

Company Registration No. 09067175 (England and Wales)

THE SHAW EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016



THE SHAW EDUCATION TRUST

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THE SHAW EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr D Bateson
Mr T Crompton (Appointed 1 September 2015 and retired 31 October 2015)
Mr M Hawker
Mr D Humphries (Resigned 13 January 2016)
Mrs J Morgan (Chief Executive Officer and Accounting Officer) (Appointed 1 November 2015)
Mr J Norman
Mr R O'Shaughnessy
Mr D Phipps (Chief Financial Officer) (Appointed 18 November 2016)
Mrs C Quinn (Resigned 13 July 2016)
Mr C Richards (Chair)

Members

Shaw Trust	Corporate Member
Mr C Richards	
Mr R O'Shaughnessy	

Executive leadership team

Mrs J Morgan	Chief Executive Officer and Accounting Officer
Mrs J Yarwood	Director of Education, Standards and Training
Mr P Harrison	Director of Special Schools and Deputy Director of Education, Standards and Training
Miss H Turner	Finance Director
Mr G Lawrie	Operations Director

Company secretary

Mr N Carey

Company registration number

09067175 (England and Wales)

Registered office

The Lodge
Wolstanton High School
Milehouse Lane
Newcastle under Lyme
Staffordshire
ST5 9JU

Academies operated

Blackfriars Academy
The Coppice Academy
Walton Hall Academy
Wolstanton High School
Saxon Hill Community School

Location

Staffordshire
Staffordshire
Staffordshire
Staffordshire
Staffordshire

Principal

Mrs A Parr
Mrs A Jones
Mrs P Carmichael
Mr A Aston
Mr J Thickett

THE SHAW EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol

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 YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates four special academies in North Staffordshire for pupils aged 2 to 21 years and a Mainstream High School for pupils aged 11 to 16.

They are:

Blackfriars Academy
The Coppice Academy
Walton Hall Academy
Wolstanton High School
Saxon Hill Academy

The Shaw Education Trust group of academies have a combined pupil place funded capacity of 1305 and had a roll of 1356.

Sponsor of the Shaw Education Trust, The Shaw Trust are aligned in mission, vision and values. The Accounts of the Shaw Education Trust are incorporated into the group accounts of the Shaw Trust.

Conversion to academy trust

The company was incorporated at Companies House on 2 June 2014. The signed commercial transfer agreements for Blackfriars, Coppice and Walton Hall were dated 30 September 2014 with an academy conversion date of 1 October 2014. The signed commercial transfer agreement for Wolstanton High School was dated 26 August 2015 with a conversion date of 1st September 2015. The signed commercial transfer agreement for Saxon Hill was dated 25 May 2015 with a conversion date of 1st November 2015.

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 year 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

The Trust subscribes to the Risk Protection Arrangement (RPA) with the Education Funding Agency. This arrangement includes unlimited Trustees' Indemnity cover.

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.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Policies and procedures adopted for the induction and training of trustees

Trustee's 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, enrolled with the National Governors' Association and have access to formal training through external agencies upon identification of need or on request.

Organisational structure

The board of trustees have overall responsibility and ultimate decision making authority for all the work of the Trust, including establishing and running schools. The board of trustees meet on a termly basis and sub committees meet twice termly.

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, and is supported by a central management team. Principals have been appointed in each academy and report to the Chief Executive Officer and individual Academy Councils.

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.

There is a clear scheme of delegation which has been centrally established which details levels of authority and appropriate parties within transparent earned autonomy guidelines.

Each Academy has a local governing body, these are called Academy Councils. The Academy Council assists in the monitoring and advising of standards and target setting in their Academy. They also have delegated authority to ensure policies and procedures are effectively deployed within the day to day running of 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 and have a minimum of two sub committees, one of which incorporates Health, Safety and Safeguarding.

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.

The Shaw Trust has 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.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and activities

Objects and aims

Our Vision

Our vision is for a society in which everyone has the opportunity to excel, gain employment and sustain independence; a society where aspiration is the norm and high achievement the only acceptable standard. Barriers to success will be removed by high quality educational and training experiences.

Our mission

We believe every young person can achieve great things, whatever their ability and whatever their background. We will facilitate excellence by all and for all: with no exceptions.

We will deliver 'best in class' tailored learning to ensure that every young person attending one of our academies has the opportunity and support required to achieve their potential.

High quality intervention and targeted leadership development will be the foundation stone of our Trust. We will accelerate improvement in all our academies from their individual starting points. Schools facing challenge will be intensively supported to 'get to good' within two years. Leaders will be celebrated, encouraged to excel, think innovatively and be incredible.

We pledge an unswerving commitment to improve the life chances of all the young people in our academies. We will focus on bridging the gap between school and the outside world to give young people the best chances to progress to high quality further/higher education, employment or training.

