South Gloucestershire and Stroud Academy Trust
(A Company Limited by Guarantee)

Annual report and financial statements

For the Period from 12th December 2014 to 31st August 2015

Company Registration Number:
9353480 (England and Wales)

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Reference and Administrative Details

Members	South Gloucestershire and Stroud College V Bragg J Huggett I Lewis
Trustees	V Bragg (Chair) N Ricketts (Vice Chair) R Ellicott (Trustee) K Hamblin (Chief Executive Officer & Accounting Officer), Ex Officio Trustee
Clerk to the Trustees *	S Glover
Senior Management team: Chief Executive Officer and Accounting Officer Chief Financial Officer Executive Headteacher Deputy Chief Executive Officer	 K Hamblin J Saunderson Y Jones Emma Jarman
Principal and registered office	Stratford Road, Stroud, Gloucestershire, GL5 4AH
Company registration number	9353480 (England and Wales)
Independent auditor	KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham B4 6GH
Bankers	Lloyds Bank plc, Commercial Banking, Canons House, Canons Ways, Bristol, BS1 5LL
Solicitors	Foot Anstey LLP, Senate Court, Southernhay Gardens, Exeter, EX1 1NT

* The Clerk is responsible for the Company Secretarial duties of the Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 12th December 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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 South Gloucestershire and Stroud Academy Trust ("SGSAT") are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as South Gloucestershire and Stroud Academy Trust.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

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

Subject to the provisions of the Companies Act 2006 (section 236) every governor or other officer of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, to which Judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to affairs of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

As set out in the articles the following describes the name of any body or person entitled to nominate or apportion one or more trustees.

- The Members may appoint Trustees through such process as they may determine. South Gloucestershire and Stroud College also has the option to directly appoint one trustee.
- Parent Trustees and Parent Local Governors shall be elected or appointed in accordance with the terms of reference determined by the Trustees from time to time. The elected or appointed Parent Local Governors must be a parent of a registered pupil at one or more Academies at the time when he/she is elected or appointed.
- The Chief Executive Officer may, if they agree to so act and their appointment is ratified by the Members, be a Trustee.
- The Trustees may appoint Co-opted Trustees.

Trustees were initially appointed by South Gloucestershire and Stroud College along with the Chair and Vice Chair of the Board of Trustees. Once formed the Board of Trustees appointed the Vice-Chair. All subsequent Trustee appointments have been made by the members of the Trust.

The total number of Trustees including the Chief Executive Officer who are employees of the Company shall not exceed one third of the total number of Trustees. An employee of the Academy Trust cannot be a member of the Academy Trust.

Trustees' Report (cont'd ...)

The Trustees each school year shall elect a Chair and Vice-Chair from among their number. A Trustee employed by SGSAT shall not be eligible for election as Chair or Vice-Chair.

Each academy trust must also designate a named individual as its accounting officer. The Chief Executive Officer has been designated as the accounting officer for South Gloucestershire and Stroud Academy Trust.

Trustees are also responsible for the appointment of the Chief Financial Officer, Clerk to the Trustees and Head Teachers of the Academies.

There are two Staff Local Governors (1 from Teaching and 1 from Support) who sit on the School's Local Governing Body. These are elected by staff members of the Academy and must be a member of staff at the time of election.

When searching for new Trustees, the Board of Trustees undertakes a skills/experience gap analysis and the outcome from this provides the direction needed to search for new Trustees. All prospective Trustees are required to complete an application form, equal opportunities monitoring form and skills/experience audit form and are invited to meet with the Board of Trustees, should they possess the required skills/experience being sought. Following this meeting the Trustees then decide whether appointment is to be recommended. Appointment of new Trustees can either be via a recommendation from the Trustees to the members or Trustees may appoint Co-opted Trustees.

Organisational Structure

Trust Board

The Board of Trustees has not long been established and currently consists of 4 members. At the beginning of March 2015 one School joined SGS Academy Trust and between that time and the end of August 2015 the Board has met three times. The Board currently undertakes all Trust business without sub-committees due to there only being one school currently in the Trust. Members of the Senior Management Team are "in attendance" at Board meetings but have no voting rights.

