

**AKAAL ACADEMY TRUST DERBY
(A Company Limited by Guarantee)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2018

***Company Limited by Guarantee
Registration Number: 08628019
(England & Wales)***

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS, TRUSTEES AND ADVISORS**Members**

Dr D Singh Virk
R Singh Purewal
C Singh Taggar

Board of Trustees

Dr D Singh Virk - Chair of Governors
J Fellowes- Headteacher
P Kaur-Vice Chair
N Kaur Virk
S Singh Bitter
B Singh Mashiana (resigned on 17 July 2018)
E J Bowen
R Dubrow-Marshall
T Singh Dhatt
M Singh Garcha
M Singh Purewal
A Pearson

Senior Management Team

J Fellowes	Headteacher
A Pearson	Professional Partner
S Chauhan	Finance Officer

Registered Office

Akaal Primary School
Grange Avenue
Derby
DE23 8DG

Company Registration No

08628019

Independent Auditor

UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

Bankers

HSBC Bank
1 St. Peters Street,
Derby
DE1 2AE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018.

The Akaal Academy Trust Derby was incorporated on 29 July 2013 and is a small sub-regional Academy Trust providing Sikh faith education in a Free School covering Derby and the surrounding areas. The trust opened its first Sikh faith Primary School, Akaal Primary School, on 7 September 2015. At the end of the third year, the School had 99 children on roll, with a total of 135 confirmed for the start of the new academic year. As well as high academic standards, the Trust's vision for Akaal Primary School is to play a key role in developing well-rounded individuals, whose life choices are based on moral values, health and well-being, independence of thought and social cohesion. The school's Sikh values will underpin pupils' development and ensure that children from all ethnic backgrounds become good UK citizens.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no: 08628019) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees for Akaal Academy Trust Derby are also the directors of the charitable company for the purposes of company law. The charitable company is known as Akaal Academy Trust Derby.

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

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the 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.

Trustees' Indemnities

Akaal Academy Trust Derby has in place directors and trustees liability insurance indemnity cover under the DfE's Risk Protection Arrangement (RPA). The cost of RPA membership as at 31 August 2018 was £1,980.

Method of Recruitment and Appointment or Election of Directors and Trustees

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the Company's Articles of Association. These include application, short listing and interviewing procedures. Consideration is given to the skills of directors and trustees which would enhance the effectiveness of the trust. Parent, Community and Staff Trustees have been nominated and elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the period under review the trustees held 4 full Board meetings. The training and induction provided for new trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational, legal, and financial matters. All new trustees meet with the Chair of trustees and will be given a tour of the academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

Organisational Structure

The Academy Trust Board is responsible for the overall strategic direction of the trust and for fulfilling statutory duties. The board is responsible for setting general policy, adopting and monitoring the financial plan and budget, monitoring capital expenditure, agreeing legal contracts and for making senior staff appointments.

The Head Teacher is the Accounting Officer and is responsible for the authorisation of spending within agreed budgets.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Trade union facility time**

During the year there were no trade union officials represented at the trust.

Arrangements for setting pay and remuneration of key management personnel

The Academy review the pay policy and personnel remuneration annually. This is ratified by the Finance and Human Resource committee and the Full Governing Body during the Summer meetings, for the year ahead and cascaded to staff. The Academy currently follow the national guidance for both teachers terms and conditions of employment and the support staff under local Council guidance. The leadership structure also follows the guidance dictated by the Teachers Pay and Conditions document and the size of the school and therefore the leadership ranges for the Headteacher are categorised accordingly. All governors of the Academy are appointed on a voluntary basis and no remuneration is provided.

Connected Organisations Including Related Party Relationships

There is one connected organisation to the Akaal Academy Trust Derby. This is called Singh Sabha Gurdwara.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

The principal object and activity of the charitable company is “to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.”

The main objectives of the trust for the school year ended 31 August 2018 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with the local community; and
- to conduct the trust's business in accordance with the highest standards of integrity, probity and openness.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Principal Activities**

The Academy Trust's object in its Articles of Association is to advance for the public benefit in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, which includes provision for technical education. Under the Funding Agreement with the Department for Education, the curriculum is further defined to include an emphasis on maximising educational opportunities and improve outcomes for children of all aptitudes, abilities and backgrounds.

