

# United Schools Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Registration number: 09255130

# United Schools Trust

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# United Schools Trust

## Reference and Administrative Details

<b>Members</b>	Mr M Harding Mrs E Thompson Mr I Sheriff Mr N Canham (appointed 8 September 2015)
<b>Directors</b>	Mr K Haines Mr M Harding Mr M West Mrs J Stuchberry Ullah Mrs C Mabin Ms S Clarke (appointed 1 September 2016) Dr P Fitch (appointed 1 September 2016)
<b>Company Secretary</b>	Mrs W Heathman
<b>Principal and Registered Office</b>	St Michaels School Church Street Newton Abbot Devon TQ12 3BQ
<b>Company Registration Number</b>	09255130
<b>Independent Auditors</b>	PKF Francis Clark Chartered Accountants and Statutory Auditor Sigma House Oak View Close Edginswell Park Torquay Devon TQ2 7FF
<b>Bankers</b>	Lloyds Bank Plc 41 Courtenay Street Newton Abbot Devon TQ12 2QW
<b>Solicitors</b>	Wolferstans Solicitors 60-66 North Hill Plymouth Devon PL4 8EP

# United Schools Trust

## Directors' Report for the Year Ended 31 August 2016

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust will operate an Academy for pupils aged 3 to 11 serving a catchment area in Kingsteignton. It will have a pupil capacity of 420 and had a roll of 0 in the latest school census as the school opened in September 2016.

### **Structure, governance and management**

#### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 8 October 2014. The Governors act as the Trustees for the charitable activities of United Schools Trust and are also the Directors of the charitable company for the purposes of company law.

Details of the Directors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

#### ***Members' liability***

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

#### ***Method of recruitment and appointment or election of Directors***

The board of Directors is currently made up of 5 Directors. These were selected and appointed by the members (in line with the articles of association, articles 45-58). The membership of the board focuses on skills, and the primary consideration in the appointment and election of new governors is the acquisition of the skills and experience the board needs to be effective. The Board has developed a skills-based set of criteria for Trustee selection and recruitment which can also be used to inform on going self-evaluation and Trustee training.

The 5 Directors were also selected to ensure a smooth transition into the opening of the academy and to over see the election of two parental Directors who will be appointed via a vote of the parents within the academy. The principal of the academy will also be appointed to the board of Directors.

Future appointments and recruitment will be looked at in terms of the skills gap left by any vacancy and the members will recruit and appoint appropriate trustees to fill the vacancy efficiently. Should a parental vacancy occur, this post will be filled through a recruiting a parent from the academy and the post will be voted in by the parents of the academy.

#### ***Policies and procedures adopted for the induction and training of Directors***

The core policies are now in place and the induction and training of Directors is on-going. The board is committed to ensuring that their policies and procedures will follow the models of good practice outlined in DfE guidance.

## United Schools Trust

### Directors' Report for the Year Ended 31 August 2016 (continued)

#### *3.3 Induction and on going training and development*

*23. Boards are responsible for identifying and securing the induction and other ongoing training and development governors need. They should set aside a budget for this purpose.*

*24. As part of induction and continuous development, effective boards encourage every governor, especially those new to the role, to make the most of the resources and guidance available to develop their knowledge and skills. Examples of some of the support and resources available are listed within Section 14. Section 50 of the Employment Rights Act 1996*

*25. Good boards set out clearly what they expect of their governors, particularly when they first join. The board's code of conduct should set an ethos of professionalism and high expectations of governors, including an expectation that they undertake whatever training or development activity is needed to fill any gaps in the skills they have to contribute to effective governance. Importantly, this includes their ability to understand and interpret educational and financial performance data. All governors should be able to engage fully with discussions on these matters and if they cannot, they should undertake appropriate training or development to enable them to do so.*