The Board of Trustees has agreed a Scheme of Delegation which covers the Structure, Roles and Responsibilities of Members, Trustees, Chief Executive Officer/Accounting Officer, Executive Head Teacher, School Head Teacher, Local Governing Body, Central Functions, Budget Setting, Self-Evaluation, Communications and Associated Policies. The Board has also agreed the terms of reference for the School's Local Governing Body which clearly states the role of the Local Governing Body, purpose and accountability and quoracy requirements. The Local Governing Body reports directly through to the Board via its Chair, who is also a Trustee on the Board.

The main responsibilities of the Board are prescribed in the Funding Agreement between the Academy Trust and the Education Funding Agency and in the Academies Financial Handbook.

Terms of Reference

The Scheme of Delegation explains the ways in which the SGSAT Trustees fulfil their responsibilities for the leadership and governance of the Trust, the respective roles and responsibilities of the Trustees and the Local Governing Body. The Scheme of Delegation has been put in place by the SGSAT Board of Trustees and should be read in conjunction with the Articles. The Scheme of Delegation will be reviewed on an annual basis by the SGSAT Board of Trustees.

Trustees' Report *(continued)*

Connected Organisations, including Related Party Relationships

SGS Academy Trust was established by South Gloucestershire and Stroud College. The Trust entered into a service agreement with South Gloucestershire and Stroud College (SGS College) for the delivery of the following services for the period 1 March 2015 to 31 August 2015:

Finance function

Purchase Ledger

- Processing approved purchase orders, purchase invoices and payment of supplier invoices.
- Month end purchase ledger reconciliation.

Sales Ledger

- Raising sales invoices as required, collecting overdue debt.
- Month end sales ledger reconciliation.

Cash Management

- Month end bank reconciliations, top up of petty cash, reconciliation of credit card receipts.

Management Accounts

- Preparation of month end management accounts for inclusion within the MAT accounts using month end figures prepared by the Academy.

Estates Function

- Review of estates function, condition survey and maintenance schedule.

Quality Function

- Provision of quality support for vocational assessment as required.
- Provision of services to support engagement of stakeholder voice.
- Development and support for LGB as required.

Learner Services Function

- Support, training and guidance in relation to safeguarding and Prevent duties.

SGS College and J Huggett who is the Chairman of SGS Corporation are two of the four members of the Trust. K Hamblin chief Executive Officer and Accounting Officer of the Trust is the Chief Executive Officer and Accounting Officer of SGS College. J Saunderson who is the Chief Financial Officer for the Trust is the Group Chief Financial Officer for SGS College Group.

Trustees' Report *(continued)*

Objectives and Activities

The purpose of the Academy is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the SpecialAcademies").

The Academy aims to achieve its educational targets for student achievement.

Public Benefit

The Academy continues to work towards its educational achievement targets and school focuses as set out in the school's post Ofsted Action Plan satisfied by the Board. In exercising their powers or duties, the Board has complied with their duty to have due regard to public benefit as defined by the Charity Commission.

Strategic Report

Key performance indicators

Under the Companies Act requirements for a strategic report this must include an analysis against key financial performance indicators and, where appropriate, an analysis using other key performance indicators including information relating to environmental and employee matters.

For example, this could include, but may not be limited to, Ofsted inspection outcomes, examination/key stage results, pupil attendance data and pupil recruitment data, in addition to financial and investment performance. It could be presented as both achievements against objectives for the current accounting period, and as trends over time.

This 2 Year Action Plan and its associated core Key Performance Indicators (KPIs) set the strategic direction and focus for The Forest High School. This plan has been written to address aspects identified within the published Ofsted Report (Inspection 13-14 May 2015) when the school was judged as Inadequate-requiring special measures. The KPIs and school action plan are measured and evaluated termly with RAG rated judgements made by senior leaders. These evaluations are further scrutinised and verified by the Local Governing Body, MAT and the SGS Board of Trustees. The ratings are substantiated by supporting evidence and data to support the assessment of the school's move out of Special Measures. The format of this plan has been adopted by the LGB, MAT and Board of Trustees pending its acceptance as fit for purpose by Ofsted.

The Plan is organised into the 3 priority areas for improvement.