We will create a self- sustaining family of schools who will support each other's success and promote consistently high standards across the Trust. Our academies will be great places to work, buzz with creativity and achieve awesome outcomes.

Our values

To be pupil and people centered: To ensure everything we do realises the full potential of the pupils we are here to help. We will provide caring, tailored and supportive environments where young people can flourish. We will ensure that all members of the school community are the focus of our activity and as servant leaders we shall enable their success.

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, stimulating exciting futures and securing independent living. We will be relentless in our pursuit of the excellence which has the power to change lives.

To be best in class: To be a top performing education provider that helps every single pupil on their journey towards achieving their potential. We believe our staff are our greatest asset. We will support leaders, teachers and staff to provide exceptional teaching, learning and outcomes.

To be accountable: The Shaw Education Trust, its schools, and staff, are accountable to our pupils and stakeholders. We will demonstrate personal responsibility by carrying out our roles to the best of our ability and in adherence with our values.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Our ambition

Our Trust will consist of schools from all phases, all sectors and across a range of Ofsted categories. We will challenge prejudice and low expectation for young people who are marginalised in society and support those whose aspirational ambitions, talents and abilities are squashed by poor quality teaching, learning and educational provision.

Education silos will be eradicated and our academies will work symbiotically for the good of each individual, within the community in which they live.

Our Trust will be self-sustaining: leadership and strength will be grown from within.

SET will be a national player and key influencer of educational direction by active engagement with system leaders.

Our training programmes will be second to none, with professional development at the heart of our corporate strategy.

We will provide school improvement services and high quality professional mentoring for Headteacher's and future leaders.

We will lead the way in initial teacher training.

Objectives, strategies and activities

Shaw Education Trust objectives 2016 - 2020

Shaw Education Trust has clear strategic aims built on our mission and values.

Our three year strategic plan is based on growth development from an emergent multi-academy trust to a leading provider of exceptional outcomes.

We will:

- Raise standards for young people within our Trust so they exceed previous performance and make progress above national averages
- Communicate a compelling strategic vision which is effectively delivered through shared accountabilities and corporate cohesion
- Embed a clear accountability framework at all levels, which effectively manages performance and has a significant impact on standards
- Establish robust quality assurance mechanisms across the academies within the Trust which enable consistently outstanding performance
- Ensure effective governance is secured through regular review, transparent lines of delegated authority, planned scrutiny and targeted challenge
- Provide bespoke school improvement services which accelerate performance and generate internal strength
- Manage risk to safeguard individual and corporate reputation
- Plan for succession, promote talent and develop staff at all levels to enable the very best to be retained and harnessed as a corporate strength.
- Contribute to the broader education agenda by engaging with then leading, local, regional and national networks
- Lead new initiatives to secure high quality teacher training, creating a high quality supply chain.

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.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

Strategic reporting

The CEO and Executive Leadership Team provide a comprehensive full report to the Trustees three times per year alongside six, business led sub- committee agendas.

The standard termly format details a report from the CEO, which includes DfE (Department of Education), RSC (Regional Schools Commissioner), Ofsted updates, operational review, staffing, reports to sponsor, business plan, schools update and MAT self-evaluation; a report from the Director of Education, which includes school data and outcomes update, CPD (Continued Professional Development) updates, improvement activity and current assessment of our academies; Director of Finance report and Director of Operations report, which includes CIF (Conditional Improvement Fund), risk assessment, traps and triggers, HR, governance and buildings.

This enables the Trustees to have a broad understanding of current performance indicators and ensure robust governance.

Progress is shared with the sponsor Board through formal meeting process.

Operational planning

The Board of Trustees receive a termly report from the CEO which details progress against operational objectives and updates the board on outstanding matters and successes. This is risk assessed and progress is evaluated by the Board.

This report incorporates business updates and the Board receives Due Diligence reports on potential schools looking to on-board with the Trust. These are then able to be discussed and the Board approves or challenges the Executive Leadership Team's recommendations. Educational considerations and financial detail are scrutinised in depth to ensure effective risk management and growth strategy.

Self-evaluation

The Board receives a termly report on the progress of the Trust using the nine step Carter model. The CEO and ELT evaluate the position of the company as it grows and develops from: beginning; developing; embedding and leading. The most recent evaluation places the Trust between developing and embedding in most categories, however we self-assess that we are 'leading' in our Trust wide commitment to making a contribution to local, regional and national educational networks beyond the MAT.

Staffing

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 second period. We have appointed a very experienced educational Chief executive; a Director of Education; Director of Special Schools; three Subject Directors; a permanent Finance Director and a Director of Operations. We have also enhanced the team by creating several administrative posts to support the Trust's efficacy, this includes an HR manager.

