39,151	66,127
Cleobury Mortimer Primary School	180,139	158,036
Stottesdon C of E Primary School	46,272	6,693
Multi Academy Trust	(1,223)	23,508
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	98,629	188,445
Restricted fixed asset fund	16,947,660	17,073,367
Pension reserve	(2,058,000)	(2,188,000)
	<hr/>	<hr/>
Total	<u>14,988,289</u>	<u>15,073,812</u>

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 depreciation £	Total 2018 £	<i>Total 2017 £</i>
Lacon Childe School	1,939,455	532,670	282,454	578,566	3,333,145	3,374,208
Clee Hill Community Academy	369,821	151,966	53,540	91,024	666,351	711,615
Cleobury Mortimer Primary School	577,791	352,441	60,959	146,292	1,137,483	1,183,775
Stottesdon C of E Primary School	316,305	163,616	43,698	124,380	647,999	527,122
Multi Academy Trust	-	-	-	44,844	44,844	61,915
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>3,203,372</u>	<u>1,200,693</u>	<u>440,651</u>	<u>985,106</u>	<u>5,829,822</u>	<u>5,858,635</u>

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

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
General Funds - all funds	624,246	24,172	-	(459,973)	-	188,445
Restricted funds						
Restricted Funds - all funds	64,511	5,395,067	(5,665,635)	206,057	-	-
Pension reserve	(1,999,000)	-	(193,000)	-	4,000	(2,188,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	17,029,454	-	(210,003)	253,916	-	17,073,367

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	16,947,660	16,947,660
Current assets	98,629	409,498	-	508,127
Creditors due within one year	-	(409,498)	-	(409,498)
Provisions for liabilities and charges	-	(2,058,000)	-	(2,058,000)
	<u>98,629</u>	<u>(2,058,000)</u>	<u>16,947,660</u>	<u>14,988,289</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	17,073,367	17,073,367
Current assets	188,445	462,429	-	650,874
Creditors due within one year	-	(462,429)	-	(462,429)
Provisions for liabilities and charges	-	(2,188,000)	-	(2,188,000)
	<u>188,445</u>	<u>(2,188,000)</u>	<u>17,073,367</u>	<u>15,073,812</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(417,523)	(649,399)
Adjustment for:		
Depreciation charges	147,892	210,003
Dividends, interest and rents from investments	-	(646)
Loss on the disposal of fixed assets	28,102	-
Decrease/(increase) in debtors	68,993	(7,775)
(Decrease)/increase in creditors	(52,931)	129,933
Pension Adjustment	202,000	193,000
Net cash used in operating activities	<u>(23,467)</u>	<u>(124,884)</u>

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

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	<i>2017</i>
	£	<i>£</i>
Cash in hand	358,089	<i>431,843</i>
Total	358,089	<i>431,843</i>

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

20. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Mercer. 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 £375,088 (2017 - £357,356).

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £283,000 (2017 - £269,000), of which employer's contributions totalled £222,000 (2017 - £209,000) and employees' contributions totalled £61,000 (2017 - £60,000). The agreed contribution rates for future years are 14.3% - 16.8% depending on individual school.

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	2.80 %	2.40 %
Rate of increase in salaries	3.60 %	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.20 %

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	23.1	23
Females	26.3	26.2
Retiring in 20 years		
Males	25.3	25.2
Females	28.6	28.5

Sensitivity analysis	At 31 August 2018	At 31 August 2017
	£	£
Discount rate +0.1%	1,933,000	2,126,000
Inflation +0.1%	2,126,000	2,250,000
Pay growth +0.1%	2,069,000	2,200,000
Mortality assumption - 1 year increase	2,114,000	2,240,000

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	549,000	391,000
Gilts	241,000	178,000
Other	211,000	120,000
Property	55,000	37,000
Cash and other liquid assets	26,000	35,000
	<hr/>	<hr/>
Total market value of assets	1,082,000	761,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £48,000 (2017 - £117,000).

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

	2018 £	<i>2017 £</i>
Current service cost	(369,000)	(357,000)
Interest income	22,000	19,000
Interest cost	(70,000)	(57,000)
Employers contributions	222,000	209,000
Admin expenses	(7,000)	(7,000)
	<hr/>	<hr/>
Total	(202,000)	(193,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	2,949,000	2,710,000
Current service cost	369,000	357,000
Interest cost	70,000	57,000
Employee contributions	61,000	60,000
Actuarial gains	(306,000)	(223,000)
Benefits paid	(3,000)	(12,000)
	<hr/>	<hr/>
Closing defined benefit obligation	3,140,000	2,949,000
	<hr/> <hr/>	<hr/> <hr/>

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20. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	761,000	711,000
Interest income	22,000	19,000
Actuarial losses/(gains)	26,000	(219,000)
Employer contributions	222,000	209,000
Employee contributions	61,000	60,000
Administration expenses	(7,000)	(7,000)
Benefits / Transfers Paid	(3,000)	(12,000)
	<u>1,082,000</u>	<u>761,000</u>
Closing fair value of scheme assets	<u>1,082,000</u>	<u>761,000</u>

21. 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	25,953	16,311
Between 1 and 5 years	15,800	5,052
	<u>41,753</u>	<u>21,363</u>
Total	<u>41,753</u>	<u>21,363</u>

22. MEMBERS' LIABILITY

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

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23. RELATED PARTY TRANSACTIONS

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

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