1. Improve the quality of teaching so that students' achievement accelerates across all subjects, by making sure that:
   - all inadequate teaching is eliminated
   - teachers use information about what students can do to plan work that is at the right level of challenge for different abilities
   - teachers' assessment of students' work is accurate so that underachievement can be identified and tackled

- teachers' questioning is used to assess students' learning and progress, to challenge and develop students' thinking and to deepen their understanding
- teachers' marking gives students a clear understanding of what they need to do to improve, and that teachers check that students have improved their work as a result of the advice they have given
- students practise their writing skills in different subjects
- pupils use their mathematical skills and knowledge to solve problems across different subjects
- students' behaviour is managed consistently well, so that poor behaviour is not tolerated and all teachers take swift action to prevent learning being disrupted.

2. Raise achievement in all subjects by making sure that:
   - all students, including those who are disabled or have special educational needs, make the progress they should
   - the achievement of disadvantaged students in the academy improves so that the gap between their achievement and the achievement of other students nationally is closed
   - boys' achievement improves so that the gap in achievement between boys and girls is closed
   - the most-able students make at least good progress and achieve well.

3. Improve leadership and management by ensuring that:
   - assessment data are accurate across all subjects
   - leaders make more effective use of additional government funding to narrow the achievement gap between disadvantaged students and others in the academy and nationally
   - leaders set out clear guidelines on the teaching of literacy and numeracy across subjects
   - subject leaders are held to account for the quality of teaching and students' achievement in their areas of responsibility
   - the curriculum more effectively reflects the different abilities of students and that it better supports students' achievement in English, mathematics and science
   - leaders at all levels insist on staff applying academy policies consistently, particularly for marking and behaviour.

Going Concern

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

Financial Review

1. IMPROVING EDUCATIONAL OUTCOMES

The SGS Academy Trust (SGSAT) was incorporated on 12 December 2014, and our first school, The Forest High School joined as a sponsored academy on 1 March 2015. As a failing school, improvement plans have been put in place and resources directed to support these, and to support our principle aim of improving teaching and learning for all – to enable all children and young people to have the best possible learning experience, leading to the highest levels of achievement.

The school has experienced a challenging year financially and has been supported by a project funding grant from the EFA to allow resources to be directed where they are most needed and most effective in meeting educational outcomes. This is demonstrated, for example, by targeted intervention for under-performing students through the use of learning mentors and SGS Academy Trust.

Systems are being developed to ensure that the school within SGSAT carefully monitors Pupil Premium expenditure and its impact on improving attainment for students on Free School Meals, Children from Service Families and Looked-After Children. Use of the grant will be published annually on the school's website.

NEW INITIATIVES

The School has invested in specialist alternative courses in Construction and Hair and Beauty. It is anticipated that these courses will improve attendance for some students and successfully maintain engagement of others.

2 FINANCIAL GOVERNANCE AND OVERSIGHT

The school within SGS AT was transferred on 1 March 2015 having performed poorly financially over the previous two years. The SGS AT CFO is currently overseeing financial management and control within the school. This is subject to the appointment of a new Finance Manager.

The Board of Trustees for SGS AT review the management accounts, the external auditors' management report and takes action on any recommendations made by them. All financial reporting and decisions are made by the Board of Trustees for SGS AT. Strategic risks to the academy are an agenda item at every SGS AT Trustee Meeting.

3 BETTER PURCHASING

a) FITNESS FOR PURPOSE

All of the schools contracts are being reviewed following transfer into SGS AT and compared against other providers, in order to achieve the best price.

b) BENCHMARKING

This is an area we are developing at the academy. Whilst some benchmarking is done with our sponsor who we are presently collaborating with, further work is needed to ensure we achieve best value in all areas.

c) ECONOMIES OF SCALE

SGS AT has worked closely with its sponsor to reduce procurement costs. Most significantly savings have been made in switching energy suppliers and changing catering providers. Further savings will be made in 2015/16 as SGS AT continues to work with the sponsor's dedicated procurement team.

The period ending the 31st August 2015 is the Academy's first period of operation.

