

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY
FOR THE YEAR ENDED 31 AUGUST 2018

Members	David Davison Crispin Hawes Philip Harland (appointed 1 September 2017) Chris Shepherd
Trustees and Directors	Dave Allen Louise Bouteiller David Davison (Resigned 31 August 2018) Fred Child (appointed 23 April 2018) Alastair Dixon-Patterson Mark Edwards (appointed 23 April 2018) Toni Gillespie (resigned 21 September 2018) Mark Godley (resigned 18 April 2018) Matthew Lodge (resigned 1 May 2018) Corinna Mazzotta Scott Robins (appointed 1 September 2017) Clive Zimmerman
Company registered number	07694023
Company name	The Park Academies Trust
Principal and registered office	The Lydiard Park Academy Grange Park Way Grange Park Swindon SN5 6HN
Senior leadership team	Clive Zimmerman, Chief Executive Officer and Executive Principal Jonathan Young, Operational Principal (APS) Gary Pearson, Operational Principal (LPA) Gail Davies, Assistant Principal (LPA) Christian Dobbs, Assistant Principal (LPA) Sophie Hesten, Vice Principal (LPA) Laura Patterson, Trust Vice Principal David Williams, Assistant Principal (Trust SENDCo) Alastair Dixon-Patterson, Trust Director of Finance and Operations
Independent auditors	Bishop Fleming Bath Limited Chartered Accountants Statutory Auditors Minerva House Lower Bristol Road Bath BA2 9ER
Bankers	National Westminster 84 Commercial Road Swindon Wiltshire SN1 5NW

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Solicitors	Stone King 13 Queen Square Bath BA1 2HJ
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**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates as a Multi Academy Trust in the Swindon area. The Trust has responsibility for the following schools:

Lydiard Park Academy: an academy school for pupils aged 11 to 18 in Swindon with a capacity of 1,350.

Abbey Park School (formerly Isambard Community School): a maintained secondary school for pupils aged 11 to 16 in Swindon with a capacity of 1,200.

Abbey Park School is managed by the Trust under a management contract between the Trust, the Governors of Abbey Park School and Swindon Borough Council. Abbey Park School is due to complete its conversion to Academy status during the 2018/2019 Academic Year when it will formally join the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was incorporated on 5 July 2011. It converted to a Multi Academy Trust with Sponsor status on 1 September 2016, 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 Trust.

All of the Trustees of The Park Academies Trust are also the directors of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust.

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.

**THE PARK ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 10 Trustees, appointed by the Members;
- co-opted Trustees appointed by the Trustees;
- the Executive Principal, as an ex-officio Trustee;
- the Director of Finance and Operations, as an ex-officio Trustee; and
- a minimum of 2 Parent Trustees (in the event that no Local Advisory Boards are established to represent the individual schools).

The term of office for any Trustee shall be four years, save that this time limit shall not apply to Executive Principal or the Director of Finance and Operations. The term of office may be shorter than four years for any Trustee (other than a Parent Trustee) if the Members (or in the case of a Co-opted Trustee, the Trustees) determine this at the time of such Trustee's appointment.

Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected provided that no Trustee (other than the Executive Principal or the Finance and Operations Director) shall serve more than 12 years consecutively.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Trusts development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust has a Trustee Induction Policy available from the Clerk to the Trustees.

Organisational Structure

The Board of Trustees currently meets at least 4 times over the Academic year.

The Board establishes an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of Committees (including Local Advisory Boards) and other groups.

It receives reports including policies from its Committees (including Local Advisory Boards) for ratification. It monitors the activities of the Committees (including Local Advisory Boards) through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

The Trustees have devolved responsibility for day to day management of the schools to the Executive Principal and the Operational Principal supported by the Local Advisory Board. In the case of Abbey Park School, there is an Interim Executive Board in place to monitor the performance of the Trust under its management contract obligations.

The Trust has a leadership structure which consists of the Trustees, Local Governors, The Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Executive Principal is the Chief Executive and Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration for being a Trustee in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

**THE PARK ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

The pay of key management personnel is reviewed annually. Any increase is linked to performance management and any nationally agreed rates.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of The Trust. There are no sponsors or formal Parent Teacher Associations associated with the Trust.

During the previous year Clive Zimmerman, the Executive Principal of the Academy Trust, was appointed to act as Executive Principal of Abbey Park School and the Trust has provided educational support services in line with a management contract agreed with Swindon Borough Council.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools in the local area, offering a broad range of curriculum for pupils of different ages and abilities.

The principal object and activity of the Charitable Company is the operation of The Park Academies Trust to provide free education and care for pupils of different ages and abilities.

The aims of the Academy Trust during the year ended 31 August 2018 are summarised below:

- To grow the trust, both in size and quality of provision;
- To develop better, collaborative ways of working between Trust schools; and
- To further raise educational outcomes.