Objects, Strategies and Activities

Akaal Primary School opened its doors for the first time on 7 September 2015 to meet the need both for additional school places in the Derby area but also to give local parents a choice in what and how their children are taught during the important primary school years. It serves both existing residents and those moving into one of the many new houses being developed in the area. At the end of the third year, the School had 99 children on roll, with a total of 135 confirmed for the start of the new academic year, and will grow by adding two Reception classes each year until the full capacity of 420 children has been reached. Akaal Primary School aims to maximise educational opportunities and improve outcomes for children of all aptitudes, abilities and backgrounds, to enable every child to become a confident young person and achieve success. The school aims to be Ofsted "Outstanding". This will be just one outcome of a holistic education that will focus on the needs of each individual child. This will be delivered through recruiting and retaining the best staff, ensuring the well-being of each child in the school.

Our temporary building provided a physically stimulating environment to achieve our educational objectives and was available for occupation since opening on 7 September 2015 to August 2018 when the school moved to the brand new building with large play grounds at Grange Avenue Derby DE23 8DG. the new building is a state-of-the-art building with modern facilities catering to the demands of the visualised modern school. The school will double its intake to two forms in Reception in 2019.

With the new site recruitment of pupils has become easier as there is a waiting list in some classes. Admission for 2019 will be encouraged by open days and evenings, advertising, PR, and by working through the networks available to us from the Local Authorities.

Equal Opportunities Policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled Persons

The new building is fully DD compliant. All rooms are accessible including those on the first floor via a lift and there is a dedicated hygiene room. The policy of the trust is to support recruitment and retention of pupils and employees with disabilities. The trust does this by adapting the physical environment, by making support resources available and through training and career development.

Public Benefit

The academy trust trustees have complied with the duty in Section 17 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. Akaal Primary School provides a fully comprehensive education to all pupils in its care. It complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

STRATEGIC REPORT**Achievements and Performance**

In December 2014, the Academy Trust was awarded project development grants totalling £220,000 by the Department for Education to develop the project. The Department for Education entered into a funding agreement for the school in June 2015. Agreement was reached to rent a site and building. A new permanent site has now been developed and occupied by the school in August 2018.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Key Financial Performance Indicators**

The Academy Trust established a financial budget at the start of the period and the Board monitors performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. The trustees consider that the following are key performance indicators for the academy trust moving forward:

	2018	2017
	£	£
- Pupil numbers	99	71
- Staff numbers	14	14
- Staff costs as a percentage of total revenue grant income	66%	51%
- Pupil: staff ratio	7	5
- Total expenditure per pupil	5,590	8,890
- Average salary	19,640	18,140

Going Concern

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

FINANCIAL REVIEW**Overview**

The principal source of funding for the academy trust is the General Annual Grant for open schools. Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants 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 expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure was £581,000 (2017: £657,000). After adjusting for the transfer of grant income to fixed assets and depreciation there is a surplus for the year of £35,000 (2017: £15,000 surplus).

At 31 August 2018 the net book value of fixed assets was £4,480,000 (2017: £420,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets are used exclusively for providing education and the associated support services to the pupils of the academy.

The academy was admitted to the Local Government Pension Scheme (LGPS) on a fully funded basis as at 1 September 2015, with there being no past service liabilities or assets.

It should be noted that the balance sheet, income and expenditure, and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS102 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The trust's financial and risk management objectives are documented in its:

- official budgets;
- accounting policy;
- financial regulations manual;
- head teacher's delegation statement;
- scheme of delegation.

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Reserves Policy**

The trustees review the reserve levels of the academy 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 have determined that the appropriate level of reserves should be equivalent to 3% of the GAG, approximately £13,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial Position

The academy held fund balances at 31 August 2018 of £4,597,000 (2017: £477,000) comprising £4,489,000 (2017: £420,000) of restricted fixed asset funds and £108,000 (2017: £57,000) of restricted general funds.

Investment Policy

All investments are made in accordance with the policy of the trust. The trust's policies on investments are one of minimum risk with all investments being held with the trust's bankers or other banking institutions regulated by the Financial Conduct Authority. The trust will nevertheless seek to maximise interest receipts within this arrangement. This policy will be reviewed in the year ending 31 August 2019. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The Board considers that these arrangements have been effective throughout the period being reported.