*26. Boards should consider giving the vice-chair or another governor a specific responsibility for ensuring every governor develops the skills they need to be effective. Rather than simply track governors' attendance at training courses, with administrative support from the clerk, this governor would be responsible for ensuring that every new and existing governor develops their skills to make an active and valuable contribution to the work of the board. Any persistent skills gaps across the board or for individual governors should be brought to the attention of the chair.*

*27. If, in the view of the board, a governor fails persistently to undertake the training or development they need, then they should consider suspending the governor on the grounds that they will be in breach of the board's code of conduct and may bring the board or the office of a governor into disrepute.*

*28. Boards should have succession plans in place and develop future leaders by identifying and nurturing talent and sharing responsibility.*

(Governance handbook for trustees of academies and multi-academy trusts and governors of maintained schools, DfE, Nov 2015)

# United Schools Trust

## Directors' Report for the Year Ended 31 August 2016 (continued)

### ***Organisational structure***

#### The Trust Members

There are 5 Trust Members, including the Chair of the Board of Directors. All members will have a clear understanding of the vision of the Academy Trust and be fully on board with its ethos.

The Members will be responsible for appointing and removing Directors. In order to ensure that they do a proper job the Members will have a thorough knowledge of the school, its performance and where the governing body lacks expertise (information to be gained through annual skills audit and Termly reports from the Chair of the Board of Trustees). The Members will appoint the Directors on a skills needs basis. They will consider the outcome of a skills audit and feedback on the Free School's performance to establish what person they need and then they should properly assess the skills set of any proposed candidate.

#### The Board of Directors

The board of Directors initially consisted of 5 members. This has grown to 6 as the Principal of Kingsteignton School joined the board when appointed during the preopening stage. Two parent Directors will be appointed once the academy is opened. As a multi academy trust the board of directors will oversee more than one academy as the trust initially grows. The board of directors will be reconstituted as another academy joins the trust to incorporate the Principal and parental representatives of the academies within the MAT. Initially the board will oversee more than one academy with no local governing body.

### ***Related parties and other connected charities and organisations***

The United Schools Federation will be providing support for the school improvement work during the pre-opening and opening of the academy. The Directors voted on this decision and all decisions around this are and were discussed and voted upon with the full declaration of any interests. This is evidenced within the minutes of the Directors meetings and the declaration of interest forms. Appropriate procedures are followed, as set in the Articles of Association to ensure there is no conflict of interests within discussion or voting in this area.

## United Schools Trust

### Directors' Report for the Year Ended 31 August 2016 (continued)

#### Objectives and activities

##### *Objectives, strategies and activities*

We will provide all children at our school with an outstanding and inspiring education within a caring and nurturing environment. We value individuals, recognise and celebrate their gifts and talents and provide the opportunities they need to help them achieve personal and academic excellence. The values that we promote through our school are Friendship, Compassion, Justice, Courage and Perseverance.

Our curriculum will aim to inspire and motivate children to explore and learn about the world around them. It will help them gain an awareness of the role within their communities and prepare them for their future lives. We will actively encourage children to embrace technology and lead healthy and active lives.

The school will place a great importance on developing links with the community. The aim will be to set the school up as a Dementia Friendly School, with a high quality healthy curriculum that will prepare children for healthy adult lives. Community links will be a large part of this.

The school will also invest heavily in Technology including notebooks, tablets, multimedia recording equipment, editing equipment and environmental and scientific monitoring tools to inspire and motivate children in their learning. Technology will be used to support children and ensure that they make excellent progress and achieve their full potential.

Teaching will be exciting and motivating, based on the experience acquired through the Federation. It will inspire children to make excellent progress and ensure that they become confident, successful and independent learners.

The Trust values the wider experiences of children as individuals and will provide a range of curriculum and extra curriculum activities including a range of sporting, adventurous and creative activities as well as residential experiences.

The Free school will teach Mathematics and English using the new National Curriculum and will be heavily supported with individualised learning through the use of ICT. The International Primary Curriculum (<http://www.greatlearning.com/ipc>) will be used as a way of teaching the National Curriculum foundation subjects. Staff at Kingsteignton School will work in partnership with the staff in the USF. This will ensure that expertise is shared and children receive the highest quality learning experiences.