Trustees' Report *(continued)*

Plans for Future Periods

The Academy Trust will continue to work towards its educational targets and the focus as defined in the school's post Ofsted action plan to further the educational achievement of its students.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to academic performance/finances/child welfare. The directors have implemented a number of systems to assess risks that the company faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The risk management process has been codified in a risk register implemented by the Leadership Team and overseen by Trustees.

Most of the Trust's income is obtained from the DfE (via the Education Funding Agency) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Reserves policy

The principal policy on reserves is that accumulation of unspent GAG balances should not breach any limits thereon set out in the Funding agreement. The level of reserves should never be in deficit, excluding the deficit on the pension scheme.

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.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 9 December 2015 and signed on the board's behalf by:

V Bragg
Chair of Trustees

9 December 2015

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that South Gloucestershire and Stroud Academy 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South Gloucestershire and Stroud Academy 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 as governance included here supplements that described the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
V Bragg (Chair)	3	3
N Ricketts (Vice-Chair)	3	3
R Ellicott (appointed 1 June 2015)	1	1
K Hamblin (Chief Executive Officer and Accounting Officer)	3	3

The inaugural meeting of the Board of Trustees took place on 11 March 2015 and one of the Boards immediate priorities is the appointment of additional Trustees, in particular individuals that possess relevant financial and audit skills/experience. This will then allow the Board to establish a committee to provide assurance over the suitability of, and compliance with, its financial systems and controls.

In accordance with the Academies Financial Handbook 2014 the Board duly completed and endorsed a Financial Management and Governance Self-Assessment which was submitted to the Education Funding Agency. This return also included an action plan to address the "no" answers in the self-assessment.

A self-evaluation and effectiveness review against "The 9 Characteristics of successful Multi-Academy Trusts" was presented at the first meeting in the new academic year (2015/16) and this review will support the development and growth of the Academy Trust in order to maximise its impact in supporting leaders and managers within the Trust in improving the educational experience of learners and the working environment of staff.

The transferring school had poor financial control and management. Since 1 March 2015 SGS Academy Trust has established robust segregation of duties within financial controls.

The SGS Academy Trust Management Team meets once a month with Finance being a standard agenda item. The Strategic Risk Register is an agenda item at all Trustee Meetings and nominates a Lead SLT member for each risk. SGS Academy Trust has introduced comprehensive financial regulations applicable to all schools.

Governance Statement (cont'd ...)

The Purpose of the System of Internal Control

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

The Chief Financial Officer was appointed to SGS Academy Trust on 11 March 2015 from this date, the Chief Financial Officer undertook to ensure that the system of internal control was embedded within the Trust.

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 Risk Management Policy was approved by the Board of Trustees on 8 July 2015. 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 from the approval date of the risk management policy to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The 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;
- clearly defined purchasing guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has appointed independent internal auditors.

The auditor will report to the Board of Trustees, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of Effectiveness

As Accounting Officer, the Chief Executive Officer 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;
- the work of the Chief Financial Officer within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

Governance Statement (cont'd ...)

Shortly after transfer, the Academy Trust identified some financial irregularities within the school. The Trustees engaged an internal audit firm to review controls around credit card payments, petty cash claims and other expenses. This identified poor practice around approval processes within the school. The total amounts in question were less than £5,000. Controls and processes were subsequently reviewed and new processes implemented to prevent similar instances occurring in the future.

Approved by order of the members of the Board of Trustees on 9 December 2015 and signed on its behalf by:

V Bragg
Chair of Trustees

K Hamblin
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of South Gloucestershire and Stroud Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

K Hamblin
Accounting officer

9 December 2015

Statement of Trustees' Responsibilities

The Trustees (who act as governors of South Gloucestershire and Stroud Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

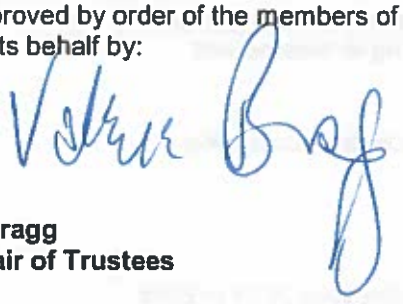
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The 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 anytime the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees on 9 December 2015 and signed on its behalf by:



V Bragg
Chair of Trustees

Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust

We have audited the financial statements of South Gloucestershire and Stroud Academy Trust for the period ended 31 August 2015 set out on pages 20 to 46. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 (SORP 2005) and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2015, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report, which constitutes the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements. Matters on which we are required to report by exception.

Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust (cont'd ...)

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Anthony Felthouse (Senior Statutory Auditor)
For and on behalf of
KPMG LLP Statutory Auditor
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

21 December 2015

Independent Reporting Accountant's Assurance Report on Regularity to South Gloucestershire and Stroud Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 24 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Gloucestershire and Stroud Academy Trust during the period 12 December 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of South Gloucestershire and Stroud Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of South Gloucestershire and Stroud Academy Trust's funding agreement with the Secretary of State for Education dated 27 February 2015 and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 12 December 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;

Independent Reporting Accountant's Assurance Report on Regularity to South Gloucestershire and Stroud Academy Trust and the Education Funding Agency (cont'd ...)

- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2014;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2014 to 2015.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the 12 December 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Anthony Felthouse
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

21 December 2015

South Gloucestershire and Stroud Academy Trust

Statement of Financial Activities for the period from 12 December 2014 to 31 August 2015

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £000's	Restricted general funds £000's	Restricted fixed asset funds £000's	Total 2015 £000's
Incoming resources					
Incoming resources from generated funds					
▪ Voluntary income – transfer from EACT Academy Trust	2	-	(833)	4,260	3,427
▪ Activities for generating funds	3	114	-	-	114
Incoming resources from charitable activities:					
▪ Funding for the Academy trust's educational operations	4	-	1,380	-	1,380
Total incoming resources		114	547	4,260	4,921
Resources expended					
Cost of generating funds:					
▪ Costs of generating voluntary income		11	-	-	11
Charitable activities:					
▪ Academy's educational operations	5	-	1,296	171	1,467
Governance Costs	5	-	64	-	64
Total resources expended	5	11	1,360	171	1,542
Net incoming resources before transfers		103	(813)	4,089	3,379
Gross transfers between funds	15	(48)	-	48	-
Net income /(expenditure) for the year		55	(813)	4,137	3,379
Other recognised gains and losses					
Actuarial (losses) / gains on defined benefit pension schemes	23	6	(6)	-	-
Net movement in funds		61	(819)	4,137	3,379
Total funds carried forward at 31 August 2015		61	(819)	4,137	3,379

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

South Gloucestershire and Stroud Academy Trust
Balance sheet as at 31 August 2015
COMPANY NUMBER: 9353480

	Note	2015 £000's	£000's
Fixed assets			
Tangible assets	11		4,137
Current assets			
Stocks	12	4	
Debtors	13	84	
Cash at bank and in hand		257	
		345	
Liabilities			
Creditors: Amounts falling due within one year	14	(264)	
Net current assets			81
Total assets less current liabilities			4,218
Net assets including pension liability			4,218
Pension scheme liability	23		(839)
Net assets including pension liability			3,379
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	15	4,137	
General fund	15	20	
Pension reserve	15	(839)	
Total restricted funds			3,318
Unrestricted income funds			
General fund	15	61	
Total unrestricted funds			61
Total funds			3,379

The financial statements on pages 20 to 46 were approved by the Trustees, and authorised for issue on 9th December 2015 and are signed on their behalf by:

Valerie Bragg
Chair of Trustees

South Gloucestershire and Stroud Academy Trust
Cash flow statement for the period ended 31 August 2015

	Note	2015 £000's
Net cash inflow from operating activities	19	305
Capital expenditure	20	(48)
Increase in cash in the year	21	257
Reconciliation of net cash flow to movement in net funds		
Net funds at 31 August 2015		257

Notes to the Financial Statements for the 6 month period ended 31st August 2015

1 Statement of Accounting Policies

Transfer between Academy Trusts

The transfer of a school operated by an existing academy trust out of that academy trust and into South Gloucestershire and Stroud Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on transfer of the Forest High School into the Trust have been valued at the depreciated value carried in the transferring Academy balance sheet. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of Financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds Further details of the transaction are set out in note 2.