The Board intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

At the time of reporting, the trust's identified key risks are:

- the risk of progress in subjects being below expectations;
- the rate of expansion of the academy;
- being able to recruit staff of the right calibre;
- the impact of changes to funding regulations;
- loss of personal and sensitive information.

Mitigating action, both current and planned, have been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to the teaching, provision of facilities and other operational areas of the academy, and its finances. The trustees have implemented a number of systems to assess risks that the school faces. They have introduced operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Plans for Future Periods

Akaal Academy Trust Derby has built on the success of the first academic year by having a total of 99 children enlisted on the school roll at the start of year 3. The Schools primary focus of the coming year will be to complete the consolidation of the progress made to date and strengthen the performance of the academy, securing a good or better Ofsted judgement at the next inspection point.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Auditors**

In so far as the trustees are aware:

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

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a Strategic Report was approved by the Board of Trustees as the company Directors on 4 December 2018 and signed on their behalf by:

.....
Dr Daljit Singh Virk
Chair of Trustees

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Akaal Academy Trust Derby 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 Head Teacher, 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 Akaal Academy Trust Derby and the Secretary of State for Education. The Executive Head Teacher is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the period - these were complimented by Governor attendance across 3 sub-committee's of Finance & Human Resources, Safeguarding & Pupil Welfare, Education & Standards Attendance during the period at Full Governing Board meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of a Possible
Dr D Singh Virk - Chair of Governors	3	4
J Fellowes Headteacher	4	4
P Kaur	4	4
N Kaur	4	4
S Singh Bitter	3	4
B Singh Mashiana (resigned 17 July 2018)	1	4
E J Bowen	3	4
R Dubrow-Marshall	4	4
T Singh Dhatt	4	4
M Singh Garcha	3	4
M Singh Purewal	3	4
A Pearson	4	4

Governance Review

The Academy trust reviews its governance arrangements annually. The outcome of the governance review is as follows:

- the headteacher and adviser to the governing body reviewed the governance arrangements document in the autumn term of 2016 to ensure that they were sufficiently strong to support the school and these were reported and agreed in a subsequent meeting of the governing body;
- overall, they were found to be robust, secure and provided a good basis for the governing body to organise itself, with some adjustments to the terms of reference of committees to ensure practice and policy were identical as the school developed after opening;
- the principles espoused in the governance arrangement still pertain, and no changes were needed; the governing body takes a strategic view of the school, leaving more detailed discussions to its committees;

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Governance Review (cont'd)**

- the committee membership and arrangements were confirmed at the annual general meeting of the governing body in September 2017, as was the scheme of delegation;
- a self-evaluation governance review was carried out in the summer term of 2018 in preparation for the new school year - undertaking the self-review at that point allowed the governing body to take account of the outcomes of the school's first Ofsted inspection;
- this next review will be a more detailed analysis of the operation of the governing body as it enters its fourth year, by which time governors will have much greater depth of understanding of the role of the governing body.

An annual self review of governance has been performed as defined by the National College for Teaching and Leadership. The results of this review has identified the following:

- the character of the trust is preserved and developed;
- the activities of the trust are being undertaken in accordance with the academy trust deed;
- there is clarity of vision, ethos and strategic direction;
- the headteacher is held to account for the education of performance of the school and its pupils;
- the financial performance of the school is monitored and value for money obtained;
- governance by the Board of Trustees is effective.

Review of Value for Money

As accounting officer the Head Teacher 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 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 academy trust has delivered improved value for money during the period by:

- Transport for all school trips , - 3 quotes were obtained and the best value for money option was selected.
- Following a review of quality, the school decided to change catering providers. 3 companies were asked to quote. Finance committee selected best value for money.
- Education Welfare Officer support was purchased as a SLA. This is better value for money than paying on an ad-hoc basis.

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 Akaal Academy Trust Derby Limited for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 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 FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**The Risk and Control Framework**

Akaal Academy Trust Derby system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint UHY Hacker Young to provide a supplementary programme of work as part of their external audit service. The external auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included testing:

- purchasing and creditor controls
- income and debtor controls
- controls operating over input VAT reclaims;
- related party recording for accuracy and completeness by reference to register of interests and Companies House data.