Alongside this we have increased the capacity of Blackfriars Teaching School by increasing the number of Local Leaders in Education (LLE's) and Specialist Leaders in Education(SLE's). We also engage a regular LLE consultant with significant experience in school improvement.

The C.E.O and the central team are continuing to develop strategy to support the 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. We were successful in achieving over £5 million from the Conditions Improvement Fund which has had a significant impact on the environments of our Academies.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators

Performance Indicators

The SET Executive Team provide the Board of Trustees with a comprehensive evaluation of each Academies performance. The data includes external analysis (examinations and Ofsted) and internal monitoring, evaluation and quality assurance.

None of our academies have been inspected by Ofsted since our sponsorship. Our evaluation of the performance of our four special Academies would place them all in the Good to Outstanding range: Blackfriars, Outstanding; Coppice, Good; Walton Hall, Good; Saxon Hill, Outstanding. Our mainstream secondary, Wolstanton High, remains RI. Performance at GCSE level has however improved, in the time the Academy has been with the Trust.

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.

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 (EFA) 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 is 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 £10.27 million 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 2016 free reserves show a surplus £1.118m before pension liabilities.

Investment policy and powers

The trust currently has no material investments.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

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/second year of operation was to extend the family of schools in the West Midlands cluster and move into the North West. Our priority remains to recruit schools from all sectors, secondary, primary as well as special schools. In year two we have added a mainstream secondary school, Wolstanton High School and a further all-through special school, Saxon Hill. By January 2017 our total composite should be ten; this will include four secondary mainstream schools (including 2 Directive Academy Orders) and one primary school. Our targeted growth area for year three includes the development of our primary cluster and further special school engagement. We also aim to review post 18 and post 21 provision in the special sector in light of statutory changes.

As we grow the trustees we will continue to drive school improvement using a multi-faceted and evolutionary approach. 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.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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.

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 13 December 2016 and signed on its behalf by:



Mr C Richards
Chair

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

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 CEO, as accounting officer, for ensuring that 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 4 times during the period.

Trustees	Meetings attended	Out of possible
Mr D Bateson	3	4
Mr T Crompton (Appointed 1 September 2015 and retired 31 October 2015)	1	1
Mr M Hawker	3	4
Mr D Humphries (Resigned 13 January 2016)	0	2
Mrs J Morgan (Chief Executive Officer and Accounting Officer) (Appointed 1 November 2015)	3	3
Mr J Norman	3	4
Mr R O'Shaughnessy	3	4
Mr D Phipps (Chief Financial Officer) (Appointed 18 November 2016)		
Mrs C Quinn (Resigned 13 July 2016)	4	4
Mr C Richards (Chair)	2	4

During the year the business of the finance and audit committee was incorporated in to the main board of trustees.

Review of value for money

As accounting officer the CEO 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:

- Ensuring best value is robustly applied to all procurement
- Reviewing costs and exploring economies of scale in contracting e.g. HR
- Purchasing licenses in "bulk" to reduce additional costs to academies
- Sharing centrally employed personnel to reduced individual academy costs
- Analysing value for money in tendered services and re-negotiating the cost rates
- Securing economies of scale in procurement related to ICT programmes and systems
- Ensuring salaries are locally and nationally benchmarked
- Staffing structures are appropriate and without excess
- Ensured financial review in each academy promotes best value and lean costing

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

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 SHAW EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 13 December 2016 and signed on its behalf by:



Mrs J Morgan
**Chief Executive Officer and Accounting
Officer**



Mr C Richards
Chair

THE SHAW EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE *FOR THE YEAR ENDED 31 AUGUST 2016*

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 2015.

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 2015.

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



Mrs J Morgan
Accounting Officer

13 December 2016

THE SHAW EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

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 2015 and the Academies Accounts Direction 2015 to 2016;
- 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 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 13 December 2016 and signed on its behalf by:



Mr C Richards
Chair

THE SHAW EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF THE SHAW EDUCATION TRUST

We have audited the accounts of The Shaw Education Trust for the year ended 31 August 2016 set out on pages 22 to 47. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the academy trust's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Article 69 (d) of the academy trust's funding agreement with the Secretary of State for Education and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the accounts

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the academy trust'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 financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the 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.

THE SHAW EDUCATION TRUST

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

The financial statements, included within the Trustees Report and Audited Accounts (the "Annual Report"), comprise :

- the charitable company balance sheet as at 31 August 2016;
- the charitable company's statement of financial activities including income and expenditure account for the year then ended;
- the charitable company statement of cash flows for the year then ended;
- the accounting policies; and
- the notes to the accounts including accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the accounts is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2015 to 2016.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report, rather than in the notes to the accounts. These are cross-referenced from the financial statements and are identified as audited.