Objectives, Strategies and Activities

Key priorities for the year are contained in our Trust Development Plan which is available from the Trust Office. Improvement focuses identified for this year include:

Key activities and targets were identified in the Academy Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The activities included the following:

1. To grow the Trust by:

- Developing a model of succession planning and implementing a trust-wide professional development programme;
- Developing the Trust as a TEEP (Teacher Effectiveness Enhancement Programme) learning hub;
- Recruiting a lead partner primary school;
- Pursuing the academisation of Abbey Park School;
- Developing the Trust as a potential ITT provider; and
- Exploring the potential for a Trust Inclusion Centre.

2. To develop better ways of working by:

- Increasing cross Trust collaboration;
- Developing a scheme to standardise terms and conditions across the Trust; and
- Further developing our central infrastructure.

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

3. To raise educational outcomes by:

- Developing a common 11-18 curriculum;
- Reshaping Gifted and Talented provision across the Trust;
- Improving Sixth Form recruitment;
- Successfully re-launching Isambard Community School as Abbey Park School;
- Improving progress scores at both Lydiard Park Academy and Abbey Park School;
- Refine and improve Key Stage 3 and 4 assessment practices; and
- Refine and improve student support services.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Trust provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of said community.

We work closely with our feeder primary schools as well as contributing to the wider educational community with Subject Matter Experts supporting working groups.

Our support for Abbey Park School reflects our desire to enhance education in Swindon.

STRATEGIC REPORT

Achievements and Performance

The Trust, as a Multi Academy Trust and Sponsor is in its second year of operation. Whilst Lydiard Park Academy is the only Academy within the Trust, we include Abbey Park in our reports until its successful academisation, expected to be on 1 October 2018.

Trust:

Due diligence for Abbey Park School and completion of the academisation documentation.

Negotiation with Red Oaks Primary School and the commencement of the academisation process.

Lydiard Park Academy:

The current Years 7 - 10 were oversubscribed on entry. For the 2018-2019 academic year there were 265 applicants for the 224 places available in year 7.

At Key Stage 4, a particularly challenging year 11 group achieved good results for the nature of the cohort. This was particularly pleasing given the introduction of new, toughened GCSE examinations in the summer 2018 examination season. Headline results maintained the record levels set by a more able cohort in 2017 and, in reflection of this cohort's lower intake scores from primary schools, our main progress measure has grown to a very favourable figure. A level results were also the best achieved yet in the relatively short existence of our new provision, with progress figures also showing a considerable rise. Our progression figure to university remains high (nearly double the area average).

The Academy has managed to maintain relatively small class sizes, although the relatively low level of funding available to Swindon schools has forced us to allow the average size to grow from 27 to 28 pupils.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, work scrutiny and lesson plan checks which are undertaken by the Department Heads and the Senior Leadership Team within a rigorous performance management framework.

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

The Academy was inspected by OFSTED in January 2018 and was judged to be Good on all aspects.

The Academy completed the refurbishment of its dining facilities to accommodate the growing number of pupils within the school.

Continuing professional development for staff has been very successful with all teaching staff continuing to develop their skills through the Teacher Effectiveness and Enhancement Programme (TEEP). The Academy is now a TEEP Teaching school and held an open day for prospective new TEEP schools during the year.

During the year, the Academy's house fundraising activities for local charities raised over £3,000.

Abbey Park School:

Abbey Park School was launched in September 2017 and quickly established itself as a far more successful school than its predecessor. Indeed, GCSE results at the end of the academic year show that pupils at the school are now making national average rates of progress, something which was never achieved by the predecessor school in its entire ten year history. The staffing profile at the school is now considerably stronger, with effective performance management and decisive leadership. The local community is beginning to show greater confidence in the school, as evidenced by the rising number of pupils applying to the school for Year 7 entry, and also by the number of pupils transferring to the school in older year groups.

Financially the school is now on a much firmer basis, having undergone a staffing restructure and benefitting from the efficiencies of working within a Multi Academy Trust arrangement.

The school was visited by Ofsted in December 2017 as part of the formal monitoring procedures put in place as a result of the predecessor school being graded as 'inadequate'. The published monitoring report is very positive about the scale and impact of the changes that the Trust has been able to implement, which now triangulate with much improved results.

Key Performance Indicators

There are a number of financial performance indicators that the Trust Board is focussed upon:

- the level of reserves held at the Balance Sheet date by school (and across the Trust);
- the management of spending against General Annual Grant (GAG) by school with an expectation that every school manages within its means;
- pupil numbers should be stable or growing as these are the main drivers of income; and
- maximising third party/lettings income.

The Trustees review financial performance against Academy School benchmarks and local performance.

Cashflow is equally important and we aim to hold sufficient cash in the bank to allow for a single month of payroll without income.

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 Going concern policy.

**THE PARK ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

FINANCIAL REVIEW

Financial Review

The Trust receives the majority of its income from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Trusts accounting policies.

During the year ended 31 August 2018, the Trust received total income of £7,075,993 and incurred total expenditure of £7,326,010. The excess of expenditure over income for the year was £250,017, including a depreciation charge of £273,007.

At 31 August 2018 the net book value of fixed assets was £10,401,571 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The land, buildings and other assets were transferred to the Trust upon conversion. Land and buildings were professionally valued on 31 August 2012 at £11,873,522. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 24 to the financial statements.