During the period, the external auditor will provide a report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities. During the period the external auditor has delivered the schedule of work as planned and no material control issues were identified.

Review of Effectiveness

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the periods in question the review has been informed by:

- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees 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 4 December 2018 and signed on its behalf by:

.....

Dr Daljit Singh Virk
Chair of Trustees

.....

Julie Fellowes
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As Accounting Officer of Akaal Academy Trust Derby I have considered my responsibility to notify the Academy Trust Board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

- The academies BFRO and BFR had not been submitted by the relevant due dates (The dates were the 21 May 2018 and 30 July 2018 respectively).

.....

Julie Fellowes
Head Teacher & Accounting Officer
4 December 2018

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

The trustees (who act as governors of Akaal Academy Trust Derby and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and 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 in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 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 Academy 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 the ESFA have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 4 December 2018 and signed on its behalf by:

.....
Dr D Singh Virk
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AKAAL ACADEMY TRUST DERBY FOR THE YEAR ENDED 31 AUGUST 2018**Opinion**

We have audited the financial statements of Akaal Academy Trust Derby (the 'academy trust') for the year ended 31 August 2018 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 Auditor's 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 UK, including the FRC'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AKAAL ACADEMY TRUST DERBY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's 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.

Opinions 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 (incorporating the strategic report and the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' 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 strategic report and 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 directors' 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 trustees' responsibilities statement set out on page 14, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AKAAL ACADEMY TRUST DERBY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

.....
Malcolm Winston
Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9-11 Vittoria Street
Birmingham
B1 3ND

4 December 2018

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO AKAAL ACADEMY TRUST DERBY AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 11 July 2018 and further to the requirements of the Education and 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 academy trust during the period 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 Akaal Academy Trust Derby and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Akaal Academy Trust Derby Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Akaal Academy Trust Derby's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Akaal Academy Trust Derby funding agreement with the Secretary of State for Education dated 25 June 2015, 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 ended 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.

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.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO AKAAL ACADEMY TRUST DERBY AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Approach (cont'd)**

Summary of the work undertaken was as follows:

- Analytical review of the academy trusts general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trusts framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/strategic business manager or trustees;
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

Conclusion

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

- The academies BFRO and BFR had not been submitted by the relevant due dates (The dates were the 21 May 2018 and 30 July 2018 respectively).

.....

Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

4 December 2018

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018

(Including Income and Expenditure Account)

		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2018	2017
		£'000	£'000	Asset	£'000	£'000
				Funds		
				£'000		
Income from:						
Donations and capital grants						
Charitable activities:						
- Funding for the academy trust's educational operations	3	-	-	4,097	4,097	193
Other trading activities	4	-	588	-	588	646
Investments	5	-	-	-	-	-
	6	-	-	-	-	-
Total		<u>-</u>	<u>588</u>	<u>4,097</u>	<u>4,685</u>	<u>839</u>
Expenditure on:						
Raising funds		-	-	-	-	-
Charitable activities:						
- Academy trust's educational operations	7 & 8	-	553	28	581	657
Other		-	-	-	-	-
Total		<u>-</u>	<u>553</u>	<u>28</u>	<u>581</u>	<u>657</u>
Net income		-	35	4,069	4,104	182
Transfers between funds		-	-	-	-	-
Other recognised gains and losses						
Actuarial gain on defined benefit pension schemes	25	-	16	-	16	5
Net movement in funds		<u>-</u>	<u>51</u>	<u>4,069</u>	<u>4,120</u>	<u>187</u>
Reconciliation of funds						
Total funds brought forward		-	57	420	477	290
Total funds carried forward	15	<u>-</u>	<u>108</u>	<u>4,489</u>	<u>4,597</u>	<u>477</u>

