

Company Registration No. 09067175 (England and Wales)

THE SHAW EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE PERIOD ENDED 31 AUGUST 2015



THE SHAW EDUCATION TRUST

CONTENTS

| | Page |
|---|-------------|
| Reference and administrative details | 1 - 2 |
| Trustees' report | 3 - 10 |
| Governance statement | 11 - 13 |
| Statement on regularity, propriety and compliance | 14 |
| Statement of trustees' responsibilities | 15 |
| Independent auditor's report on the accounts | 16 - 17 |
| Independent reporting accountant's report on regularity | 18 - 20 |
| Statement of financial activities | 21 |
| Balance sheet | 22 |
| Cash flow statement | 23 |
| Notes to the accounts | 24 - 43 |

THE SHAW EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|-----------------|---|
| Trustees | Mr C Richards (Chair) (Appointed 2 June 2014) Mr D Bateson (Appointed 2 June 2014) Mr J Kane (Chief Executive Officer) (Appointed 2 June 2014 and retired 31 August 2015) Mr J Norman (Appointed 2 June 2014) Mr M Hawker (Appointed 2 June 2014) Mr R O'Shaughnessy (Appointed 2 June 2014) Mr D Humphries (Appointed 3 December 2014) Mrs C Quinn (Appointed 2 June 2014) Mr T Crompton (Interim Chief Executive Officer) (Appointed 1 September 2015 and resigned 31 October 2015) Mrs J Morgan (Chief Executive Officer) (Appointed 1 November 2015) |
|-----------------|---|

| | | |
|----------------|---|------------------|
| Members | Shaw Trust Mr C Richards Mr R O'Shaughnessy | Corporate Member |
|----------------|---|------------------|

| | | |
|-------------------------------|---|--|
| Senior management team | Mr J Kane (Retired 31 August 2015) Mrs P Carmichael Mrs A Parr Mr R Millington Mrs A Jones Mr T Crompton (Appointed 1 September 2015, resigned 31 October 2015) Mrs J Morgan (Appointed 1 November 2015) Mr A Aston Mr J Thickett | Chief Executive Officer and Accounting Officer Principal - Walton Hall Principal - Blackfriars Newcastle Assistant Principal - Blackfriars Bucknall Principal - Coppice Interim Chief Executive Officer and Accounting Officer Chief Executive Officer and Accounting Officer Principal - Wolstanton High Principal - Saxon Hill |
|-------------------------------|---|--|

Company secretary Mr N Carey

Company registration number 09067175 (England and Wales)

Registered office 4th Floor, Jessica House
Red Lion Square
191 Wandsworth High Street
London
SW18 4LS

| Academies operated | Location | Principal |
|-----------------------------|-----------------|------------------|
| Blackfriars Academy | Staffordshire | Mrs A Parr |
| The Coppice Academy | Staffordshire | Mrs A Jones |
| Walton Hall Academy | Staffordshire | Mrs P Carmichael |
| Wolstanton High School | Staffordshire | Mr A Aston |
| Saxon Hill Community School | Staffordshire | Mr J Thickett |

THE SHAW EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers Natwest Bank
135 Bishopsgate
London
EC2M 3UR

Solicitors Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

Education Finance Support Services Entrust Support Services
Riverway Centre
Riverway
Stafford
Staffordshire
ST16 3TH

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2015

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 2 June 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates three special academies in North Staffordshire for pupils aged 11 to 21 years. They are:

- Blackfriars Academy
- The Coppice Academy
- Walton Hall Academy

Two further academies have joined the academy trust since 1 September 2015. Wolstanton High converted on the 1 September 2015 and Saxon Hill on the 1 November 2015.

Its academies have a combined pupil placed funded capacity of 383 and had a roll of 394 in the school census on 21 May 2015.

Conversion to academy trust

The company was incorporated at Companies House on 2 June 2014. The signed commercial transfer agreements were dated 30 September 2014 with an academy conversion date of 1 October 2014.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of The Shaw Education Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

As part of the overall insurance cover taken out with third party insurers the trust has taken out insurance relating to Governors' Indemnity. The limit of Indemnity cover is unlimited in this respect.

Method of recruitment and appointment or election of trustees

The management of the charitable company is the responsibility of the trustees who are elected and co-opted under the terms of the articles of association. With the exception of the Chief Executive Officer the term of office for any trustee is four years.

Policies and procedures adopted for the induction and training of trustees

Trustees recruitment is targeted at both the ability of prospective trustees to support the academies within the academy trust as well as any skills needs identified by the board evaluation process. As such, a careful balance of experience and expertise is ensured. A board evaluation process is undertaken regularly and training is arranged for any shortfalls. New trustees are provided with all necessary documents to undertake their role, subscribed to the National Governors' Association and have access to formal training through external agencies upon identification of need or on request.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

Organisational structure

The board of trustees have overall responsibility and ultimate decision making authority for all the work of the Trust, including the establishing and running of schools. The board of trustees meet regularly and as required. The day to day management and responsibility for the running of the Academies has been delegated to the Chief Executive Officer, who is also the Accounting Officer, who will be supported by both a central management team (working with The Shaw Trust as sponsor and promoter of the Academies) and leadership teams in each of the Academies, including the Principals appointed in respect of the Academies who will report to the Chief Executive Officer. The board of trustees will be supported by committees and advisory boards established of representatives of the Academies and a single advisory board has been established for each of the three Academies, referred to as the "Academy Council".

The board of trustees fulfil their responsibilities through strategic planning and by the setting of policy and standards as well as taking responsibility for the oversight and management of risk. The board of trustees have the power to direct change where required. The Academy Council will assist in the development of policy advising on standards and target setting as well as daily life within the Academy. The Academy Council has an important community facing role, ensuring the Academy meets the needs of its community and the pupils attending the Academy. The Academy Council shall meet at least twice a term.

Related parties and other connected charities and organisations

As described in note 20 of the accounts, two trustees are also trustees of The Shaw Trust who are a corporate sponsor of the trust. The ambitions of the two trusts are to work closely with each other to fundamentally change the lives of young people for the better so that they can gain the confidence, dignity and independence necessary to take their place in society.

During the period, The Shaw Trust have established enterprise and retail outlets to provide opportunities to pupils within the trust. The Shaw Trust have donated funds during the period to support the academy trust with particular staff costs at board and central level. No amounts were outstanding at the period end.

Objectives and activities

Objects and aims

Our Vision

Our vision is for a society in which everyone has the opportunity for employment, inclusion and independence.

Our mission

- We will deliver best-in-class tailored learning to ensure every young person at one of our schools has the opportunity and support to achieve their full potential.
- We believe every young person can achieve great things, whatever their abilities and whatever their background.
- We pledge an unswerving commitment to improve the life chances of all the young people in our schools. By offering work experience placements and dedicated advisers, we will focus on bridging the gap between school and the outside world to give young people the best chances to go on to education, employment or training.