Opinion on accounts

In our opinion The Shaw Education Trust accounts (the "accounts"):

- give a true and fair view of the state of the charitable company's (the "academy trust") affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

THE SHAW EDUCATION TRUST

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Academy Trust, or returns adequate for our audit have not been received from branches not visited by us; or
- the Academy Trust's financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

2 Glass Wharf
Bristol

Dated: 13 December 2016

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 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Shaw Education Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them, as set out in the Academies Accounts Direction 2015 to 2016.

This report is made solely to 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 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 or liability to anyone other than Shaw Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed, save where expressly agreed in writing.

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

The accounting officer is responsible, under the requirements of Shaw Education Trust's funding agreement with the Secretary of State for Education dated 24 September 2014 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them, as set out in the Academies Accounts Direction 2015 to 2016.

Approach

We conducted our limited assurance engagement in accordance with the Academies Accounts Direction 2015 to 2016 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 as described above.

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 reasonable assurance 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).

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.

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

THE SHAW EDUCATION TRUST

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

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them, as set out in the Academies Accounts Direction 2015 to 2016.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol

Dated: 13 December 2016

THE SHAW EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2016 £'000	Total 2015 £'000
Income and endowments from:						
Donations and capital grants	3	34	433	2,081	2,548	98
Donations - transfer from local authority on conversion	23	383	(3,878)	17,111	13,616	9,865
Charitable activities:						
- Funding for educational operations	4	2	13,274	-	13,276	6,393
- Funding for boarding activities	21	-	756	-	756	344
Other trading activities	5	374	46	-	420	631
Total income and endowments		793	10,631	19,192	30,616	17,331
Expenditure on:						
Raising funds	6	-	2	-	2	2
Charitable activities:						
- Educational operations	7	53	14,741	559	15,353	6,975
- Boarding activities	21	-	758	-	758	342
Total expenditure	6	53	15,501	559	16,113	7,319
Net income/(expenditure)		740	(4,870)	18,633	14,503	10,012
Transfers between funds		(319)	319	-	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(1,221)	-	(1,221)	93
Revaluation of fixed assets	11	-	-	(1,433)	(1,433)	10,573
Net movement in funds		421	(5,772)	17,200	11,849	20,678
Reconciliation of funds						
Total funds brought forward		581	(4,385)	24,482	20,678	-
Total funds carried forward		1,002	(10,157)	41,682	32,527	20,678

THE SHAW EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		39,858		24,443
Current assets					
Debtors	12	905		894	
Cash at bank and in hand		3,294		364	
		<u>4,199</u>		<u>1,258</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	(1,180)		(388)	
Net current assets			<u>3,019</u>		<u>870</u>
Total assets less current liabilities			<u>42,877</u>		<u>25,313</u>
Creditors: amounts falling due after more than one year	14		(77)		-
Net assets excluding pension liability			<u>42,800</u>		<u>25,313</u>
Defined benefit pension liability	17		(10,273)		(4,635)
Net assets			<u>32,527</u>		<u>20,678</u>
Funds of the academy trust:					
Restricted funds	15				
- Fixed asset funds			41,682		24,482
- Restricted income funds			116		250
- Pension reserve			(10,273)		(4,635)
Total restricted funds			<u>31,525</u>		<u>20,097</u>
Unrestricted income funds	15		<u>1,002</u>		<u>581</u>
Total funds			<u>32,527</u>		<u>20,678</u>

The accounts set out on pages 22 to 47 were approved by the board of trustees and authorised for issue on 13 December 2016 and are signed on its behalf by:



Mr C Richards
Chair

Company Number 09067175

THE SHAW EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	19		761		66
Cash funds transferred on conversion			383		280
			<u>1,144</u>		<u>346</u>
Cash flows from investing activities					
Capital grants from DfE and EFA		2,058		39	
Capital funding from sponsors and others		24		-	
Payments to acquire tangible fixed assets		(296)		(21)	
		<u></u>	1,786	<u></u>	18
Change in cash and cash equivalents in the reporting period					
			2,930		364
Cash and cash equivalents at 1 September			364		-
Cash and cash equivalents at 31 August			<u>3,294</u>		<u>364</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

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

The Shaw Education Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of The Shaw Education Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 October 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the 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. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Wolstanton High School and Saxon Hill Community School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion. Further details of the transaction are set out in note 23.

1.4 Income

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

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

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

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

1.5 Expenditure

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

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Charitable activities

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

Governance costs

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

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.

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

Leasehold land and buildings	125 years
Building improvements	10 years
Freehold land and buildings	50 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 Liabilities

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

1.8 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.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.9 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.

1.10 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 quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.11 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.