The Trust also receives a significant amount of income through its support of Abbey Park School. The Trust is required, under the terms of its funding agreement, to recover all costs associated with the support from Abbey Park School or other sources to ensure that its restricted funds are used solely for the support of the Trust Schools.

Reserves Policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have set a reserves policy that requires a month's expenditure to be covered by free reserves. The Trustees continue to monitor reserves given they are below expected levels and will be revisiting the reserves policy in light of Trust growth.

Total reserves of the Trust amount to £10,282,998, although £9,953,837 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £329,161 (representing unrestricted funds) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Trust.

**THE PARK ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Director of Finance and Operations.

Trustees are clear that in the current funding climate, any deposit should be low risk and should allow for a strong positive cashflow.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Trust are as follows:

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 87.5% of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

With Abbey Park School joining, Trustees have conducted detailed due diligence. The PFI nature of the school creates a financial risk as there are costs associated with PFI that are outside the control of the school and subsequently the Trustees are confident that, with a successful educational provision, pupil numbers will allow these costs to be met.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Trust is dependent on continuing to attract pupils to its schools in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that pupil success and achievement are closely monitored and reviewed.

Staffing - the success of the Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Fraud and mismanagement of funds - The Trust has appointed an external organisation to carry out internal assurance checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

Working across the Trust, the management team has worked through a range of contingencies so that each school can support the others if or when appropriate.

Having put controls in place where possible, where significant financial risk still remains, Trustees have ensured they have adequate insurance cover in place.

**THE PARK ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

The continued uncertainty around schools funding requires a degree of prudence that the Trustees fully support.

The Trustees examine the financial health formally every term.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 24 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Park Academies Trust will aim to develop relationships with other schools on a strategic basis recognising the limits of its capacity and ensuring best fit alongside its ability to improve any school that joins or for any school that joins to benefit the Trust.

The Trust is developing its approach to joining with an expectation of 'earned autonomy' for successful schools alongside 'Associate' status and a 'Member' status for those schools requiring greater support.

Alongside the conversion of Abbey Park School and the success of the management team in turning around the educational provision, the Trust is pleased that Red Oaks Primary School has also decided to join the Trust and lead the Primary arm of the Trust. The Trust continues to engage with other local schools with a view to joining the Trust.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

TRUSTEES INDEMNITIES

There are no third party trustee indemnities

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The auditors, Bishop Fleming Bath Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 26 November 2018 and signed on the board's behalf by:



Louise Bouteiller
Chair of Trustees

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The Park Academies 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 Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Park Academies 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 7 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
Dave Allen	5	7
Louise Bouteiller	7	7
David Davison	5	7
Fred Child	2	2
Alastair Dixon-Patterson	7	7
Mark Edwards	2	2
Toni Gillespie	4	7
Mark Godley	4	5
Matthew Lodge	4	5
Corinna Mazzotta	7	7
Scott Robins	6	7
Clive Zimmerman	7	7

There have been changes to the composition of the board over the year:

Scott Robins joined with effect from 1st September 2017;
Mark Godley resigned with effect from 18th April 2018;
Fred Child joined with effect from 23rd April 2018;
Mark Edwards joined with effect from 23rd April 2018; and
Matthew Lodge resigned with effect from 1st May 2018.

Governance review

In this, the second year of the Multi Academy Trust being established, the Trust continued with the appointment of a Local Advisory Board (LAB) with a defined terms of reference to assist with the Governance of Lydiard Park Academy. The LAB contains 9 Local Governors, including the Operational Principal, Community Governors, Staff Governors and the required 2 Parent Governor Representatives. The LAB is chaired by a Trustee and the Trust continues to monitor the LAB Minutes to ensure effective governance.

The Trust, recognising its responsibilities to Finance and Audit, also constituted an Audit sub-committee in the latter part of the year, to provide an additional layer of Governance to this area. Next year this committee will meet 6 times to adhere to the requirements of the Academies Financial Handbook.

Trustees have continued to actively recruit new Trustees and Members, with 3 new Trustees and 1 new Member appointed. Trustees have applied to the DfE to amend the articles of association to facilitate the election of two Vice-Chair of Trustees. This decision was made to support succession planning and reduce individual workloads being asked of Trustees.

THE PARK ACADEMIES TRUST
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GOVERNANCE STATEMENT (continued)

The AGM was held on 23 April 2018, Member attendance was as follows:

Members	Meetings attended	Out of a possible
Chris Shepard	1	1
Crispin Hawes	0	1
Dave Davison	1	1
Phillip Harland	1	1

Philip Harland was a new appointment to the board of Members and commenced on 1 September 2017. Members have requested additional meetings during the next academic year, in line with potential growth within the Trust.

In December 2017, in anticipation of Trust growth, Trustees delegated matters relating to succession planning and MAT Growth to two sub-committees of Trustees. At these meetings, Trustees created job descriptions for Chair positions within the Trust and created a suitable Trust Governance structure, along with sub-committees and LABs to carry the Trust through to the next year. The Terms of Reference for the new sub-committees have been agreed and the Terms of Reference for the LABs reviewed and agreed for the new academic year.