Basis of Preparation

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

Going Concern

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

Incoming Resources

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

- **Grants receivable**

  Grants are included in the Statement of Financial Activities on a receivable basis. Grant income is recognised based on entitlement to spend. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

  General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balances in the restricted fixed asset fund.

- **Donations**

  Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

- **Donated Services and gifts in kind**

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

Resources Expended

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

- **Costs of generating funds**
  These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**
  These are costs incurred on the Academy Trust's educational operations.

- **Governance Costs**
  These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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:

Freehold buildings	10-20 years
Fixtures, fittings and equipment	5 years
ICT equipment	1-5 years
Motor vehicles	5 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.

Leased Assets

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

Stock

Unsold uniforms are valued at the lower of cost or net realisable value.

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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.
Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder donor and include grants from the Education Funding Agency/Department for Education.

2 Voluntary Income – transfer from EACT Academy Trust

On 1st March 2015 the Forest High School transferred from EACT Academy Trust into SGSAT under a transfer agreement dated 26th February 2015 and all the operations and assets and liabilities were transferred to SGSAT limited from E-Act for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred on transfer of the Forest High School into the Trust have been valued at fair value. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of Financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Notes *(continued)*

The following table sets out the values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Restricted General Fund	Restricted Fixed Asset Fund	Total 2015
	£000s	£000s	£000s
Tangible Fixed Assets			
- Freehold Land and Buildings	-	4,211	4,211
- Other Tangible Fixed assets	-	49	49
LGPS Pension deficit	(833)		(833)
Net Assets	(833)	4,260	3,427

3 Activities for generating funds

	Unrestricted Funds £000's	Restricted Funds £000's	Total 2015 £000's
Hire of facilities	92	-	92
Other income generating activities	22	-	22
	114	-	114

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £000's	Restricted funds non fixed assets £000's	Total 2015 £000's
DfE / EFA revenue grants			
General Annual Grant (GAG)	-	1,059	1,059
Start-up grants	-	305	305
Capital Grants	-	9	9
Other DfE / EFA grants	-	1	1
	-	1,374	1,374
Other Government grants			
Local authority grants	-	6	6
	-	6	6
	-	1,380	1,380

Notes *(continued)*

5 Resources expended

	Staff costs £000's	Non Pay Expenditure Premises £000's	Other £000's	Total 2015 £000's
Costs of generating voluntary income				
Costs of activities for generating funds	-	-	11	11
Academy's educational operations				
- Direct costs	643	-	49	692
- Allocated support cost	293	273	209	775
	936	273	269	1,478
Governance costs including allocated Support costs	-	-	64	64
	936	273	333	1,542

	2015 £000's
Incoming / (outgoing) resources for the year include:	
Operating leases	
- Plant and machinery	16
Fees payable to auditor for:	
- Audit	16

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total	Individual items over £5,000	
	£'000s	Amount £	Reason
Ex-gratia/compensation payments	35	35,100	Restructuring

The legal authority sought to make ex-gratia payments in compliance with the Academies Financial Handbook, being delegated authority or approval from the Education Funding Agency.

Notes *(continued)*

6 Charitable activities

	Unrestricted Funds £000's	Restricted Funds £000's	Total 2015 £000's
Direct costs – educational operations			
Teaching and educational support staff costs	-	618	618
Depreciation	-	154	154
Technology costs	-	16	16
Educational supplies	-	97	97
Examination fees	-	2	2
Staff development	-	1	1
Other direct costs	-	25	25
	-	913	913
Support costs – educational operation			
Support staff costs	-	296	296
Depreciation	-	17	17
Technology costs	-	1	1
Recruitment and support	-	4	4
Maintenance of premises and equipment	-	30	30
Cleaning	-	2	2
Rent & Rates	-	17	17
Insurance	-	13	13
Energy costs	-	57	57
Security and Transport	-	7	7
Catering	-	19	19
Bank interest and charges	-	8	8
Other support costs	-	83	83
	-	554	554
Total Direct and Support Costs	-	1,467	1,467

Notes *(continued)*

7 Governance costs

	Unrestricted Funds £000's	Restricted Funds £000's	Total 2015 £000's
Legal and professional fees	-	48	48
Auditor's remuneration			
- Audit of financial statements	-	12	12
Clerk costs	-	4	4
	-	64	64

8 Staff

a. Staff costs

Staff costs during the period were:	2015 £000's
Wages and salaries	709
Social security costs	46
Pension costs	121
	876
Supply teacher costs	25
Staff restructuring payments	35
	936

b. Staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payment totalling £35,100.