1.12 Critical accounting estimates and areas of judgement

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

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The valuation of land and buildings is an opinion of the "Fair Value" of the asset for capital accounting purposes. "Fair Value" 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." Land and buildings valuation have been undertaken in accordance with the RICS Valuation-Professional Standards 2014.

The academies group of properties are a specialised asset for which there is no general market and therefore have been valued on the basis of Depreciated Replacement Cost, which calculates the cost of constructing a modern equivalent asset, and then depreciates this gross value to allow for the factors of age and obsolescence.

Critical areas of judgement

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

The main areas where critical accounting judgements are applied and where there is estimation uncertainty are:

- Provisions
- Intangible assets
- Deferred income

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

2 Comparative information

ended 31 August 2015	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2015 £'000
Income and endowments from:				
Donations and capital grants	55	4	39	98
Donations - transfer from local authority on conversion	157	(4,256)	13,964	9,865
Charitable activities:				
- Funding for educational operations	157	6,236	-	6,393
- Funding for boarding activities	-	344	-	344
Other trading activities	626	5	-	631
Investments	-	-	-	-
Total income and endowments	995	2,333	14,003	17,331
Expenditure on:				
Raising funds	2	-	-	2
Charitable activities:				
- Educational operations	412	6,448	115	6,975
- Boarding activities	-	342	-	342
Total expenditure	414	6,790	115	7,319
Net income/(expenditure)	581	(4,457)	13,888	10,012
Transfers between funds	-	(21)	21	-
Other recognised gains and losses				
Actuarial gains/(losses) on defined benefit pension schemes	-	93	-	93
Revaluation of fixed assets	-	-	10,573	10,573
Net movement in funds	581	(4,385)	24,482	20,678

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Private sponsorship	-	413	413	38
Capital grants	-	2,057	2,057	39
Other donations	34	44	78	21
	34	2,514	2,548	98

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
DfE / EFA grants				
General annual grant (GAG)	-	8,731	8,731	3,815
Start up grants	-	48	48	170
Other DfE / EFA grants	-	516	516	377
	-----	-----	-----	-----
	-	9,295	9,295	4,362
	=====	=====	=====	=====
Other government grants				
Local authority grants	-	3,347	3,347	1,798
Special educational projects	-	508	508	13
	-----	-----	-----	-----
	-	3,855	3,855	1,811
	=====	=====	=====	=====
Other funds				
Teaching School income	-	124	124	63
Other incoming resources	2	-	2	157
	-----	-----	-----	-----
	2	124	126	220
	=====	=====	=====	=====
Total funding	2	13,274	13,276	6,393
	=====	=====	=====	=====

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	92	-	92	17
Catering income	56	-	56	40
Parental contributions	4	46	50	15
Provision of sub-contracted education	-	-	-	547
Teaching school income	32	-	32	-
Other income	190	-	190	12
	-----	-----	-----	-----
	374	46	420	631
	=====	=====	=====	=====

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
Academy's educational operations					
- Direct costs	9,506	-	646	10,152	4,683
- Allocated support costs	2,712	803	1,689	5,201	2,292
	<u>12,218</u>	<u>803</u>	<u>2,335</u>	<u>15,353</u>	<u>6,975</u>
Boarding activities					
- Direct costs	562	-	7	569	267
- Allocated support costs	139	8	39	189	75
	<u>701</u>	<u>8</u>	<u>46</u>	<u>758</u>	<u>342</u>
Other expenditure					
Raising funds	-	-	2	2	2
	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total expenditure	<u>12,919</u>	<u>811</u>	<u>2,383</u>	<u>16,113</u>	<u>7,319</u>
Net income/(expenditure) for the year includes:				2016	2015
				£'000	£'000
Fees paid to auditor for audit services				26	8
Operating lease rentals				6	1
Depreciation of tangible fixed assets				559	115
				<u>591</u>	<u>124</u>

Central services

The academy trust has provided the following central services to its academies during the year:

- Marketing / Academy Promotion
- External Audit Fees
- Internal Audit Fees
- Accountancy Fees (relating to consolidation of accounts – monthly and annual)
- EFA Returns
- Bank Charges
- Land and Buildings valuations on conversion
- Annual actuary re-valuation fees (Initial actuary valuation to be funded from academy Start-Up grant)
- EFA Risk Protection Arrangement
- Minibus Insurance
- Overseas School Trip Insurance
- Engineering Inspection Insurance
- ICO Compliance
- SIMS Annual License Costs (not support costs)
- PS Financials License Costs (not support costs)
- Salary of central trust management team

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure

(Continued)

The academy trust charges for these services on a flat percentage of income which was 3% (2015: nil). Income for the purposes of this calculation is only DfE/EFA grants excluding the following grants:

- Pupil Premium Funding
- Year 7 Catch Up Funding
- PE Sports Grants
- Nursery Funding
- Universal Free School Meals Funding
- Summer School Funding
- Other non-GAG Government Funding
- Top-Up Funding for special educational needs (SEN) or Additional Educational Needs funding (AEN) in mainstream academies
- Other income generated by individual academies
- PFI Income
- Start up grants

The amounts charged during the year were as follows:

	Total £'000
Blackfriars Academy	54
The Coppice Academy	26
Walton Hall Academy	37
Wolstanton High School	114
Saxon Hill Community School	24
	<hr/>
	255
	<hr/> <hr/>

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	27	10,125	10,152	4,683
Direct costs - boarding activities	-	569	569	267
Support costs - educational operations	26	5,175	5,201	2,292
Support costs - boarding activities	-	189	189	75
	<hr/>	<hr/>	<hr/>	<hr/>
	53	16,058	16,111	7,317
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities (Continued)

	Boarding £'000	Educational operations £'000	Total 2016 £'000	Total 2015 £'000
Analysis of support costs				
Support staff costs	139	2,712	2,851	1,210
Depreciation and amortisation	-	559	559	115
Technology costs	2	115	117	71
Premises costs	23	628	651	452
Other support costs	22	837	859	376
Governance costs	3	350	353	143
	189	5,201	5,390	2,367
	189	5,201	5,390	2,367

8 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	9,590	4,524
Social security costs	726	298
Operating costs of defined benefit pension schemes	1,978	924
Staff costs	12,294	5,746
Supply staff costs	369	102
Staff restructuring costs	163	-
Total staff expenditure	12,826	5,848

Staff numbers

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

	2016 Number	2015 Number
Teachers	279	41
Administration and support	152	146
Management	32	11
	463	198

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

(Continued)

Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	5	2
£70,001 - £80,000	1	-
£80,001 - £90,000	1	-
£90,001 - £100,000	1	-
£100,000+	1	1

Key management personnel

The key management personnel of the academy trust comprise the trustees, executive leadership team and the academy principals as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,918,582.

9 Trustees' remuneration and expenses

One or more of the 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.

The value of trustees' remuneration and other benefits was as follows:
Jo Morgan claimed subsistence expenses of £430 within the financial year.

Mrs J Morgan (Chief Executive Officer and Accounting Officer - appointed 1 November 2015):

- Remuneration £125,000 - £130,000 (2015: £nil)
- Employer's pension contributions £20,000 - £25,000 (2015: £nil)

Mr J Kane (Chief Executive Officer and Accounting Officer - retired 31 August 2015):

- Remuneration £nil (2015: £95,000 - £100,000)
- Employer's pension contributions £nil (2015: £5,000 - £10,000)

During the year, travel and subsistence payments totalling £430 (2015: £nil) were reimbursed or paid directly to one trustee (2015: No trustees).

Other related party transactions involving the trustees are set out within the related parties note.

10 Trustees and officers insurance

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

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

	Leasehold land and buildings £'000	Freehold land and buildings £'000	Building improvements £'000	Equipment and vehicles £'000	Total £'000
Cost or valuation					
At 1 September 2015	24,537	-	14	7	24,558
Additions	-	-	283	13	296
Revaluation	(1,433)	-	-	-	(1,433)
Transfers	(10,096)	10,096	-	-	-
Assets transferred on conversion	17,111	-	-	-	17,111
At 31 August 2016	30,119	10,096	297	20	40,532
Depreciation					
At 1 September 2015	112	-	1	2	115
Charge for the year	322	225	7	5	559
Transfers	(77)	77	-	-	-
At 31 August 2016	357	302	8	7	674
Net book value					
At 31 August 2016	29,762	9,794	289	13	39,858
At 31 August 2015	24,425	-	13	5	24,443

The revaluations of leasehold land and buildings were made as at 26 May 2016 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.

Comparable historical cost for the land and buildings included at valuation:

	2016 £'000	2015 £'000
Cost	31,075	13,964
Accumulated depreciation	(663)	(112)
At 31 August	30,412	13,852

All other tangible fixed assets are stated at historical cost.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Debtors	2016	2015
	£'000	£'000
Trade debtors	463	345
VAT recoverable	221	193
Prepayments and accrued income	221	356
	<hr/>	<hr/>
	905	894
	<hr/> <hr/>	<hr/> <hr/>
13 Creditors: amounts falling due within one year	2016	2015
	£'000	£'000
Government loans	34	-
Trade creditors	459	185
Other taxation and social security	224	188
Other creditors	230	4
Accruals and deferred income	233	11
	<hr/>	<hr/>
	1,180	388
	<hr/> <hr/>	<hr/> <hr/>
14 Creditors: amounts falling due after more than one year	2016	2015
	£'000	£'000
Government loans	77	-
	<hr/> <hr/>	<hr/> <hr/>
Analysis of loans		
Wholly repayable within five years	111	-
Less: included in current liabilities	(34)	-
	<hr/>	<hr/>
Amounts included above	77	-
	<hr/> <hr/>	<hr/> <hr/>
Loan maturity		
Debt due in one year or less	34	-
Due in more than one year but not more than two years	37	-
Due in more than two years but not more than five years	40	-
	<hr/>	<hr/>
	111	-
	<hr/> <hr/>	<hr/> <hr/>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds

	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	(99)	8,731	(8,783)	151	-
Start up grants	-	48	(48)	-	-
Other DfE / EFA grants	243	516	(679)	-	80
Other government grants	23	3,855	(4,046)	168	-
Boarding activities	2	756	(758)	-	-
Other restricted funds	81	493	(538)	-	36
	<u>250</u>	<u>14,399</u>	<u>(14,852)</u>	<u>319</u>	<u>116</u>
Funds excluding pensions	250	14,399	(14,852)	319	116
Pension reserve	(4,635)	(3,768)	(649)	(1,221)	(10,273)
	<u>(4,385)</u>	<u>10,631</u>	<u>(15,501)</u>	<u>(902)</u>	<u>(10,157)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	39	2,057	(559)	-	1,537
Inherited funds	13,852	17,111	-	-	30,963
Capital expenditure from GAG	18	-	-	-	18
Revaluation reserve	10,573	-	-	(1,433)	9,140
Private sector capital sponsorship	-	24	-	-	24
	<u>24,482</u>	<u>19,192</u>	<u>(559)</u>	<u>(1,433)</u>	<u>41,682</u>
Total restricted funds	<u>20,097</u>	<u>29,823</u>	<u>(16,060)</u>	<u>(2,335)</u>	<u>31,525</u>
Unrestricted funds					
General funds	581	793	(53)	(319)	1,002
Total funds	<u>20,678</u>	<u>30,616</u>	<u>(16,113)</u>	<u>(2,654)</u>	<u>32,527</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

15 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 2016.

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.

Total funds analysis by academy

	Total £'000
Fund balances at 31 August 2016 were allocated as follows:	
Blackfriars Academy	399
The Coppice Academy	225
Walton Hall Academy	77
Wolstanton High School	308
Saxon Hill Community School	28
Central services	81
	<hr/>
Total before fixed assets fund and pension reserve	1,118
Restricted fixed asset fund	41,682
Pension reserve	(10,273)
	<hr/>
Total funds	32,527
	<hr/> <hr/>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds

(Continued)

Total cost analysis by academy

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	2,734	628	163	467	3,992
The Coppice Academy	1,017	258	45	147	1,467
Walton Hall Academy	1,385	610	127	252	2,374
Wolstanton High School	2,950	766	251	374	4,341
Saxon Hill Community School	1,419	426	50	172	2,067
Central services	299	96	13	257	665
	<u>9,804</u>	<u>2,784</u>	<u>649</u>	<u>1,669</u>	<u>14,906</u>

16 Deferred income

2016
£'000

2015
£'000

Deferred income is included within:

Creditors due within one year	29	-
Deferred income at 1 September	-	-
Released from previous years	-	-
Amounts deferred in the year	29	-
Deferred income at 31 August	<u>29</u>	<u>-</u>

17 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 £100,073 (2015: £90,360) were payable to the schemes at 31 August 2016 and are included within creditors.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

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

The employer's pension costs paid to the TPS in the period amounted to £674,738 (2015: £134,960).

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

Under the definitions set out in FRS 102, 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 21.6% for employers and 5.5% to 12.5% for employees.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 23) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	947	447
Employees' contributions	269	136
Total contributions	1,216	583

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	2.5	4.6
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8

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

	2016 Years	2015 Years
Retiring today		
- Males	22.1	22.1
- Females	24.3	24.3
Retiring in 20 years		
- Males	24.3	24.3
- Females	26.6	26.6

The academy trust's share of the assets in the scheme	2016 Fair value £'000	2015 Fair value £'000
Equities	4,988	2,130
Bonds	732	317
Cash	399	173
Property	532	259
Total market value of assets	6,651	2,879

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations	(Continued)	
Actual return on scheme assets - gain/(loss)	987	(111)
	=====	=====
Amounts recognised in the statement of financial activities	2016	2015
	£'000	£'000
Current service cost (net of employee contributions)	1,285	679
Net interest cost	311	117
	=====	=====
Changes in the present value of defined benefit obligations		2016
		£'000
Obligations at 1 September 2015		7,514
Obligations acquired on conversion		5,337
Current service cost		1,285
Interest cost		497
Employee contributions		269
Actuarial loss		2,022
		=====
At 31 August 2016		16,924
		=====
Changes in the fair value of the academy trust's share of scheme assets		2016
		£'000
Assets at 1 September 2015		2,879
Assets acquired on conversion		1,569
Interest income		186
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain		801
Employer contributions		947
Employee contributions		269
		=====
At 31 August 2016		6,651
		=====