Trustees agreed to appoint an additional clerk to the LPA LAB to allow the Clerk to the Trustees to focus on Trust matters. A further Clerk has been appointed to the Trust in anticipation of an additional school joining the Trust.

Trustees have decided to include the attendance and membership of the LAB as it is an active sub-committee of the Trust Board and the only school currently in the Trust.

Attendance at meetings in the year was as follows:

Attendees	Meetings attended	Out of a possible
Gary Pearson	6	6
Louise Bouteiller	6	6
Jane Gourley	6	6
Nicola Cox	5	6
Tracy Barker	4	6
Lesley Stewart	6	6
Geoff Bryant	5	6
Marianne Tracy	4	6
Justin Robbins	5	5

Board changes:

Justin Robbins was elected as a Parent Governor with effect from 6 October 2017; and Tracy Barker's term of office came to an end on 31 August 2018.

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Maximising economies of scale when considering purchases across the Trust;
- Integrating the central services provision across the two secondary schools;
- Recruited a new school to the Trust to enhance economies of scale;
- Reviewed supply chain arrangements to ensure we maximise value for money and have entered into a range of fixed price, short and medium term contracts to deliver certainty and value;
- Staffing levels have been considered and pay rates reviewed in light of national agreements. In addition:
 - The Trust has, as is its right, applied its own pay review and arrangements to ensure the level of staffing required to deliver a TPAT education can be sustainably maintained;
 - No posts are automatically replaced without a clear view as to need and a review of the job description to identify opportunities to increase value or deliver more; and
 - Performance management has been applied to pay reviews for teaching staff and the leadership team.
- Educational Results have continued to improve under difficult financial conditions and a tough economic climate.

The financial performance of the Trust is challenging and there are still uncertainties in the funding position of schools.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

The current system of internal control has been in place at Lydiard Park Academy since academisation and is the basis of the Trust finance policy for the current financial year. The management of finances at Abbey Park School is delegated to the Trust but is separately operated and the IEB retains oversight of the financial performance.

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 year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

The 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;
- 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 not to appoint an internal auditor. However the Trustees have appointed FS4S, an external organisation, to perform additional checks and report to the Board of Trustees. In addition, Governors have chosen to appoint Bishop Fleming as external auditor.

The role of FS4S includes giving advice on financial matters and performing a range of detailed checks on the Trust's financial systems and procedures. In particular the checks carried out in the current period included:

- A review of Voluntary Fund arrangements;
- Random checks of:
 - Payroll procedures and payments;
 - Invoice processing and purchase order systems;
 - Bank reconciliations; and
- Checks against procedures set out in the Academies Financial Handbook.

Twice per year, FS4S provide a detailed report to the Academy Trust on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Trust has undertaken robust due diligence on new schools joining the Trust with Trustees presented with a detailed report for approval.

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the work of FS4S conducting financial reviews on behalf of the Academy Trust; and
- the work of the Finance and Operations Director across the Trust and the Senior Finance Officer within Lydiard Park Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 26 November 2018 and signed on their behalf, by:



Louise Bouteiller
Chair of Trustees



Clive Zimmerman
Accounting Officer

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



**Clive Zimmerman
Accounting Officer**

Date: 26 November 2018

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

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

Company law requires the 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 of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 ESFA/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 and signed on its behalf by:



**Louise Bouteiller
Chair of Trustees**

Date: 26 November 2018

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
PARK ACADEMIES TRUST**

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
PARK ACADEMIES TRUST**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
PARK ACADEMIES TRUST**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Simon Morrison FCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date:

14/12/2017

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE PARK
ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 5 September 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Park Academies Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE PARK ACADEMIES TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Park Academies Trust's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE PARK
ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Simon Morrison FCA (Reporting Accountant)

Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date: 14/12/2017

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME AND ENDOWMENTS FROM:						
Donations and capital grants	2	12,150	-	194,748	206,898	14,780
Charitable activities	3	83,613	6,037,231	-	6,120,844	6,083,504
Other trading activities	4	747,942	-	-	747,942	458,660
Investments	5	309	-	-	309	441
TOTAL INCOME		844,014	6,037,231	194,748	7,075,993	6,557,385
EXPENDITURE ON:						
Charitable activities		910,295	6,148,641	267,074	7,326,010	7,145,741
TOTAL EXPENDITURE	6	910,295	6,148,641	267,074	7,326,010	7,145,741
NET BEFORE TRANSFERS		(66,281)	(111,410)	(72,326)	(250,017)	(588,356)
Transfers between Funds	19	-	(29,622)	29,622	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(66,281)	(141,032)	(42,704)	(250,017)	(588,356)
Actuarial gains on defined benefit pension schemes	24	-	537,000	-	537,000	1,172,000
NET MOVEMENT IN FUNDS		(66,281)	395,968	(42,704)	286,983	583,644
RECONCILIATION OF FUNDS:						
Total funds brought forward		395,442	(806,326)	10,406,899	9,996,015	9,412,371
TOTAL FUNDS CARRIED FORWARD		329,161	(410,358)	10,364,195	10,282,998	9,996,015

The notes on pages 25 to 46 form part of these financial statements.