All of the academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	<u>4,480</u>	<u>420</u>
		<u>4,480</u>	<u>420</u>
Current assets			
Debtors	13	398	13
Cash at bank and in hand		<u>1,028</u>	<u>113</u>
		<u>1,426</u>	<u>126</u>
Current liabilities			
Creditors: Amounts falling due within one year	14	<u>(1,299)</u>	<u>(56)</u>
Net current assets		127	70
Total assets less current liabilities		4,607	490
Net assets		<u>4,607</u>	<u>490</u>
Defined benefit pension scheme liability	25	(10)	(13)
Total Net Assets		<u><u>4,597</u></u>	<u><u>477</u></u>
Funds of the academy:			
Restricted funds			
- Fixed asset fund	15	4,489	420
- Restricted income fund	15	118	70
- Pension Reserve	15	<u>(10)</u>	<u>(13)</u>
Total restricted funds		<u>4,597</u>	<u>477</u>
Unrestricted income fund		<u>-</u>	<u>-</u>
Total unrestricted funds		<u>-</u>	<u>-</u>
Total funds		<u><u>4,597</u></u>	<u><u>477</u></u>

The financial statements on pages 20 to 40 were approved by the trustees and authorised for issue on 4 December 2018 and signed on their behalf by:

.....
Dr Daljit Singh Virk
Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	906	(108)
Cash flows from investing activities	20	9	-
Cash flows from financing activities	21	-	-
Change in cash and cash equivalents in the reporting period		<u>915</u>	<u>(108)</u>
Cash and cash equivalents at 1 September	22	113	221
Cash and cash equivalents at 31 August	22	<u>1,028</u>	<u>113</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**1 Statement of Accounting Policies**

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

Basis of Preparation

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

Akaal Academy Trust Derby meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

• Grants

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

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in creditors; amounts falling due within one year in deferred income.

• Sponsorship income

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

• Donations

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

• Other income

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**1 Statement of Accounting Policies****Income (cont'd)****• Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'. Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 Raising Funds

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

• Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing **£500** or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**1 Statement of Accounting Policies****Tangible Fixed Assets (cont'd)**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Freehold buildings	2%
Furniture and equipment	10%
Computer equipment and software	25%

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

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

Leased assets

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

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 13. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instrument, and are measured at amortised cost as detailed in note 14. 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 instrument.

Taxation

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

Pensions Benefits

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

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 25, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**1 Statement of Accounting Policies**

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

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 25, 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.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

Critical areas of judgement (cont'd)

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

2 GENERAL ANNUAL GRANT (GAG)

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 (See note 15).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	4,097	4,097	193
Donations	-	-	-	-
	<u>-</u>	<u>4,097</u>	<u>4,097</u>	<u>193</u>

The income from donations and capital grants was £4,097,000 (2017 : £193,000) of which £4,097,000 (2017: £193,000) were restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DFE/ESFA grants				
General annual grant (GAG) (note 2)	-	469	469	325
Start up grants	-	56	56	69
Project development grant	-	-	-	193
Pupil premium	-	13	13	8
Infant free school meals	-	27	27	23
PE sports grant	-	16	16	6
	<u>-</u>	<u>581</u>	<u>581</u>	<u>624</u>
Other Government grants				
KS1 Base budget grant (DCC)	-	7	7	21
Rates relief grant (DCC)	-	-	-	1
	<u>-</u>	<u>7</u>	<u>7</u>	<u>22</u>
Other income from the academy trust's educational operations	-	-	-	-
	<u>-</u>	<u>588</u>	<u>588</u>	<u>646</u>

The income from the academy trust's educational operations was restricted for both 2018 and 2017.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Sundry income	-	-	-	-
Other Income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The income from the academy trusts's other trading activities was unrestricted for both 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

6 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Bank interest received	-	-	-	-
	-	-	-	-

The income from the academy trusts's investment income was unrestricted for both 2018 and 2017.

7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds					
Direct costs	-	-	-	-	-
Allocated support costs	-	-	-	-	-
Academy's educational operations					
Direct costs	337	-	50	387	298
Allocated support costs	56	58	80	194	359
	<u>393</u>	<u>58</u>	<u>130</u>	<u>581</u>	<u>657</u>

The expenditure was £581,000 (2017: £657,000) of which £Nil (2017: £Nil) was unrestricted, £553,000 (2017: £631,000) restricted and £28,000 (2017: £26,000) restricted fixed assets.