The projected numbers (from Devon County) show a clear demand for pre-school places in Kingsteignton for children aged 0-4. A nursery will form part of Kingsteignton School from 2017. The experience within the Federation clearly shows that an attached nursery helps improve attainment on entry into school ensuring that children have a better starting point from which to progress.

From September 2017 the Trust will aim to provide 'wrap around' care from 8.00 am until 6.00 pm as well as a holiday club. The care outside of school hours would need to be paid for by parents, but this would be offered at a reasonable cost to ensure that it was accessible to all parents.

#### **Public benefit**

The Academy Trust provides educational services to all children in the local area. The Directors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

# United Schools Trust

## Directors' Report for the Year Ended 31 August 2016 (continued)

### Strategic Report

#### Achievements and performance

##### *Key performance indicators*

The new academy, 'Kingsteignton School' is on schedule for its opening in September 2016. This is evidenced through the DfE documentation, Trustee's board meeting minutes and the pre-opening Ofsted inspection.

##### *Going concern*

After making appropriate enquiries, the Board of Trustees has an expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

##### *Financial review*

During the year the trust was awarded a grant of £583,271 from the EFA of which £232,548 was received during the year and £350,723 is included in accrued grant and other income. Expenditure of £67,000 has been incurred during the period in relation to the establishment of the new school. The trust's restricted reserves as at 31 August 2016 were £125,000.

##### *Reserves and Investment policy*

The aims of the policy are to:

1. Regularly monitor Cash Flow and Current Account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current accounts have adequate balances to meet forthcoming commitments. In practice a working balance of between £20,000 and £30,000 is likely to be maintained in a primary school.
2. The Trust will avoid any of its Current Accounts going overdrawn.
3. Identify funds surplus to immediate cash requirements and transfer to Lloyds High Interest Deposit Accounts.
4. Periodically (at least annually) review interest rates and compare with other investment opportunities.
5. The Trust's current policy is to only invest funds in risk free and immediately accessible Deposit Accounts.
6. Any change in Policy requires the approval of Trustees.

##### *Introduction*

At Kingsteignton School, we are careful with the public money we are entrusted with. We carefully invest any money that is not required to cover anticipated expenditure and take steps to manage the risk associated with financial investments.

##### *Objectives and targets*

The purpose of this policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with the minimum risk. Good financial returns mean that more money can be spent on educating pupils.



## United Schools Trust

### Directors' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report

##### Action plan

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the school's current account to cover financial commitments such as payroll and day-to-day expenses. If there is a surplus of funds after all financial commitments have been considered, this surplus will be invested. Funds should be invested in tranches of £10,000 where possible and after agreement from the finance committee. It may be beneficial to invest each tranche with a different financial institution. Funds, and any interest they earn, will be automatically reinvested, unless they are required for immediate or anticipated expenditure.

##### Monitoring and evaluation

The Business Manager will compare alternative investment opportunities every six months to ensure that the school's funds achieve the best interest rates.

The Chief Executive Officer and Business Manager will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to. Next school review due January 2017.

##### ***Principal risks and uncertainties***

There is a need for a school in Kingsteignton and, therefore, minimal risk that the school will not open.

##### ***Plans for future periods***

Kingsteignton School will open in September 2016 in temporary accommodation on the site of St Michael's School in Kingsteignton. The temporary school will have one classroom for a mixed year class of 30 Reception and Year 1 children. The new purpose built school will be ready in Autumn 2017. The number of children admitted will increase in line with local need. When full, the school will have the capacity to take 15 classes of 30 children including a nursery class. This will provide enough places for 420 primary and 60 nursery children.