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07694023

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		10,401,571		10,477,143
CURRENT ASSETS					
Debtors	15	374,738		260,569	
Cash at bank and in hand		495,309		581,813	
		<u>870,047</u>		<u>842,382</u>	
CREDITORS: amounts falling due within one year	16	<u>(455,322)</u>		<u>(410,412)</u>	
NET CURRENT ASSETS			<u>414,725</u>		<u>431,970</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,816,296</u>		<u>10,909,113</u>
CREDITORS: amounts falling due after more than one year	17		<u>(83,298)</u>		<u>(88,098)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>10,732,998</u>		<u>10,821,015</u>
Defined benefit pension scheme liability	24	(450,000)		(825,000)	
NET ASSETS			<u><u>10,282,998</u></u>		<u><u>9,996,015</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	19	39,642		18,674	
Fixed asset funds	19	10,364,195		10,406,899	
Restricted funds excluding pension liability		<u>10,403,837</u>		<u>10,425,573</u>	
Pension reserve		<u>(450,000)</u>		<u>(825,000)</u>	
Total restricted funds			<u>9,953,837</u>		<u>9,600,573</u>
Unrestricted funds	19		<u>329,161</u>		<u>395,442</u>
TOTAL FUNDS			<u><u>10,282,998</u></u>		<u><u>9,996,015</u></u>

The financial statements on pages 22 to 46 were approved by the Trustees, and authorised for issue, on 26 November 2018 and are signed on their behalf, by:


Louise Bouteiller
Chair of Trustees


Clive Zimmerman
Accounting Officer

The notes on pages 25 to 46 form part of these financial statements.

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	21	<u>(145,895)</u>	<u>(21,429)</u>
Cash flows from investing activities:			
Interest received		309	441
Purchase of tangible fixed assets		(131,084)	(29,346)
Capital grants from DfE		194,748	-
Net cash provided by/(used in) investing activities		<u>63,973</u>	<u>(28,905)</u>
Cash flows from financing activities:			
Repayments of borrowings		(4,582)	(4,418)
Net cash used in financing activities		<u>(4,582)</u>	<u>(4,418)</u>
Change in cash and cash equivalents in the year		(86,504)	(54,752)
Cash and cash equivalents brought forward		<u>581,813</u>	<u>636,565</u>
Cash and cash equivalents carried forward	22	<u>495,309</u>	<u>581,813</u>

The notes on pages 25 to 46 form part of these financial statements.

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The Park Academies Trust constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust 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 financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 INCOME

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

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

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

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

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

On conversion the Academy Trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

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

Long term leasehold property	-	50 years straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

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.

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.6 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.7 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.8 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.9 LIABILITIES AND PROVISIONS

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

1.10 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

See note 18 for a summary of the financial instruments at 31 August 2018.

1.11 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.

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (continued)

1.12 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1.13 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 Department for Education.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1.14 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 100% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 23.

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

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	12,150	-	-	12,150	14,780
Capital Grants	-	-	194,748	194,748	-
	<u>12,150</u>	<u>-</u>	<u>194,748</u>	<u>206,898</u>	<u>14,780</u>
Total 2017	<u>14,780</u>	<u>-</u>	<u>-</u>	<u>14,780</u>	

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3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	5,304,230	5,304,230	5,158,200
Other DfE grants	-	118,416	118,416	226,852
Pupil Premium	-	261,820	261,820	245,109
	-	5,684,466	5,684,466	5,630,161
Other Government grants				
High Needs	-	296,823	296,823	338,559
Other Government grants: non capital	-	18,800	18,800	-
	-	315,623	315,623	338,559
Other funding				
School Games Organiser	-	23,800	23,800	24,197
PGCE Income	-	5,950	5,950	21,013
Pupil transport	59,549	-	59,549	30,640
Other income	24,064	7,392	31,456	38,934
	83,613	37,142	120,755	114,784
	83,613	6,037,231	6,120,844	6,083,504
Total 2017	51,763	6,031,741	6,083,504	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	119,778	-	119,778	125,274
Educational support	628,164	-	628,164	333,386
	747,942	-	747,942	458,660
Total 2017	458,660	-	458,660	

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FOR THE YEAR ENDED 31 AUGUST 2018

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	309	-	309	441
	<u>309</u>	<u>-</u>	<u>309</u>	<u>441</u>
Total 2017	<u>441</u>	<u>-</u>	<u>441</u>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Academy Trust's educational operations:					
Direct costs	4,455,137	273,007	491,816	5,219,960	5,123,865
Support costs	1,545,066	245,638	315,346	2,106,050	2,021,876
	<u>6,000,203</u>	<u>518,645</u>	<u>807,162</u>	<u>7,326,010</u>	<u>7,145,741</u>
Total 2017	<u>5,557,365</u>	<u>828,870</u>	<u>759,506</u>	<u>7,145,741</u>	

7. DIRECT COSTS

	Total funds 2018 £	Total funds 2017 £
Pension finance costs	22,000	38,000
Educational supplies	104,864	133,718
Examination fees	98,574	87,051
Staff development	26,572	27,468
Other costs	228,840	238,323
Supply teachers	96,426	22,419
Recruitment and support	10,966	10,682
Wages and salaries	3,441,680	3,178,777
National insurance	366,447	338,167
Pension cost	550,584	541,918
Depreciation	273,007	507,342
	<u>5,219,960</u>	<u>5,123,865</u>
Total 2017	<u>5,123,865</u>	