Our Values – The Shaw Education Trust way

- To be pupil-centred - to ensure everything we do is to realise the full potential of the people we are here to help, including providing a caring, tailored and supportive environment where young people can flourish.
- To act with integrity - to be an organisation that is open and transparent, actively embraces equality and diversity and has an honest, inclusive and respectful culture which everyone can trust.
- To be innovative - to be a creative, forward-thinking organisation that finds new ways of doing things to break down barriers to learning and independent living.
- To be best-in-class - to be a top-performing education provider that helps every single pupil on their journey towards independent living. We believe our staff are our greatest asset, and we will support them in providing best-in-class teaching and learning.
- To be accountable - for the trust, its schools and staff to be accountable to their pupils and stakeholders, and to take personal responsibility for carrying out their roles to the best of their ability and in line with our values.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

Objectives, strategies and activities

The strategic goals of the academy trust are:

- To provide high quality education provision for all academies within the academy trust. This will be achieved by providing appropriate and proportionate support and challenge to the Academy Council and Leadership teams. The academies will work together collaboratively sharing and supporting best practice. There will be a focus on:
 - a. Establish and monitoring a system of Governance through effective academy councils.
 - b. Providing intervention to support school improvement.
 - c. Developing collaborative curriculum activities to support key skill development, increasing independence and vocational/work-related learning.
 - d. Developing monitoring and evaluating strategies and procedures that will drive school improvement.
 - e. Supporting the procurement of best value central services.
- To establish effective working practice between the academy trust and the Shaw Trust and improve the provision for students by:
 - a. Developing systems and procedures to improve transitions and increase the number of students moving into employment.
 - b. Use the Shaw Trust expertise and management structure to develop some sustainable joint enterprises to provide effective learning environments for our students.
 - c. Develop joint working arrangements to support more systematic fund raising across the academy trust.
- To increase the number of academies in the academy trust. This will include Special Schools and Mainstream primary and Secondary Schools. This will be achieved by:
 - a. Developing a systematic marketing strategy.
 - b. Work with Local Stakeholders, Headteacher Forums and the DfE to identify potential partner Schools.
 - c. Build capacity by creating a robust management structure, building a Central team to support the board of trustees in their aim of increasing the number of Academies within the cluster and providing high quality provision for students and their families.

Equal Opportunities

The trust is committed to employment policies which follow best practice based on equal opportunities for all employees irrespective of sex, race, colour, disability or marital status. The trust gives full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

Strategic report

Achievements and performance

The academy trust began supporting the first three Academies on the 1st October 2014 when three Staffordshire Special schools joined. Blackfriars Academy and Coppice Academy joined as converter Academies and Walton Hall Academy became a sponsored Academy.

One of our key objectives for the first year of operation was to extend the family of schools in the West Midlands cluster and recruit schools from all sectors, Secondary, Primary as well as Special Schools. We have been working with Schools from all phases and have recruited another Special School, and a mainstream Secondary School to join us in year two. We are having conversations with a number of Special and mainstream Secondary Schools and one Primary School. This demonstrates a successful year one growth strategy.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

Another important objective set was to improve post 'school' transition from the academy into the next phase of our students' lives. This is a unique objective for our first three academies where we aim to provide all of our students and their families with personalised support to make transition more effective and continue support, advice and guidance after the students have left us. The principle being, to help our students; to make the best choice of next provision from, "the Local Offer"; find appropriate employment or training; or, where appropriate connect with the Shaw Trust allowing the support to continue. We have made a good start with this long term objective. We have made an additional appointment of a transition worker and he is now working alongside staff from the academies, the local authority, relevant education providers and employers. Initial evaluations indicate this is a valuable provision that is not only providing effective support for transition but also widening vocational and work related opportunities for students across all three academies.

We have established provisions that will improve student's access to and understanding of the world of work. This has been possible through the unique relationship and vision we share with the Shaw Trust. A significant investment has been made on the Walton Hall Academy site where a state of the art Horticulture Centre has been established. This provides fully accessible commercial poly-tunnels where horticulture and retail skills can be developed. This provision will be used to support all students across all academies in the local area and will also support the work of the Shaw Trust. Shaw Trust have appointed a manager and staff to support the running of the Centre but it is already providing valuable opportunities for students. Similarly our students now have access to two local Shaw Trust charity shops which again provides very useful opportunities to extend their practical and vocational skills.

It was important in this first year of operation to establish effective Governance. The decision was taken to establish one Academy Council for the three academies and merge the existing Federated Governing Body from Blackfriars Academy and Coppice Academy with the Interim Executive Board from Walton Hall Academy. A Scheme of delegation was established and implemented and based on the evaluation of year one we have restructured the operation of the Academy Councils to establish three management committees to ensure members can more effectively guide the strategic direction of each of the three academies and fulfil their monitoring role with increased rigour.

From the onset the board of trustees understood the need to establish a more sustainable staffing structure to manage the academy trust and increase our capacity to support academies effectively. Progress has been made at the end of our first period. Moving into year two we have appointed a very experienced C.E.O. and a Director of School Improvement. We have also seconded a very experienced business manager to fulfil the role of Acting Director of Finance and a senior manager from Shaw Trust to provide ongoing support for the implementation of initiatives and growth of the academy trust. We are in the process of appointing a Director of Education to further support school improvement and long term professional development of our workforce. Alongside this we have increased the capacity of Blackfriars Teaching School by increasing the number of Local Leaders in Education and Specialist Leaders in Education.

The C.E.O. and the central team are developing a successful strategy to support more effective delivery of central services. Evaluations of catering, site supervision, and capital development are well underway and the academy trust has recently commissioned improved delivery of catering and co-ordinated plans for buildings improvement across all of the existing academies.

One of our ultimate aims is to increase the number of our students that take up meaningful employment. In year one we have significantly increased the range of vocational opportunities available. We have re-organised the timetable across our first three academies to offer practical accredited learning opportunities with a work related/vocational dimension. Students can now travel to any of our academies to access courses in a range of subjects such as, child care, motor studies, land based studies, animal care, horticulture, media studies and performing arts.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

None of our academies has been inspected by Ofsted. Self-evaluation of the performance of our three academies would place them all in the Good to Outstanding range, (Blackfriars Academy Outstanding, Coppice Academy and Walton Hall Academy Good). The students across all three of our academies have very different and diverse needs so assessing and comparing their attainment is always difficult. However, the evidence suggests all of our students achieve very well. This assessment is based upon their personal social development, gains in skills that increase their independence and ability to access the world around them more effectively and their success in accredited studies matched to their needs. We can demonstrate that progress of key skills is good. We continue to work to ensure that students achieve more consistently in the core subjects of English and Mathematics. The performance of our post 16 students across the academy trust is very good.