Notes *(continued)*

c. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2015
	No.
Teachers	18
Administration and support	20
Management	3
	41

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2015
	No.
£60,001 – £70,000	3
£80,001 – £90,000	1
£90,001 - £100,000	1
	5

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2015, pension contributions for these staff amounted to £17,266. Include in the figures above are one member of staff who left on the 30th April 2015 and one member of staff who started on 1st April 2015. The bandings reflect annual equivalent emoluments.

9 Related party transactions – Trustees' remuneration and expenses

The Principal and other staff trustees only receive remuneration in respect of services provided undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration was as follows:

Chief Executive Officer £10,000 (6 months)

During the period ended 31 August 2015, no travel and subsistence expenses totalling were reimbursed to trustees. Other related party transactions involving the trustees are set out on note 24.

10 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the annual cost incurred in the period ended 31 August 2015 was £1,069.

Notes *(continued)*

11 Tangible Fixed assets

	Freehold land and buildings £000's	Furniture and equipment £000's	Computer equipment £000's	Motor vehicles £000's	Total £000's
Cost					
Transferred from EACT	5,000	12	94	28	5,134
Additions	-	27	21	-	48
At 31 August 2015	5,000	39	115	28	5,182
Depreciation					
Transferred from EACT	789	5	72	8	874
Charged in year	158	3	8	2	171
At 31 August 2015	947	8	80	10	1,045
Net book value					
At 31 August 2015	4,053	31	35	18	4,137

The trust's transactions relating to land and buildings included:

- the acquisition of the freehold on the land and buildings from EACT multi academy trust comprising the Forest High School which was transferred to the Academy at valuation. This was undertaken on the basis of depreciated replacement cost by Pulse Associates Limited on 1st September 2012.

12 Stock

	2015 £000's
Clothing	4
	4

Notes *(continued)*

13 Debtors

	2015 £000's
Trade debtors	11
VAT recoverable	40
Prepayments and accrued income	33
	84

14 Creditors: amounts falling due within one year

	2015 £000's
Trade creditors	21
Taxation and social security	132
Accruals and deferred income	111
	264

Notes *(continued)*

15 Funds

	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2015
	£000's	£000's	£000's	£000's
Restricted general funds				
General annual grant (GAG)	1,075	(1,192)	-	(117)
Start Up Grant	305	(168)	-	137
Pension reserve	(833)	-	(6)	(839)
	547	(1,360)	(6)	(819)
Restricted fixed asset funds	4,260	(171)	48	4,137
Total restricted funds	4,807	(1,531)	42	3,318
Unrestricted funds	114	(11)	(42)	61
Total unrestricted funds	114	(11)	(42)	61
Total funds	4,921	(1,542)	-	3,379

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

Restricted general funds are held to be applied to delivering, developing and supporting Educational Activities. These fund constitute the balance of unspent grants received from the EFA and other funding bodies which were received to deliver, develop and support educational activities as set out in the applicable funding agreements.

Restricted fixed asset funds are held to be applied to meet the costs of writing down assets purchased using grants for specific purposes and assets transferred from other organisations with restrictions attached.

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

16 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted funds £000's	Restricted general funds £000's	Restricted fixed asset funds £000's	Total funds £000's
Tangible fixed assets	-	-	4,137	4,137
Current assets	61	284	-	345
Current liabilities	-	(264)	-	(264)
Pension scheme liability	-	(839)	-	(839)
Total net assets	61	(819)	4,137	3,379

17 Capital Commitments

	2015 £000's
Contracted for, but not provided in the financial statements	-

18 Financial commitments

Operating leases

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

Other	
Expiring within one year	3
Expiring within two and five years inclusive	2
Expiring in over five years	-
	5