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

8. SUPPORT COSTS

	Total funds 2018 £	Total funds 2017 £
Educational supplies	15,012	17,128
Other costs	74,653	75,676
Recruitment and support	1,653	1,794
Maintenance of premises and equipment	62,903	72,853
Cleaning	18,253	17,938
Rent and rates	38,952	43,220
Energy costs	83,651	80,344
Insurance	33,436	32,937
Security and transport	13,359	14,369
Catering	47,103	42,917
Technology costs	66,415	45,850
Office overheads	33,443	29,702
Legal and professional	43,845	48,299
Interest and bank charges	2,229	4,509
Governance	26,077	18,256
Wages and salaries	1,085,234	1,074,141
National insurance	57,512	60,071
Pension cost	402,320	341,872
	<u>2,106,050</u>	<u>2,021,876</u>
Total 2017	<u>2,021,876</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the Trust	273,007	507,342
Fees payable to Auditor- Audit	7,325	7,125
Fees payable to Auditor- Other services	2,000	2,000
Operating lease rentals	<u>8,731</u>	<u>10,828</u>

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

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,526,914	4,252,918
Social security costs	423,959	398,238
Operating costs of defined benefit pension schemes	952,904	883,790
	<u>5,903,777</u>	<u>5,534,946</u>
Agency staff costs	96,426	22,419
	<u>6,000,203</u>	<u>5,557,365</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	89	79
Education support	57	59
Administration	15	12
Management	4	9
	<u>165</u>	<u>159</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	84	73
Education Support	45	46
Administration	12	10
Management	4	9
	<u>145</u>	<u>138</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	2	0
In the band £120,000 - £130,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 pension contributions for these staff amounted to £78,428 (2017: £75,360).

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NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS (continued)

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £684,816 (2017: £696,534).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

11. TRUSTEES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Executive Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: C Zimmerman, Remuneration £125,000 - £130,000 (2017: £120,000 - £125,000), Employer's Pension Contributions £20,000 - £25,000 (2017: £15,000 - £20,000); A Dixon-Patterson, Remuneration £70,000 - £75,000 (2017: £65,000 - £70,000), Employer's Pension Contributions £15,000 - £20,000 (2017: £15,000 - £20,000); M Godley, Remuneration £35,000 - £40,000 (2017: £35,000 - £40,000), Employer's Pension Contributions £5,000 - £10,000 (2017: £5,000 - £10,000).

During the year, no Trustees received any reimbursement of expenses (2017: £Nil).

12. CENTRAL SERVICES

As the MAT currently operates a single school, there is no central services policy. All central services costs are met either by Lydiard Park Academy or by charges to Abbey Park School under the terms of the management contract. The charging is intended to recoup actual costs and not deliver any form of surplus.

13. 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 cost for the year ended 31 August 2018 was £1,152 (2017: £1,152).

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

14. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
COST				
At 1 September 2017	12,070,252	1,241,648	265,008	13,576,908
Additions	137,233	50,046	10,156	197,435
At 31 August 2018	12,207,485	1,291,694	275,164	13,774,343
DEPRECIATION				
At 1 September 2017	1,653,307	1,190,347	256,111	3,099,765
Charge for the year	241,405	22,397	9,205	273,007
At 31 August 2018	1,894,712	1,212,744	265,316	3,372,772
NET BOOK VALUE				
At 31 August 2018	10,312,773	78,950	9,848	10,401,571
At 31 August 2017	10,416,945	51,301	8,897	10,477,143

15. DEBTORS

	2018 £	2017 £
Trade debtors	92,863	53,715
VAT recoverable	4,922	-
Other debtors	1,421	1,974
Prepayments and accrued income	275,532	204,880
	374,738	260,569

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Other loans	6,941	6,777
Other taxation and social security	112,065	108,955
VAT payable	-	4,019
Other creditors	107,850	97,583
Accruals and deferred income	228,466	193,078
	455,322	410,412

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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	133,504	69,803
Resources deferred during the year	96,841	133,504
Amounts released from previous years	(133,504)	(69,803)
Deferred income at 31 August 2018	<u>96,841</u>	<u>133,504</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips booked for the autumn term 2018, and for sports games services and pupil transport purchased in advance.

See note 17 for details on other loans.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Other loans	<u>83,298</u>	<u>88,098</u>

Included within the above are amounts falling due as follows:

	2018 £	2017 £
BETWEEN TWO AND FIVE YEARS		
Other loans	<u>27,766</u>	<u>27,107</u>
OVER FIVE YEARS		
Other loans	<u>55,532</u>	<u>60,991</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2018 £	2017 £
Repayable by instalments	<u>55,532</u>	<u>60,991</u>

To ensure all staff within Swindon school's were on equal pay the local authority performed a pre-conversion pay review. This review established that certain staff in the School were owed additional pay, which was settled by the local authority on behalf of the School. The Academy Trust is required to repay this debt, however the local authority have the right to reconsider the amount owed. A loan of £105,208 was transferred to the Academy Trust on conversion. At the year end £90,239 (2017: £94,875) remains outstanding. The loan is unsecured and is being repaid by installments with 15 years remaining, at an interest rate of 4.93%.