All of our students completing Key Stage 4 and Key Stage 5 achieved at least one recognised qualification and all of our students either stayed with us for our Key Stage 5 programme or moved on to further training or employment.

Key performance indicators

In line with the objective to increase the number of academies within the academy trust we have three academies already with two schools scheduled to join us in September/October 2015 and another two schools with applications for Academy Orders pending.

Planned places in all three of our academies are taken and Blackfriars Academy and Coppice Academy have recruited additional students resulting in them currently being above their planned place levels.

Evaluations of Parent and Pupil satisfaction indicate high levels of satisfaction across all of our academies.

Taking into consideration the different stages of development of our academies, pupil performance is strong across all three settings with high numbers of students meeting and exceeding expectations for pupils with their needs and abilities. Full details are available on each of our academies' web sites but in summary:

- All students that left at the end of the 2015 academic year went on to further education, training or employment.
- 100% of students leaving at the end of the 2015 academic year achieved at least one recognised qualification.
- Using Progression Guidance; of students completing Key Stage 3 in 2015, 43% of students across all three academies achieved in median quartile in English nationally and 52% in the upper quartile.
- Using Progression Guidance; of students completing Key Stage 3 in 2015, 51% of students across all three academies achieved in median quartile in Mathematics nationally and 43% in the upper quartile.
- For Students completing Key Stage 4 in 2015 the average number of qualifications achieved was:
 - Blackfriars Academy - 6
 - Coppice Academy - 10
 - Walton Hall Academy - 5

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

Financial review

The financial objectives are to enable the trust to consistently provide high quality education for all students whilst undertaking to provide the best value for money on resources expended and to conduct all business in accordance with high standards of integrity. Financial objectives and policies are regularly reviewed throughout the financial year.

The risk management objective is to ensure that there are no events which can substantially impact on the provision of education. A budget with expenditure balanced against expected income from the Education Funding Agency is set, without the reliance on reserves. Additional expenditure may be approved in year against additional income or reserves as deemed fit by the trustees.

The academy trust is a wholly owned subsidiary of The Shaw Trust. The financial activity of academy trust are fully consolidated into The Shaw Trust group accounts.

The policy of the academy trust is to review risks arising and address them at trustees meetings or sooner if required.

The deficit on the restricted pension fund of £4.635m arises from an actuarial deficit on the local government pension scheme, which will be dealt with as advised by the actuary.

Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements, especially to buildings repair not covered by insurance. The board of trustees identify capital projects on an annual basis and reserves are reviewed alongside this exercise.

At 31 August 2015 free reserves show a surplus £831,000 before pension liabilities.

Investment policy and powers

The trust currently has no material investments.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

Principal risks and uncertainties

The trust ensures that the identification, evaluation and monitoring of significant risks is a continuous process. Emerging risks and changes to the risk profile are identified by the Executive Management Team and reported to the Audit Committee and main Trustee Board through a Corporate Risk Register. The board of trustees reviews new and existing risks, challenges risk ratings and assesses the effectiveness of mitigating actions and controls. It also considers whether other risks should be reviewed and advises management accordingly.

The assessment of risk is linked to the evolving trust strategy and the following have been identified as key risks:

- The inability to achieve growth and development objectives set by the board of trustees both culturally and commercially to enable its long term viability.
- The inability to deliver the required educational, pastoral or financial standards.
- Physical/mental or emotional harm caused to others.
- Loss or damage to premises and/or physical assets.
- The unexpected interruption in normal service delivery.

The trust is taking appropriate steps to monitor and mitigate the risks to the organisation by ensuring:

- The adoption of a range of policies and procedures which clearly set out the controls that will enable the effective management of risk and regulatory compliance.
- Clearly defined terms of reference for the trust which ensures appropriate organisational structures and governance arrangements.
- Objectives, strategies and tactical plans are clearly defined and communicated within the academy trust.
- The independent review and audit of all trust activities on a regular basis.
- All staff recruited to the trust are appropriately qualified and experienced. Effective CPD to develop skills, set clear expectations and objectives and to drive improvement.
- Adequate engagement and dialogue with stakeholders to address issues and concerns.
- Robust assessment of all financial and educational risks of new schools prior to joining the academy trust.

Plans for future periods

Our aim and strategic intent is to grow the number of academies, in two clusters over a three year period. As of December 2015 in addition to our original three academies, we are pleased to have Wolstanton High School [11-16 years mainstream academy] who joined us on the 1 September 2015, and Saxon Hill Special academy [2-19 years special academy] who joined us on the 1 November 2015. Two further special schools have received their Academy Orders and expect to convert to the academy trust by Easter 2016. Additionally there are several mainstream and special schools which have expressed an interest in joining the trustees. We are currently exploring our options and undertaking due diligence exercises. We are complimenting direct approaches with targeted interventions to secure geographical clustering and to maintain a balance in school profiles.

We are exploring the timing of the growth of a second cluster of academies in the North West. There is much appetite and strategic analysis indicates significant opportunity.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

As we grow the trustees we will continue to drive school improvement using a multi-faceted and evolutionary approach. However to maximise our impact and pump prime our growth we have created a team of specialists to support school improvement. The team will monitor and evaluate the impact and effectiveness of our academies in educating our young people and trigger necessary interventions. Key to our approach is creating mechanisms to work with other multi academy trusts to promote school to school support and capacity. We will continue to engage with Teaching School Alliances locally and further afield. This will be further enhanced by a team of support specialists with expertise in: finance; human resources; procurement; conversion; site management and corporate leadership.

We continue to work closely with our sponsor, The Shaw Trust, to develop systems and procedures to improve transition into employment and to provide effective learning environments for our students.

Acknowledgements

The trustees would like to acknowledge the considerable efforts of the founding Chief Executive Officer, Mr J Kane, who, along with his principals and senior team, created and established the original tripartite academy trust. Much successful work was undertaken in this initial phase of the establishment of the academy trust. The trustees wish to recognise this achievement and thank Mr J Kane for his hard work. Mr J Kane created a solid infrastructure on which to build, establishing high standards and expectations which supported successful outcomes for young people. Mr J Kane retired the post of Chief Executive Officer on 31 August 2015. Mr T Crompton, on secondment from the Shaw Trust, acted as interim Chief Executive Officer from 1 September 2015 until 31 October 2015. From 1 November 2015, Mrs J Morgan took the reins as permanent Chief Executive Officer. Mrs J Morgan joins the academy trust from Ofsted where she held the role of Regional Director for the North West and National Director for Initial Teacher Education. Mrs J Morgan sat on the Executive Board of Ofsted. Prior to her time in the inspectorate Mrs J Morgan had held three secondary headships, was a National Leader of Education and a recognised system leader. The trustees look forward to continued growth under Mrs J Morgan's leadership.

Auditor

In so far as the trustees are aware:

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

A resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditor of the charitable company will be put to the members.