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	39,858	39,858
Current assets	1,002	1,373	1,824	4,199
Creditors falling due within one year	-	(1,180)	-	(1,180)
Creditors falling due after one year	-	(77)	-	(77)
Defined benefit pension liability	-	(10,273)	-	(10,273)
	<u>1,002</u>	<u>(10,157)</u>	<u>41,682</u>	<u>32,527</u>

19 Reconciliation of net income to net cash flows from operating activities

	2016 £'000	2015 £'000
Net income for the reporting period	14,503	10,012
Adjusted for:		
Net surplus transferred on conversion	(13,616)	(9,865)
Capital grants from DfE/EFA and other capital income	(2,081)	(39)
Defined benefit pension costs less contributions payable	338	232
Defined benefit pension net finance cost	311	117
Depreciation of tangible fixed assets	559	115
Increase in debtors	(11)	(894)
Increase in creditors	758	388
Net cash provided by operating activities	<u>761</u>	<u>66</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Related party transactions

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 the academy trust has 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. The following related party transaction took place in the period of account.

Two trustees of the academy trust are also trustees of The Shaw Trust. During the year costs totalling £441,176 (2015: £465,442) were met by The Shaw Trust on behalf of the academy trust to cover particular board and central staff costs. The academy trust also received a specific donation of £28,391 towards the purchase of new playground equipment and voluntary donations of £30 to help further the academy objectives. No amounts were due to either party at the end of the year (2015: £nil).

M Morrell who is employed by the academy trust is the partner of H Turner who is part of the executive leadership team. During the year M Morrell received remuneration for this employment of £25,000 - £30,000.

S Johnson who is employed by the academy trust is the partner of R Millington who is part of the academy senior management team. During the year S Johnson received remuneration for this employment of £30,000 - £35,000.

R Parr who is employed by the academy trust is the husband of A Parr who is part of the academy senior management team. During the year R Parr received remuneration for this employment of £10,000 - £15,000.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2016.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

21	Boarding activities trading account	2016		2015	
		£'000	£'000	£'000	£'000
	Direct income				
	Government grants		756		344
	Direct costs				
	Direct staff costs	562		257	
	Technology costs	1		-	
	Educational supplies and services	4		10	
	Other direct costs	2		-	
		<u>569</u>		<u>267</u>	
	Other costs				
	Support staff costs	136		47	
	Technology costs	2		-	
	Maintenance of premises and equipment	8		7	
	Cleaning	1		-	
	Energy costs	12		10	
	Rent and rates	2		1	
	Security and transport	2		1	
	Catering	17		6	
	Other support costs	3		3	
	Share of governance costs	3		-	
		<u>186</u>		<u>75</u>	
	Total expenditure		(755)		(342)
	Surplus/(deficit) from all sources		1		2
	Boarding activities balances at 1 September		2		-
	Boarding activities balances at 31 August		<u>3</u>		<u>2</u>

22 Post balance sheet events

After the year end, it is proposed that the following schools or academies will join The Shaw Education Trust.

Academy	Location	Date of conversion
Great Barr High School	Birmingham	1 December 2016
Mainstream High School	Staffordshire	1 January 2017
Mainstream High School	Bury	1 January 2017
Mainstream Primary School	Staffordshire	1 April 2017

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

23 Conversion to an academy

On 1 September 2015 the Wolstanton High School and on 1 November 2015 the Saxon Hill Community School 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 as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

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

Academy	Location	Date of conversion		
Wolstanton High School	Staffordshire	1 September 2015		
Saxon Hill Community School	Staffordshire	1 November 2015		
			2016	
Net assets transferred:			£'000	
Leasehold land and buildings			17,111	
Cash			383	
Borrowing obligations			(110)	
LGPS pension deficit			(3,768)	
			<u>13,616</u>	
			<u>13,616</u>	
	Unrestricted	Restricted funds:	Total	
	Funds	General	Fixed asset	2016
Funds surplus/(deficit) transferred:	£'000	£'000	£'000	£'000
Fixed assets funds	-	-	17,111	17,111
LA budget funds	365	(110)	-	255
School private fund	18	-	-	18
LGPS pension funds	-	(3,768)	-	(3,768)
	<u>383</u>	<u>(3,878)</u>	<u>17,111</u>	<u>13,616</u>
	<u>383</u>	<u>(3,878)</u>	<u>17,111</u>	<u>13,616</u>

24 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.