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NOTES TO THE FINANCIAL STATEMENTS
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18. FINANCIAL INSTRUMENTS

	2018	2017
	£	£
Financial assets measured at fair value through income and expenditure	495,309	581,813
Financial assets measured at amortised cost	224,435	156,694
	<u>719,744</u>	<u>738,507</u>
Financial liabilities measured at amortised cost	<u>227,295</u>	<u>176,680</u>

Financial assets measured at fair value through income and expenditure comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise accruals, other creditors and the equal pay loan.

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19. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	395,442	844,014	(910,295)	-	-	329,161
RESTRICTED FUNDS						
	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General Annual Grant (GAG)	-	5,333,218	(5,298,960)	(34,258)	-	-
High needs funding	-	292,598	(292,598)	-	-	-
Pupil premium	-	266,045	(266,045)	-	-	-
Devolved formula capital	-	23,266	(23,266)	-	-	-
Rates relief	-	30,541	(30,541)	-	-	-
Other DFE/ESFA Grants	-	10,621	(10,621)	-	-	-
Loan transferred from LA on conversion	(94,875)	-	-	4,636	-	(90,239)
School Games Organiser	-	24,998	(24,998)	-	-	-
PGCE Income	-	5,950	(5,950)	-	-	-
MAT Income	113,549	25,000	(8,668)	-	-	129,881
Other restricted income	-	24,994	(24,994)	-	-	-
Pension reserve	(825,000)	-	(162,000)	-	537,000	(450,000)
	(806,326)	6,037,231	(6,148,641)	(29,622)	537,000	(410,358)
RESTRICTED FIXED ASSET FUNDS						
	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Fixed assets transferred on conversion	10,246,735	-	(237,471)	-	-	10,009,264
Fixed assets purchased from GAG and other restricted funds	160,164	194,748	(29,603)	29,622	-	354,931
	10,406,899	194,748	(267,074)	29,622	-	10,364,195
Total restricted funds	9,600,573	6,231,979	(6,415,715)	-	537,000	9,953,837
Total of funds	9,996,015	7,075,993	(7,326,010)	-	537,000	10,282,998

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs. During the year £29,622 (2017: £25,832) was transferred to the restricted fixed asset fund to represent fixed assets purchased from GAG.

High Needs - Funding received by Swindon Borough Council to fund further support for students with additional needs.

Pupil premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current inequalities between those children and their wealthier peers.

Devolved formula capital - This represents funding from the ESFA to cover the maintenance and purchase of the Academy Trust's fixed assets. During the year £Nil (2017: £22,889) was transferred to the restricted fixed asset fund to represent fixed assets purchased from GAG and other restricted funds.

Rates relief - The represents funding received from the ESFA to contribute towards the Academy Trust's rates and insurance expenditure.

Other DFE/ESFA grants - This funding includes Y7 Catch up funding, Summer School funding and Post 16 Bursary funding.

The loan transferred from the LA on conversion consists of an Equal Pay Loan transferred from Swindon Borough Council. £90,239 of this loan is still outstanding at the year end.

School Games Organiser - Funding received from the Department of Health and Sport England to increase participation, competition and progression for young people in sport.

PGCE income - This represents funding for hosting Post Graduate trainee teachers during the year.

MAT income - Funding received from the ESFA for the expansion of the Multi Academy Trust.

Pension reserve - This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Fixed assets transferred on conversion - This represents the building and equipment donated to the School from Swindon Borough Council on conversion to an Academy.

OTHER INFORMATION

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 2018.