Kingsteignton School will be a 'Dementia Friendly school' and develop strong community links and encourage its pupils to lead healthy and active lives. The school will work in close partnership with the United Schools Federation (USF). The USF is a highly successful partnership of two 'outstanding' schools (one of which is a National Support School) and two 'good' schools. This partnership will help ensure that from the start, Kingsteignton School will provide the highest quality of care and education.

##### **Auditor**

In so far as the Directors are aware:

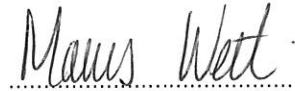
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## United Schools Trust

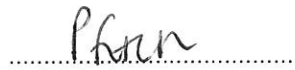
### Directors' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report

Directors' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body, as the company directors, on ~~15/12/16~~ and signed on its behalf by:



Mr M West  
Director



Dr P Fitch  
Director

# United Schools Trust

## Governance Statement

### Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that United Schools 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 Governing Body has delegated the day-to-day responsibility to Dr P Fitch, 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 United Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Review of value for money

As accounting officer the company secretary has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in United Schools Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

### Review of effectiveness

As Accounting Officer, Dr P Fitch 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 auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

## United Schools Trust

### Governance Statement (continued)

Approved by order of the members of the Governing Body on 15/12/16 and signed on its behalf by:

Mavis West

Mr M West  
Director

P Fitch

Dr P Fitch  
Director

## United Schools Trust

### Statement on Regularity, Propriety and Compliance

As Accounting Officer of United Schools Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 2015.

I confirm that I and the Academy Trust Governing Body 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 2015.

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 Governing Body and EFA.

  
.....  
Dr P Fitch  
Accounting officer

Date: 15 December 2016

# United Schools Trust

## Statement of Directors' Responsibilities

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

The 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 the EFA/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 Governing Body on 15/12/16 and signed on its behalf by:



.....  
Mr M West  
Director



.....  
Dr P Fitch  
Director

## **United Schools Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of United Schools Trust**

We have audited the financial statements of United Schools Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of Trustees and Auditors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 12), the Members (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## United Schools Trust

### Independent Auditor's Report on the Financial Statements to the Members of United Schools Trust (continued)

#### Matters on which we are required to report by exception

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

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



Sharon Austen (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
Devon  
TQ2 7FF

Date: 15 December 2016



## **United Schools Trust**

### **Independent Reporting Accountant's Report on Regularity to United Schools Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by United Schools Trust during the period from 1 September 2015 to 31 August 2016 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 United Schools Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to United Schools Trust and the EFA 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 United Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the United Schools Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Academies Financial Handbook extant from 1 September 2012, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures;
- Evaluation of the system of internal controls for authorisation and approval;
- Performing substantive tests on relevant transactions.

## United Schools Trust

### Independent Reporting Accountant's Report on Regularity to United Schools Trust and the Education 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 from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*PKF Francis Clark*

Sharon Austen  
PKF Francis Clark, Chartered Accountants

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
Devon  
TQ2 7FF

Date: *13 December 2016*

## United Schools Trust

### Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2016 £ 000
<b>Income and endowments from:</b>				
Donations and capital grants	2	-	583	583
<b>Expenditure on:</b>				
<i>Charitable activities:</i>				
Academy trust educational operations	5	67	-	67
Net (expenditure)/income		(67)	583	516
Net movement in (deficit)/funds		(67)	583	516
<b>Reconciliation of funds</b>				
Total funds brought forward at 1 September 2015		192	-	192
Total funds carried forward at 31 August 2016		125	583	708

## United Schools Trust

### Statement of Financial Activities for the Period from 8 October 2014 to 31 August 2015 (including Income and Expenditure Account)

	Note	Restricted General Funds £ 000	Total 2015 £ 000
<b>Income and endowments from:</b>			
<i>Charitable activities:</i>			
Funding for the Academy Trust's educational operations	3	220	220
<b>Expenditure on:</b>			
<i>Charitable activities:</i>			
Academy trust educational operations	5	<u>28</u>	<u>28</u>
Net income		<u>192</u>	<u>192</u>
Net movement in funds		<u>192</u>	<u>192</u>
<b>Reconciliation of funds</b>			
Total funds carried forward at 31 August 2015		<u><u>192</u></u>	<u><u>192</u></u>