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

.....
Mr C Richards
Chair

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2015

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the principal, 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 Shaw Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 8 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

| Trustees | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| Mr C Richards (Chair) (Appointed 2 June 2014) | 7 | 8 |
| Mr D Bateson (Appointed 2 June 2014) | 5 | 8 |
| Mr J Kane (Chief Executive Officer) (Appointed 2 June 2014 and retired 31 August 2015) | 7 | 8 |
| Mr J Norman (Appointed 2 June 2014) | 7 | 8 |
| Mr M Hawker (Appointed 2 June 2014) | 6 | 8 |
| Mr R O'Shaughnessy (Appointed 2 June 2014) | 7 | 8 |
| Mr D Humphries (Appointed 3 December 2014) | 2 | 3 |
| Mrs C Quinn (Appointed 2 June 2014) | 7 | 8 |
| Mr T Crompton (Interim Chief Executive Officer) (Appointed 1 September 2015 and resigned 31 October 2015) | 0 | 0 |
| Mrs J Morgan (Chief Executive Officer) (Appointed 1 November 2015) | 0 | 0 |

In accordance with EFA requirements, the academy trust submitted the Financial Management and Governance Self-assessment [FMGS] on the 22 January 2015. This assessment identified small areas of governance weakness which have since been mitigated by the development of robust policy documents which are evaluated and reviewed by a dedicated sub-committee of the trustees.

The academy trust will review its governance at least annually. The next review of the FMGS will be completed by the trustees before the 31 March 2016. In addition, the academy trust will continue to ensure effective governance evaluated against the National Governors Association best practice model - "21 questions for a multi-academy trust".

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

The finance and audit committee is a sub-committee of the main board of trustees. Its purpose is to:

- Ensure that any funds held by the academy trust are safeguarded at all times, recognising the duties on them as trustees of charitable assets and as recipients of public money.
- Monitor, review and where appropriate approve of the budget of the academy trust, including budgets set aside for central and shared costs as well as budgets delegated to individual academies, noting the significance of reserves and contingencies.
- Establish and oversee appropriate processes for the identification and management of financial and other risks within the academies and in respect of the academy trust more widely.

Attendance at meetings in the period was as follows:

| Trustees | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| Mr D Bateson (Appointed 2 June 2014) | 3 | 8 |
| Mr J Kane (Chief Executive Officer) (Appointed 2 June 2014 and retired 31 August 2015) | 8 | 8 |
| Mr J Norman (Appointed 2 June 2014) | 7 | 8 |
| Mr M Hawker (Appointed 2 June 2014) | 6 | 8 |

Review of value for money

As accounting officer the principal 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 trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Conducting a financial software review resulting in long-term cost savings as well as improving the consolidation of financial information and reporting capabilities for the academy trust.
- Conducting a review of support services of the management information systems for the academy trust.
- Reviewing the ability of storing and accessing data in the cloud. This has resulted in significant savings and improved quality of service.
- Conducting a competitive tender review of Catering Services resulting in improved quality of provision at reduced cost.
- Conducting a competitive tender review of Property Management Services resulting in improved quality of provision at reduced cost.
- Commenced market testing of caretaking and cleaning services within the academy trust.
- Upgrade of School IT hardware through the donation of computers from the sponsor.
- Enabled horticulture project to be sited at Walton Hall Academy which will develop curriculum opportunities, employability skills and retail revenues.
- Through collaboration with the sponsor provided work experience opportunities for our learners.
- Sponsor led recruitment of additional expert volunteers to the academies within the academy trust.

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 on-going 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 The Shaw Education Trust for the period 2 June 2014 to 31 August 2015 and up to the date of approval of the annual report and accounts.

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 2 June 2014 to 31 August 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint Moore Stephens as internal auditor.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

On a termly basis, the auditor reports to the board of trustees through the finance and audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditor;
- the financial management and governance self-assessment process; and
- 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 finance and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on and signed on its behalf by:

Mr C Richards
Chair

Mrs J Morgan
Chief Executive Officer

THE SHAW EDUCATION TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE *FOR THE PERIOD ENDED 31 AUGUST 2015*

As accounting officer of The Shaw Education Trust I have considered my responsibility to notify the academy trust board of trustees 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.

I confirm that I and the academy trust's 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.

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 EFA.

Approved on and signed by:

Mrs J Morgan
Accounting Officer

THE SHAW EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgements 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on and signed on its behalf by:

Mr C Richards
Chair

THE SHAW EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE SHAW EDUCATION TRUST

We have audited the accounts of The Shaw Education Trust for the period ended 31 August 2015 set out on pages 21 to 43. 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) and the Academies Accounts Direction 2014 to 2015 issued by the EFA.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and 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 Trustees' Responsibilities Statement set out on page 15, the trustees, who are also the directors of The Shaw Education Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts 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 accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial period for which the accounts are prepared is consistent with the accounts.

THE SHAW EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF THE SHAW EDUCATION TRUST

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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mrs Katharine Finn (Senior Statutory Auditor)
PricewaterhouseCoopers LLP

Chartered Accountants
Statutory Auditor
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Dated:

THE SHAW EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SHAW EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 31 October 2015 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 The Shaw Education Trust during the period 2 June 2014 to 31 August 2015 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 Shaw Education Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Shaw Education 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 the The Shaw Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Shaw Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Shaw Education Trust's funding agreement with the Secretary of State for Education dated 30 September 2014 and the Academies Financial Handbook, extant from 1 September 2014, 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 period 2 June 2014 to 31 August 2015 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 2014 to 2015 issued by the 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 SHAW EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SHAW EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

Delegated authorities

Review evidence of prior approval from the Secretary of State for:

- write-offs over 1% of total income or £45,000 (whichever is smaller);
- acquisitions or disposals of freehold land and buildings;
- disposal of heritage assets;
- taking up a finance lease;
- taking up a leasehold on land and buildings over five years; and
- any novel and contentious payments e.g. honorarium payments.

Review special payments to staff, including compromise agreements has there been regard to the following:

- prior approval has been sought for non-contractual elements over £50,000;
- payments are not used as a substitute for taking appropriate action under the academy's misconduct or performance management procedures; and
- payments are in line with the severance guidance published by EFA.

Confirm that any borrowings by the academy trust do not (in the form of loans, overdraft facilities or finance lease) contravene section 3.4 of the Academies Financial Handbook extant from 1 September 2014 ("the Handbook").

Transactions with connected parties

In accordance with the academy trust's internal processes and sections 2.5 and 2.6 of the Handbook check that:

- declarations of business interests have been completed (for those in a position to influence the academy trust, including key staff);
- contracts with connected parties have been procured following the academy trust's procurement and tendering process;
- where contracts are entered into or renewed on or after 7 November 2013 the academy trust has obtained statements of assurance (confirming no profit element was charged) and the academy trust has followed their internal processes in reviewing this;
- the academy has requested, under the open book arrangement, a clear demonstration that the charges do not exceed the cost of supply;
- governors who provide consultancy services to the academy are not receiving a profit for their services and the correct procurement and tendering process is being followed;
- no connected party gains from their position by receiving payments under terms that are preferential; and
- if employees are providing external consultancy that the income is being received into the academy's accounts if the work was performed within the academy's normal working hours.