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19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
GENERAL FUNDS						
Unrestricted funds	459,035	525,644	(589,237)	-	-	395,442
RESTRICTED FUNDS						
	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
General Annual Grant (GAG)	21,329	5,054,519	(5,045,598)	(30,250)	-	-
High needs funding	-	476,422	(476,422)	-	-	-
Pupil premium	-	263,246	(263,246)	-	-	-
Devolved formula capital	-	22,889	-	(22,889)	-	-
Rates relief	-	31,226	(31,226)	-	-	-
Other DFE/ESFA Grants	-	40,418	(40,418)	-	-	-
Loan transferred from LA on conversion	(99,293)	-	-	4,418	-	(94,875)
School Games Organiser	-	24,197	(24,197)	-	-	-
PGCE Income	-	21,013	(21,013)	-	-	-
MAT Income	33,549	80,000	-	-	-	113,549
Other restricted income	-	17,811	(17,811)	-	-	-
Pension reserve	(1,862,000)	-	(135,000)	-	1,172,000	(825,000)
	<u>(1,906,415)</u>	<u>6,031,741</u>	<u>(6,054,931)</u>	<u>(48,721)</u>	<u>1,172,000</u>	<u>(806,326)</u>
RESTRICTED FIXED ASSET FUNDS						
	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Fixed assets transferred on conversion	10,706,306	-	(459,571)	-	-	10,246,735
Fixed assets purchased from GAG and other restricted funds	153,445	-	(42,002)	48,721	-	160,164
	<u>10,859,751</u>	<u>-</u>	<u>(501,573)</u>	<u>48,721</u>	<u>-</u>	<u>10,406,899</u>
Total restricted funds	<u>8,953,336</u>	<u>6,031,741</u>	<u>(6,556,504)</u>	<u>-</u>	<u>1,172,000</u>	<u>9,600,573</u>
Total of funds	<u>9,412,371</u>	<u>6,557,385</u>	<u>(7,145,741)</u>	<u>-</u>	<u>1,172,000</u>	<u>9,996,015</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	37,376	-	10,364,195	10,401,571
Current assets	291,785	578,262	-	870,047
Creditors due within one year	-	(455,322)	-	(455,322)
Creditors due in more than one year	-	(83,298)	-	(83,298)
Pension scheme liability	-	(450,000)	-	(450,000)
	<u>329,161</u>	<u>(410,358)</u>	<u>10,364,195</u>	<u>10,282,998</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	70,244	-	10,406,899	10,477,143
Current assets	325,198	517,184	-	842,382
Creditors due within one year	-	(410,412)	-	(410,412)
Creditors due in more than one year	-	(88,098)	-	(88,098)
Provisions for liabilities and charges	-	(825,000)	-	(825,000)
	<u>395,442</u>	<u>(806,326)</u>	<u>10,406,899</u>	<u>9,996,015</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(250,017)	(588,356)
Adjustment for:		
Depreciation charges	273,007	507,342
Interest received	(309)	(441)
Increase in debtors	(114,170)	(152,016)
(Decrease)/increase in creditors	(21,658)	77,042
Capital grants from DfE and other capital income	(194,748)	-
Defined benefit pension scheme cost less contributions payable	140,000	97,000
Defined benefit pension scheme finance cost	22,000	38,000
Net cash used in operating activities	<u>(145,895)</u>	<u>(21,429)</u>

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22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	495,309	581,813
	<u>495,309</u>	<u>581,813</u>

23. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2018 the Academy received £10,621 (2017: £14,054) and disbursed £10,621 (2017: £14,054) from the fund.

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24. PENSION COMMITMENT

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wiltshire Pension Fund. Both are multi-employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £413,390 (2017: £404,198).

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

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24. PENSION COMMITMENT (continued)

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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £344,000 (2017: £329,000), of which employer's contributions totalled £282,000 (2017: £270,000) and employees' contributions totalled £62,000 (2017: £59,000). The agreed contribution rates for future years are 15.4% for employers and 5.5% to 7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.70 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.5 years	22.5 years
Females	24.9 years	24.9 years
Retiring in 20 years		
Males	24.1 years	24.1 years
Females	26.7 years	26.7 years

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	3,066,000	2,636,000
Bonds	605,000	520,000
Property	561,000	483,000
Cash	86,000	73,000
Total market value of assets	<u>4,318,000</u>	<u>3,712,000</u>

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24. PENSION COMMITMENT (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2018 £	2017 £
Current service cost	(422,000)	(367,000)
Interest income	96,000	62,000
Interest cost	(118,000)	(100,000)
Total	<u>(444,000)</u>	<u>(405,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	4,537,000	4,853,000
Current service cost	422,000	367,000
Interest cost	118,000	100,000
Employee contributions	62,000	59,000
Actuarial gains	(298,000)	(759,000)
Benefits paid	(73,000)	(83,000)
Closing defined benefit obligation	<u>4,768,000</u>	<u>4,537,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	3,712,000	2,991,000
Interest income	96,000	62,000
Actuarial losses	239,000	413,000
Employer contributions	282,000	270,000
Employee contributions	62,000	59,000
Benefits paid	(73,000)	(83,000)
Closing fair value of scheme assets	<u>4,318,000</u>	<u>3,712,000</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	8,459	8,731
Between 1 and 5 years	19,083	23,245
Total	<u>27,542</u>	<u>31,976</u>

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26. 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.

27. GENERAL INFORMATION

The Park Academies Trust is a company limited by guarantee incorporated in England and Wales. The registered office is Grange Park Way, Grange Park, Swindon, SN5 6HN.

28. 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 organisation, it is likely that transactions will take place with organisations in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

During the previous year Clive Zimmerman, the Executive Principal of the Academy Trust, was appointed to act as Executive Principal of Abbey Park School and the Trust has provided educational support services in line with a management contract agreed with Swindon Borough Council. The total cost of these services recharged in the year was £628,164 (2017: £333,386) and at 31 August 2018 a balance of £92,616 (2017: £93,244) was owing to the Academy Trust from Abbey Park School.

29. POST BALANCE SHEET EVENTS

Since the year end Abbey Park School joined the Park Academies Trust. Abbey Park School is a Private Finance Initiative (PFI) funded school. The annual net operating costs of the PFI lease agreement are £320,696 (subject to future indexation) and the lease currently expires in 2023. The cost of meeting the annual lease obligations are factored into the Trust's future budgets.