# United Schools Trust

## (Registration number: 09255130) Balance Sheet as at 31 August 2016

	Note	31 August 2016 £ 000	31 August 2015 £ 000
<b>Fixed assets</b>			
Tangible assets	7	242	-
<b>Current assets</b>			
Debtors	8	403	90
Cash at bank and in hand		<u>68</u>	<u>115</u>
		471	205
Creditors: Amounts falling due within one year	9	<u>(5)</u>	<u>(13)</u>
Net current assets		<u>466</u>	<u>192</u>
Total assets less current liabilities		<u>708</u>	<u>192</u>
Net assets excluding pension liability		<u>708</u>	<u>192</u>
Total assets		<u><u>708</u></u>	<u><u>192</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		125	192
Restricted fixed asset fund		<u>583</u>	<u>-</u>
		<u>708</u>	<u>192</u>
Total funds		<u><u>708</u></u>	<u><u>192</u></u>

The financial statements on pages 17 to 30 were approved by the Directors, and authorised for issue on 15/12/16 and signed on their behalf by:



Mr M West  
Director



Dr P Fitch  
Director

## United Schools Trust

### Statement of Cash Flows for the Year Ended 31 August 2016

	Note	31 August 2016 £ 000	31 August 2015 £ 000
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	12	(75)	115
Cash flows from investing activities	13	<u>28</u>	<u>-</u>
Change in cash and cash equivalents in the year		(47)	115
Cash and cash equivalents at 1 September		<u>115</u>	<u>-</u>
Cash and cash equivalents at 31 August	14	<u><u>68</u></u>	<u><u>115</u></u>

# United Schools Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016

### 1 Accounting policies

#### Statement of accounting policies

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

#### Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

United Schools Trust meets the definition of a public benefit entity under FRS 102. These financial statements are the first financial statements of United Schools Trust prepared in accordance with FRS 102. Refer to note 16 for more details on the first time adoption and explanation of transition to FRS 102.

#### 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 company to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements. The Directors have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

# United Schools Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### **Grants**

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

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

Capital grants are recognised 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**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where the receipt is probable and it can be measured reliably.

#### **Donations**

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

#### **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

#### **Donated goods, facilities and services**

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

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.



# United Schools Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### **Expenditure**

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

All resources expended are inclusive of irrecoverable VAT.

#### ***Expenditure on raising funds***

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

#### ***Charitable activities***

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

#### **Tangible fixed assets**

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

# United Schools Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### **Provisions**

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### **Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

#### **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.

#### **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 Directors.

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

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

#### **Critical accounting estimates and areas of judgement**

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

# United Schools Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### *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. There are no estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 2 Donations and capital grants

	<b>Restricted fixed asset funds £ 000</b>	<b>Total 2016 £ 000</b>
Capital grants	<u>583</u>	<u>583</u>

### 3 Funding for the Academy Trust's educational operations

	<b>Total 31 August 2015 £ 000</b>
<b>DfE/EFA revenue grants</b>	
Start up Grant	<u>220</u>

### 4 Expenditure

	<b>Non Pay Expenditure</b>	<b>Total 2016 £ 000</b>	<b>Total 31 August 2015 £ 000</b>
<b>Academy's educational operations</b>			
Direct costs	1	1	-
Allocated support costs	<u>66</u>	<u>66</u>	<u>28</u>
	<u>67</u>	<u>67</u>	<u>28</u>

## United Schools Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 4 Expenditure (continued)

Net incoming/outgoing resources for the year include:

	31 August 2016 £ 000	31 August 2015 £ 000
Fees payable to auditor - audit	<u>3</u>	<u>3</u>

#### 5 Charitable activities

	Total 2016 £ 000	Total 31 August 2015 £ 000
Direct costs - educational operations	1	-
Support costs - educational operations	<u>66</u>	<u>28</u>
	<u>67</u>	<u>28</u>