Governance

In relation to governance consider whether:

- minutes of the various committees, and management accounts, have been reviewed for indications of irregular transactions; and
- the board of trustees and accounting officer have given formal representations of their responsibilities.

Internal Controls

In relation to internal controls:

- consider whether the general control environment has regard to the regularity of underlying transactions;
- consider whether significant changes within the control environment have led to potential weaknesses that could impact the regularity of underlying transactions;
- check through enquiry and sample testing that gifts and hospitality are given and received in line with the academy trusts policies;
- check through enquiry and sample testing that the use of expense claims or credit cards adheres to internal control principles (and supported by receipts);
- check through enquiry and sample testing expenditure does not contravene the funding agreement; and

THE SHAW EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SHAW EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

- check through enquiry and sample testing that items claimed on expenses or purchased on credit cards are not for personal benefit.

Procurement

In relation to procurement:

- confirm through enquiry and sample testing that the lines of delegation and the limits set both internally and by EFA have been adhered to;
- consider whether tendering procedures have been administered through the Official Journal of the European Union (OJEU) where necessary;
- consider whether formal contracts are in place, where required;
- consider whether tendering policies have been adhered to; and
- consider whether procurement activity has been in accordance with Annex 4.6 of Managing Public Money.

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 period 2 June 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mrs Katharine Finn

Reporting Accountant

PricewaterhouseCoopers LLP

Dated:

THE SHAW EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE PERIOD ENDED 31 AUGUST 2015

| | | Unrestricted funds | Restricted funds | Fixed Asset funds | Total 2015 14 months £'000 |
|---|-------|-----------------------|---------------------|----------------------|-------------------------------------|
| <u>Incoming resources</u> | Notes | £'000 | £'000 | £'000 | £'000 |
| <i>Resources from generated funds</i> | | | | | |
| - Voluntary income | 2 | 55 | 4 | - | 59 |
| - Inherited on conversion | 21 | 157 | (4,256) | 13,964 | 9,865 |
| - Activities for generating funds | 3 | 626 | 5 | - | 631 |
| <i>Resources from charitable activities</i> | | | | | |
| - Funding for educational operations | 4 | 157 | 6,236 | 39 | 6,432 |
| - Funding for Boarding activities | 19 | - | 344 | - | 344 |
| Total incoming resources | | 995 | 2,333 | 14,003 | 17,331 |
| <u>Resources expended</u> | | | | | |
| <i>Costs of generating funds</i> | | | | | |
| - Fundraising trading | 5 | 2 | - | - | 2 |
| <i>Charitable activities</i> | | | | | |
| - Educational operations | 6 | 411 | 6,306 | 115 | 6,832 |
| - Boarding activities | 19 | - | 342 | - | 342 |
| Governance costs | 7 | 1 | 142 | - | 143 |
| Total resources expended | 5 | 414 | 6,790 | 115 | 7,319 |
| Net incoming/(outgoing) resources before transfers | | | | | |
| | | 581 | (4,457) | 13,888 | 10,012 |
| Gross transfers between funds | | - | (21) | 21 | - |
| Net income/(expenditure) for the period | | 581 | (4,478) | 13,909 | 10,012 |
| <u>Other recognised gains and losses</u> | | | | | |
| <i>Actuarial gains/(losses) on defined benefit pension scheme</i> | | | | | |
| | 15 | - | 93 | - | 93 |
| Revaluation of fixed assets | 10 | - | - | 10,573 | 10,573 |
| Net movement in funds | | 581 | (4,385) | 24,482 | 20,678 |
| Fund balances at 2 June 2014 | | - | - | - | - |
| Fund balances at 31 August 2015 | | 581 | (4,385) | 24,482 | 20,678 |

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the financial period above.

THE SHAW EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2015

| | Notes | 2015 | |
|--|-------|--------------|---------------|
| | | £'000 | £'000 |
| Fixed assets | | | |
| Tangible assets | 10 | | 24,443 |
| Current assets | | | |
| Debtors | 11 | 894 | |
| Cash at bank and in hand | | 364 | |
| | | <u>1,258</u> | |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 12 | (388) | |
| Net current assets | | | <u>870</u> |
| Net assets excluding pension liability | | | 25,313 |
| Defined benefit pension liability | 15 | | (4,635) |
| Net assets | | | <u>20,678</u> |
| Funds of the academy trust: | | | |
| Restricted funds | 13 | | |
| - Fixed asset funds | | | 24,482 |
| - General funds | | | 250 |
| - Pension reserve | | | (4,635) |
| Total restricted funds | | | <u>20,097</u> |
| Unrestricted income funds | 13 | | <u>581</u> |
| Total funds | | | <u>20,678</u> |

The accounts were approved by order of the board of trustees and authorised for issue on

.....
Mr C Richards
Chair

Company Number 09067175

THE SHAW EDUCATION TRUST

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2015

| | Notes | 31 August 2015 14 months £'000 |
|--|-------|---|
| Net cash inflow from operating activities | 16 | 66 |
| Cash funds transferred on conversion | | 280 |
| | | <hr/> |
| | | 346 |
| Capital expenditure and financial investments | | |
| Capital grants received | | 39 |
| Payments to acquire tangible fixed assets | | (21) |
| | | <hr/> |
| Net cash flow from capital activities | | 18 |
| Increase in cash | 17 | <hr/> 364 <hr/> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2015

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the accounts.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained school to an academy trust have been valued at their fair value being a reasonable estimate of the current market values that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Shaw Education Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds.

1.4 Incoming resources

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

Grants receivable

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 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 period for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

Donations

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

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

1.5 Resources expended

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

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the academy trust's educational operations.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

Assets costing £3,000 or more are capitalised as tangible fixed assets and apart from leasehold land and buildings are carried at cost, net of depreciation and any provision for impairment. Leasehold land and buildings are included in the balance sheet at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|---------------------------------|-----------------|
| Land and buildings | 50 to 125 years |
| Land and buildings improvements | 10 years |
| Equipment and vehicles | 4 years |

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.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Taxation

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

1.9 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 15, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each period.

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

1 Accounting policies (Continued)

1.10 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education.