Notes *(continued)*

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

	2015 £000's
Net income	4,212
Depreciation (note 11)	171
Net assets acquired on transfer into Academy Trust	(4,260)
FRS 17 pension cost less contributions payable (note 23)	(2)
FRS 17 pension finance income (note 23)	8
Increase in stocks	(4)
Increase in debtors	(84)
Increase in creditors	264
Net cash inflow from operating activities	305

20 Capital expenditure and financial investment:

	2015 £000's
Purchase of tangible fixed assets	(48)
Net cash outflow from capital expenditure	(48)

21 Analysis of changes in net funds

	Cashflows £000's	At 31 August 2015 £000's
Cash in hand and at bank	257	257
Total cash and cash equivalents	257	257

22 Members' liability

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

23 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Gloucestershire County Council. Both are 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 2004 and of the LGPS 31 March 2013.

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

23 Pension 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' Pensions 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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

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 Costs Cap) Directions 2014 published by HM Treasury. The aim of the review is to specific the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many factors. The latest actuarial valuation of the TPS was carried out in 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

23 Pension and similar obligations *(continued)*

- 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 was assumed to be 2.75%. The assumed gross rate of return is 5.06%.

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

The pension costs paid to the TPS in the period amounted to £70,000.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contribution made for the period ended 31 August 2015 was £76,000, of which employer's contributions totalled £63,000 and employees' contributions totalled £13,000. The agreed contribution rates for future years are 29.1% for employers and between 5.5% and 12.5% for employees.

Principal Actuarial Assumptions

	At 31 August 2015
Rate of increase in salaries	4.00%
Rate of increase for pensions in payment/inflation	2.60%
Discount rate for scheme liabilities	3.70%
Expected Return on Assets	3.70%

23 Pension and similar obligations *(continued)*

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

	At 31 August 2015
Retiring today	
Males	22.5
Females	24.6
Retiring in 20 years	
Males	24.4
Females	27.0

	Expected Return at 31 August 2015	Fair value at 31 August 2015 £000's	Expected Return at 1 March 2015	Fair value at 1 March 2015 £000's
Equities	3.70%	501	3.40%	518
Bonds	3.70%	160	3.40%	110
Property	3.70%	58	3.40%	48
Cash	3.70%	7	3.40%	14
Total market value of assets		726		690
Present value of scheme liabilities – Funded		(1,565)		(1,523)
Deficit in the scheme		(839)		(833)

The actual return on scheme assets was £18,000

23 Pension and similar obligations *(continued)*

Amounts recognised in the statement of financial activities

	2015 £000's
Current service cost (net of employee contributions)	(62)
Past service cost	64
Total operating charge	2
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	19
Interest on pension liabilities	(27)
Pension finance costs	(8)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £36,000 loss.

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

	2015 £000's
At 1 March	1,523
Current service cost	62
Interest cost	27
Employee contributions	13
Actuarial loss	(36)
Benefits paid	(24)
At 31 August	**1,565**

23 Pension and similar obligations *(continued)*

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

	2015 £000's
At 1 March	690
Expected return on assets	19
Actuarial loss	(36)
Employer contributions	64
Employee contributions	13
Benefits paid	(24)
At 31 August	**726**

The estimated value of employer contributions for the year ended 31 August 2016 is £64,000.

The five-year history of experience adjustments is as follows:

	2015 £000's
Present value of defined benefit obligations	(1,565)
Fair value of share of scheme assets	726
Deficit in the scheme	(839)
Experience adjustments on share of scheme assets	
Amount £'000	(11)
Experience adjustments on scheme liabilities:	
Amount £'000	1

Notes *(continued)*

24 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

The initial subscribers to the Academy trust included the Sponsor (South Gloucestershire and Stroud College Corporation (the College)) the chair of the College and an unrelated third party. On the 29th January 2015 a further member of the College's corporation was appointed as a member. The four initial trustees of the trust included the Chairman and the Chief Executive Officer of the College who was also appointed as the Chief Executive Officer of the Academy Trust. On the 29th January 2015 the Chairman of the College ceased to be a trustee. During the year the Academy purchased management and back office services from the College at a cost of £49,000 under an authorised service level agreement. In addition the Academy Trust was charged for £88,000 of costs incurred by the College on behalf of the Trust.