	Educational operations £ 000	Total 2016 £ 000	Total 31 August 2015 £ 000
<b>Analysis of support costs</b>			
Technology costs	3	3	-
Other support costs	17	17	-
Governance costs	<u>46</u>	<u>46</u>	<u>28</u>
Total support costs	<u>66</u>	<u>66</u>	<u>28</u>

#### 6 Related party transactions - Trustees' remuneration and expenses

No remuneration or expenses have been paid to any directors in the period.

Other related party transactions involving the Directors are set out in note 17.

## United Schools Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 7 Tangible fixed assets

	Assets under construction £ 000	Total £ 000
<b>Cost</b>		
Additions	<u>242</u>	<u>242</u>
At 31 August 2016	242	242
<b>Depreciation</b>		
At 31 August 2016	<u>-</u>	<u>-</u>
<b>Net book value</b>		
At 31 August 2016	<u><u>242</u></u>	<u><u>242</u></u>

#### 8 Debtors

	31 August 2016 £ 000	31 August 2015 £ 000
Accrued grant and other income	351	88
VAT recoverable	<u>52</u>	<u>2</u>
	<u><u>403</u></u>	<u><u>90</u></u>

#### 9 Creditors: amounts falling due within one year

	31 August 2016 £ 000	31 August 2015 £ 000
Trade creditors	2	10
Accruals	<u>3</u>	<u>3</u>
	<u><u>5</u></u>	<u><u>13</u></u>

## United Schools Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 10 Funds

	Balance at 1 September 2015 £ 000	Incoming resources £ 000	Resources expended £ 000	Balance at 31 August 2016 £ 000
<b>Restricted general funds</b>				
Start up Grant	192	-	(67)	125
<b>Restricted fixed asset funds</b>				
EFA - Free School Building Grant	-	583	-	583
Total funds	<u>192</u>	<u>583</u>	<u>(67)</u>	<u>708</u>

#### 11 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	242	242
Current assets	130	341	471
Current liabilities	<u>(5)</u>	<u>-</u>	<u>(5)</u>
Total net assets	<u>125</u>	<u>583</u>	<u>708</u>

#### 12 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	31 August 2016 £ 000	31 August 2015 £ 000
Net income	516	192
Capital grants from DfE and other capital income	(583)	-
Increase in debtors	-	(90)
(Decrease)/increase in creditors	<u>(8)</u>	<u>13</u>
Net cash (used in)/provided by Operating Activities	<u>(75)</u>	<u>115</u>

## United Schools Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 13 Capital expenditure and financial investment

	31 August 2016 £ 000
Purchase of tangible fixed assets	(242)
Capital grants from DfE/EFA	270
Net cash provided by investing activities	<u>28</u>

#### 14 Analysis of cash and cash equivalents

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Cash at bank and in hand	<u>68</u>	<u>115</u>
Total cash and cash equivalents	<u>68</u>	<u>115</u>

#### 15 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 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.

#### 16 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of United Schools Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of United Schools Trust for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

The Academy Trust transitioned to FRS102 and SORP 2015 from previously extant UK GAAP and SORP 2005 as at 1 September 2014. There were no changes to the previously stated funds as at 1 September 2014 and 1 September 2015 or in the net income/(expenditure) for the year ended 31 August 2015 as a result of the transition to FRS102 and SORP 2015.

## United Schools Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 17 Related party transactions

Owing to the nature of the Academy Trust's operations 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 a member of the Board of Directors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

During the year the Academy Trust made the following related party transactions:

#### **United Schools Federation**

(Majority of United Schools Trust's directors and members are on the governing body of United Schools Federation)

During the period United Schools Federation charged United Schools Trust £36,147 relating to the provision of free school support . At the balance sheet date the amount due to United Schools Federation was £1,731 (2015 - £10,253).