2 Voluntary income

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2015 £'000 |
|---------------------|--------------------------------|------------------------------|------------------------|
| Private sponsorship | 38 | - | 38 |
| Other donations | 17 | 4 | 21 |
| | <u>55</u> | <u>4</u> | <u>59</u> |

3 Activities for generating funds

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2015 £'000 |
|---------------------------------------|--------------------------------|------------------------------|------------------------|
| Hire of facilities | 17 | - | 17 |
| Catering income | 40 | - | 40 |
| Parental contributions | 10 | 5 | 15 |
| Provision of sub-contracted education | 547 | - | 547 |
| Other income | 12 | - | 12 |
| | <u>626</u> | <u>5</u> | <u>631</u> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

4 Funding for the academy trust's educational operations

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2015 £'000 |
|--------------------------------|--------------------------------|------------------------------|------------------------|
| DfE / EFA grants | | | |
| General annual grant (GAG) | - | 3,815 | 3,815 |
| Start up grants | - | 170 | 170 |
| Capital grants | - | 39 | 39 |
| Other DfE / EFA grants | - | 377 | 377 |
| | <hr/> | <hr/> | <hr/> |
| | - | 4,401 | 4,401 |
| | <hr/> | <hr/> | <hr/> |
| Other government grants | | | |
| Local authority grants | - | 1,798 | 1,798 |
| Other grants | - | 13 | 13 |
| | <hr/> | <hr/> | <hr/> |
| | - | 1,811 | 1,811 |
| | <hr/> | <hr/> | <hr/> |
| Other funds | | | |
| Teaching School income | - | 63 | 63 |
| Other incoming resources | 157 | - | 157 |
| | <hr/> | <hr/> | <hr/> |
| | 157 | 63 | 220 |
| | <hr/> | <hr/> | <hr/> |
| Total funding | <hr/> | <hr/> | <hr/> |
| | 157 | 6,275 | 6,432 |
| | <hr/> | <hr/> | <hr/> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

| 5 Resources expended | Staff costs £'000 | Premises & equipment £'000 | Other costs £'000 | Total 2015 £'000 |
|--|-------------------------|----------------------------------|-------------------------|------------------------|
| Academy's educational operations | | | | |
| - Direct costs | 4,420 | - | 263 | 4,683 |
| - Allocated support costs | 1,163 | 338 | 648 | 2,149 |
| | <u>5,583</u> | <u>338</u> | <u>911</u> | <u>6,832</u> |
| Boarding activities | | | | |
| - Direct costs | 257 | - | 10 | 267 |
| - Allocated support costs | 47 | 7 | 21 | 75 |
| | <u>304</u> | <u>7</u> | <u>31</u> | <u>342</u> |
| Other expenditure | | | | |
| Costs of activities for generating funds | - | - | 2 | 2 |
| Governance costs | - | - | 143 | 143 |
| | <u>-</u> | <u>-</u> | <u>145</u> | <u>145</u> |
| Total expenditure | <u>5,887</u> | <u>345</u> | <u>1,087</u> | <u>7,319</u> |
| Net income/(expenditure) for the period includes: | | | | 2015 |
| | | | | £'000 |
| Operating leases | | | | |
| - Plant and machinery | | | | 1 |
| Fees payable to auditor | | | | |
| - Audit | | | | 8 |
| | | | | <u>8</u> |

Central services

No central charges arose in the accounting period. School Improvement services and financial support was provided by the academy trust to the academies which was funded during this period from the award of the Sponsored Capacity grant.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

6 Charitable activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2015 £'000 |
|--|--------------------------------|------------------------------|------------------------|
| Direct costs | | | |
| Teaching and educational support staff costs | 135 | 4,538 | 4,673 |
| Technology costs | 1 | 16 | 17 |
| Educational supplies and services | 18 | 119 | 137 |
| Examination fees | - | 37 | 37 |
| Staff development | - | 4 | 4 |
| Educational consultancy | - | 12 | 12 |
| Other direct costs | 24 | 46 | 70 |
| | <u>178</u> | <u>4,772</u> | <u>4,950</u> |
| Boarding activities costs included above | - | (267) | (267) |
| Costs excluding Boarding activities | <u>178</u> | <u>4,505</u> | <u>4,683</u> |
| Allocated support costs | | | |
| Support staff costs | 201 | 1,009 | 1,210 |
| Depreciation | - | 115 | 115 |
| Technology costs | - | 71 | 71 |
| Maintenance of premises and equipment | 15 | 215 | 230 |
| Cleaning | 2 | 16 | 18 |
| Energy costs | 9 | 161 | 170 |
| Rent and rates | 1 | 33 | 34 |
| Insurance | - | 39 | 39 |
| Security and transport | 1 | 19 | 20 |
| Catering | - | 127 | 127 |
| Interest and finance costs | - | 117 | 117 |
| Other support costs | 4 | 69 | 73 |
| | <u>233</u> | <u>1,991</u> | <u>2,224</u> |
| Boarding activities costs included above | - | (75) | (75) |
| Costs excluding Boarding activities | <u>233</u> | <u>1,916</u> | <u>2,149</u> |
| Total costs | | | |
| | 411 | 6,763 | 7,174 |
| Boarding activities costs included above | - | (342) | (342) |
| Costs excluding Boarding activities | <u>411</u> | <u>6,421</u> | <u>6,832</u> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

7 Governance costs

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2015 £'000 |
|---|--------------------------------|------------------------------|------------------------|
| Legal and professional fees | 1 | 134 | 135 |
| Auditor's remuneration - Audit of financial statements | - | 8 | 8 |
| | <u>1</u> | <u>142</u> | <u>143</u> |

8 Staff costs

| | 2015 £'000 |
|---|---------------|
| Wages and salaries | 4,524 |
| Social security costs | 298 |
| Other pension costs | 924 |
| | <u>5,746</u> |
| Supply teacher costs | 102 |
| Staff development and other staff costs | 39 |
| | <u>5,887</u> |

The average number of persons (including senior management team) employed by the academy trust during the period expressed as full time equivalents was as follows:

| | 2015 Number |
|----------------------------|----------------|
| Teachers | 41 |
| Administration and support | 146 |
| Management | 11 |
| | <u>198</u> |

The number of employees whose annual remuneration was £60,000 or more was:

| | 2015 Number |
|-------------------|----------------|
| £60,001 - £70,000 | 2 |
| £100,000+ | 1 |
| | <u>3</u> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

9 Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

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

Mr J Kane (Chief Executive Officer and Accounting Officer):

- Remuneration £95,000 - £100,000
- Employer's pension contributions £5,000 - £10,000

During the period, no travel and subsistence payments were made to trustees.

Other related party transactions involving the trustees are set out within the related parties note which includes an amount of £361 paid by The Shaw Trust in relation to travel and subsistence payments to the trustees of the academy trust.

Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides unlimited cover on any one claim and the cost for the period ended 31 August 2015 was £5,805.

10 Tangible fixed assets

| | Land and buildings £'000 | Land and buildings improvements £'000 | Equipment and vehicles £'000 | Total £'000 |
|----------------------------------|--------------------------------|--|---------------------------------------|----------------|
| Cost or valuation | | | | |
| At 2 June 2014 | - | - | - | - |
| Additions | - | 14 | 7 | 21 |
| Revaluation | 10,573 | - | - | 10,573 |
| Assets transferred on conversion | 13,964 | - | - | 13,964 |
| At 31 August 2015 | 24,537 | 14 | 7 | 24,558 |
| Depreciation | | | | |
| At 2 June 2014 | - | - | - | - |
| Charge for the period | 112 | 1 | 2 | 115 |
| At 31 August 2015 | 112 | 1 | 2 | 115 |
| Net book value | | | | |
| At 31 August 2015 | 24,425 | 13 | 5 | 24,443 |

The valuations of leasehold land and buildings were made as at 31 March 2015 by Mouchel, Chartered Surveyors, on a fair value basis which is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

| 10 | Tangible fixed assets | (Continued) |
|-----------|---|-----------------------|
| | Comparable historical cost for the land and buildings included at valuation: | 2015 £'000 |
| | Cost | 13,964 |
| | Accumulated depreciation | (112) |
| | At 31 August 2015 | <u>13,852</u> |
| | All other tangible fixed assets are stated at historical cost. | |
| | | |
| 11 | Debtors | 2015 £'000 |
| | Trade debtors | 345 |
| | VAT recoverable | 193 |
| | Prepayments and accrued income | 356 |
| | | <u>894</u> |
| | | |
| 12 | Creditors: amounts falling due within one year | 2015 £'000 |
| | Trade creditors | 185 |
| | Taxes and social security costs | 188 |
| | Other creditors | 4 |
| | Accruals | 11 |
| | | <u>388</u> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

13 Funds

| | Balance at 2 June 2014 £'000 | Incoming resources £'000 | Resources expended £'000 | Gains, losses & transfers £'000 | Balance at 31 August 2015 £'000 |
|---|------------------------------------|--------------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant | - | 3,815 | (3,893) | (21) | (99) |
| Start up grants | - | 170 | (170) | - | - |
| Other DfE / EFA grants | - | 377 | (134) | - | 243 |
| Other government grants | - | 1,811 | (1,788) | - | 23 |
| Boarding activities | - | 344 | (342) | - | 2 |
| Other restricted funds | - | 195 | (114) | - | 81 |
| | <u>-</u> | <u>6,712</u> | <u>(6,441)</u> | <u>(21)</u> | <u>250</u> |
| Funds excluding pensions | - | 6,712 | (6,441) | (21) | 250 |
| Pension reserve | - | (4,379) | (349) | 93 | (4,635) |
| | <u>-</u> | <u>2,333</u> | <u>(6,790)</u> | <u>72</u> | <u>(4,385)</u> |
| Restricted fixed asset funds | | | | | |
| DfE / EFA capital grants | - | 39 | - | - | 39 |
| Inherited fixed asset fund | - | 13,964 | (112) | - | 13,852 |
| Capital expenditure from GAG or other funds | - | - | (3) | 21 | 18 |
| Fixed Asset Revaluation | - | - | - | 10,573 | 10,573 |
| | <u>-</u> | <u>14,003</u> | <u>(115)</u> | <u>10,594</u> | <u>24,482</u> |
| Total restricted funds | <u>-</u> | <u>16,336</u> | <u>(6,905)</u> | <u>10,666</u> | <u>20,097</u> |
| Unrestricted funds | | | | | |
| General funds | - | 995 | (414) | - | 581 |
| Total funds | <u>-</u> | <u>17,331</u> | <u>(7,319)</u> | <u>10,666</u> | <u>20,678</u> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

13 Funds

(Continued)

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

Restricted General Funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education Funding Agency and local authorities.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Unrestricted Funds

These comprise resources that may be used towards meeting any of the charitable objectives of the academy trust at the discretion of the trustees.

Restricted Fixed Asset Funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education Funding Agency and local authorities where the asset acquired or created is held for a s specific purpose.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

| | Total £'000 |
|---|------------------------|
| Blackfriars Academy | 487 |
| The Coppice Academy | 196 |
| Walton Hall Academy | 89 |
| Central services | 59 |
| | <hr/> |
| Funds excluding fixed asset fund and pensions reserve | 831 |
| Restricted fixed asset fund | 24,482 |
| Pension reserve | (4,635) |
| | <hr/> |
| Total funds | 20,678 |
| | <hr/> <hr/> |

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

| | Teaching and educational support staff costs £'000 | Other support staff costs £'000 | Educational supplies £'000 | Other costs excluding depreciation £'000 | Total £'000 |
|---------------------|---|--|---|---|------------------------|
| Blackfriars Academy | 2,198 | 595 | 138 | 358 | 3,289 |
| The Coppice Academy | 982 | 91 | 44 | 141 | 1,258 |
| Walton Hall Academy | 1,438 | 286 | 90 | 280 | 2,094 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 4,618 | 972 | 272 | 779 | 6,641 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

14 Analysis of net assets between funds

| | Unrestricted funds £'000 | Restricted funds £'000 | Fixed asset funds £'000 | Total funds £'000 |
|--|--------------------------------|------------------------------|-------------------------------|----------------------|
| Fund balances at 31 August 2015 are represented by: | | | | |
| Tangible fixed assets | - | - | 24,443 | 24,443 |
| Current assets | 581 | 638 | 39 | 1,258 |
| Creditors falling due within one year | - | (388) | - | (388) |
| Defined benefit pension liability | - | (4,635) | - | (4,635) |
| | <u>581</u> | <u>(4,385)</u> | <u>24,482</u> | <u>20,678</u> |

15 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013 .

Contributions amounting to £90,360 were payable to the schemes at 31 August 2015 and are included within creditors.

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

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

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

15 Pensions and similar obligations

(Continued)

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 (currently 14.1%))
- 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%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £134,960.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.6% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £519,000.

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.

| Contributions made | 2015 £'000 |
|--|-----------------------|
| Employer's contributions | 447 |
| Employees' contributions | 136 |
| | <hr/> |
| Total contributions | 583 |
| | <hr/> <hr/> |
| Principal actuarial assumptions | 2015 % |
| Rate of increase in salaries | 4.6 |
| Rate of increase for pensions in payment | 2.7 |
| Discount rate for scheme liabilities | 3.8 |
| | <hr/> <hr/> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

15 Pensions and similar obligations

(Continued)

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

| | 2015 Years |
|----------------------|-----------------------|
| Retiring today | |
| - Males | 22.1 |
| - Females | 24.3 |
| Retiring in 20 years | |
| - Males | 24.3 |
| - Females | 26.6 |

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

| | 2015 Expected return % | 2015 Fair value £'000 |
|--|---|--------------------------------------|
| Equities | 3.8 | 2,130 |
| Bonds | 3.8 | 317 |
| Cash | 3.8 | 173 |
| Property | 3.8 | 259 |
| | <u>3.8</u> | <u>2,879</u> |
| Total market value of assets | | 2,879 |
| Present value of scheme liabilities - funded | | (7,514) |
| | | <u>(4,635)</u> |
| Net pension liability | | <u>(4,635)</u> |

The Expected Return on Employer Assets is based on the discount rate as per forthcoming revisions to FRS disclosures.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2015

| 15 Pensions and similar obligations | (Continued) |
|---|-----------------------|
| Amounts recognised in the statement of financial activities | |
| | 2015 £'000 |
| Operating costs | |
| Current service cost (net of employee contributions) | 679 |
| Past service cost | - |
| | <hr/> |
| Total operating charge | 679 |
| | <hr/> <hr/> |
| Finance costs/(income) | |
| Expected return on pension scheme assets | (125) |
| Interest on pension liabilities | 242 |
| | <hr/> |
| Net finance costs | 117 |
| | <hr/> <hr/> |
| Total charge | 796 |
| | <hr/> <hr/> |
| Actuarial gains and losses recognised in the statement of financial activities | |
| | 2015 £'000 |
| Actuarial losses on assets: actual return less expected | 14 |
| Experience gains on liabilities | (107) |
| | <hr/> |
| Total gains | (93) |
| | <hr/> <hr/> |
| Cumulative gains to date | (93) |
| | <hr/> <hr/> |
| Movements in the present value of defined benefit obligations | |
| | 2015 £'000 |
| Obligations acquired on conversion | (6,564) |
| Current service cost | (679) |
| Interest cost | (242) |
| Contributions by employees | (136) |
| Actuarial gains | 107 |
| | <hr/> |
| At 31 August 2015 | (7,514) |
| | <hr/> <hr/> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2015

| 15 Pensions and similar obligations | (Continued) |
|---|-----------------------|
| Movements in the fair value of scheme assets | |
| | 2015 £'000 |
| Assets acquired on conversion | 2,185 |
| Expected return on assets | 125 |
| Actuarial losses | (14) |
| Contributions by employers | 447 |
| Contributions by employees | 136 |
| | <hr/> |
| At 31 August 2015 | 2,879 |
| | <hr/> <hr/> |
| History of experience gains and losses | |
| | 2015 £'000 |
| Present value of defined benefit obligations | (7,514) |
| Fair value of share of scheme assets | 2,879 |
| | <hr/> |
| Deficit | (4,635) |
| | <hr/> <hr/> |
| Experience adjustment on scheme assets | (14) |
| Experience adjustment on scheme liabilities | 107 |
| | <hr/> <hr/> |
| 16 Reconciliation of net income to net cash inflow/(outflow) from operating activities | |
| | 2015 £'000 |
| Net income | 10,012 |
| Capital grants and similar income | (39) |
| Net surplus transferred on conversion | (9,865) |
| Defined benefit pension costs less contributions payable | 232 |
| Defined benefit pension finance costs/(income) | 117 |
| Depreciation of tangible fixed assets | 115 |
| Increase in debtors | (894) |
| Increase in creditors | 388 |
| | <hr/> |
| Net cash inflow from operating activities | 66 |
| | <hr/> <hr/> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

| | | | | | |
|-----------|---|--|-------------------|-----------------------------|------------------------------|
| 17 | Reconciliation of net cash flow to movement in net funds | | 2015 | | |
| | | | £'000 | | |
| | Increase in cash | | 364 | | |
| | Net funds at 2 June 2014 | | - | | |
| | | | <hr/> | | |
| | Net funds at 31 August 2015 | | 364 | | |
| | | | <hr/> <hr/> | | |
| 18 | Analysis of net funds | | | | |
| | At 2 June 2014 | Transferred on conversion | Cash flows | Non-cash changes | At 31 August 2015 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| | Cash at bank and in hand | - | 280 | 84 | - |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| 19 | Boarding activities trading account | | | 2015 | |
| | | | | £'000 | £'000 |
| | Direct income | | | | |
| | Government grants | | | | 344 |
| | | | | | <hr/> |
| | | | | | 344 |
| | Direct costs | | | | |
| | Direct staff costs | | | 257 | |
| | Educational supplies and services | | | 10 | |
| | | | | <hr/> | |
| | | | | 267 | |
| | | | | <hr/> | |
| | | | | <hr/> | |
| | Other costs | | | | |
| | Support staff costs | | | 47 | |
| | Maintenance of premises and equipment | | | 7 | |
| | Energy costs | | | 10 | |
| | Rent and rates | | | 1 | |
| | Security and transport | | | 1 | |
| | Catering | | | 6 | |
| | Other support costs | | | 3 | |
| | | | | <hr/> | |
| | | | | 75 | |
| | | | | <hr/> | |
| | | | | <hr/> | |
| | Total expenditure | | | | (342) |
| | | | | | <hr/> |
| | Surplus from all sources | | | | 2 |
| | Boarding activities balances at 2 June 2014 | | | | - |
| | | | | | <hr/> |
| | Boarding activities balances at 31 August 2015 | | | | 2 |
| | | | | | <hr/> <hr/> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

20 Related parties

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

Two trustees of the academy trust are also trustees of The Shaw Trust and during the period costs totalling £465,442 were met by The Shaw Trust on behalf of the academy trust to cover particular board and central staff costs. No amounts were due to either party at the end of the period.

21 Conversion to an academy

During the period the following academies converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Shaw Education Trust from the Staffordshire County Council Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the statement of financial activities as voluntary income.

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

| Academy | Location | Date of conversion | | |
|---------------------|-----------------|---------------------------|--|--|
| Blackfriars Academy | Staffordshire | 1 October 2014 | | |
| The Coppice Academy | Staffordshire | 1 October 2014 | | |
| Walton Hall Academy | Staffordshire | 1 October 2014 | | |

| Funds surplus/(deficit) transferred: | Unrestricted funds | Restricted funds | Fixed asset funds | Total 2015 |
|---|---------------------------|-------------------------|--------------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Fixed assets funds | - | - | 13,964 | 13,964 |
| LA budget funds | 157 | - | - | 157 |
| LGPS pension funds | - | (4,379) | - | (4,379) |
| Other funds | - | 123 | - | 123 |
| | <u>157</u> | <u>(4,256)</u> | <u>13,964</u> | <u>9,865</u> |

| Net assets transferred: | £'000 |
|--------------------------------|--------------|
| Leasehold land and buildings | 13,964 |
| Cash | 280 |
| Pension deficit | (4,379) |
| | <u>9,865</u> |

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2015

22 Post balance sheet events

After the period end, the following schools converted to academy trust status and joined The Shaw Education Trust.

| Academy | Location | Date of conversion |
|-----------------------------|-----------------|---------------------------|
| Wolstanton High School | Staffordshire | 1 September 2015 |
| Saxon Hill Community School | Staffordshire | 1 November 2015 |

23 Members' liability

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