	Total 2018 £'000	Total 2017 £'000
Net income for the year includes:		
Operating leases rentals:	-	-
Depreciation	28	26
Fees payable to auditor for:		
Audit	3	3
Other services	2	2
	<u>2</u>	<u>2</u>

8 CHARITABLE ACTIVITIES

	Total 2018 £'000	Total 2017 £'000
Direct costs - educational operations	387	298
Support costs - educational operations	194	359
	<u>581</u>	<u>657</u>

Analysis of Support Costs

Support staff costs	56	76
Depreciation	28	26
Premises costs	30	191
Other support costs	74	58
Governance	6	8
	<u>194</u>	<u>359</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

9 STAFF**a Staff costs**

	Total 2018 £'000	Total 2017 £'000
Staff costs during the year were:		
Wages and salaries	275	255
Social security costs	25	24
Operating costs of defined benefit pension schemes	57	51
	<u>357</u>	<u>330</u>
Agency staff costs	36	1
Staff restructuring costs	-	-
	<u>393</u>	<u>331</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

b Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2017 : £Nil).

c Staff numbers

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2018 expressed as whole persons was as follows:

	2018 No.	2017 No.
Charitable Activities		
Teachers	4	4
Administration and support	8	8
Management	2	2
	<u>14</u>	<u>14</u>

d Higher paid staff

There was no employee earning more than £60,000 per annum.

e Key management personnel

The key management of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £94,410 (2017: £97,275).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES**

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Executive Head Teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff under their contracts of employment and not in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

A Pearson		
Remuneration	£20,000 - £25,000	(2017: £25,000 - £30,000)
Employers pension contributions	£Nil	(2017: £Nil)
J Fellowes (Headteacher)		
Remuneration	£55,000 - £60,000	(2017: £50,000 - £55,000)
Employers pension contributions	£5,000 - £10,000	(2017: £5,000 - £10,000)

During the year ended 31 August 2018; travel and subsistence expenses totalling £182 (2017: £510) were reimbursed to trustees.

Other related party transactions including trustees are set out in note 26

11 TRUSTEES' AND OFFICERS' INSURANCE

Akaal Academy Trust Derby has in place directors and trustees liability insurance indemnity cover under the DfE's Risk Protection Arrangement (RPA). The cost of RPA membership as at 31 August 2018 was £1,840 (2017: £1,176).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

12 TANGIBLE FIXED ASSETS

	Leasehold Land and Buildings £'000	Computer Equipment £'000	Furniture and Equipment £'000	Assets Under Construction £'000	Total £'000
Cost					
At 1 September 2017	-	91	33	349	473
Additions	-	7	179	3,902	4,088
Transfers	4,251	-	-	(4,251)	-
At 31 August 2018	<u>4,251</u>	<u>98</u>	<u>212</u>	<u>-</u>	<u>4,561</u>
Depreciation					
At 1 September 2017	-	45	8	-	53
Charged in year	-	24	4	-	28
At 31 August 2018	<u>-</u>	<u>69</u>	<u>12</u>	<u>-</u>	<u>81</u>
Net book value					
At 31 August 2018	<u>4,251</u>	<u>29</u>	<u>200</u>	<u>-</u>	<u>4,480</u>
At 31 August 2017	<u>-</u>	<u>46</u>	<u>25</u>	<u>349</u>	<u>420</u>

13 DEBTORS

	2018 £'000	2017 £'000
VAT recoverable	209	3
Prepayments and accrued income	189	9
Other debtors	-	1
	<u>398</u>	<u>13</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	699	20
Taxation and social security	7	7
ESFA VAT creditor	561	-
Other creditors	6	5
Accruals and deferred income	26	24
	<u>1,299</u>	<u>56</u>
Deferred Income		
	2018 £'000	2017 £'000
Deferred income at 1 September	18	217
Resources deferred in the year	16	18
Amounts released from previous years	(18)	(217)
Deferred income at 31 August	<u>16</u>	<u>18</u>

At the balance sheet date the academy was holding funds received in advance for 2018/19 for universal infant free school meals £15,678 (2017: £13,384) and devolved formula capital £Nil (2017: £4,315).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

15 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds	70	469	(421)	-	118
GAG (note i)	70	469	(421)	-	118
Start up grant (note ii)	-	-	-	-	-
Other DfE/ESFA (note iii)	-	99	(99)	-	-
Pupil premium - ESFA (note iv)	-	13	(13)	-	-
Local authority grants (note v)	-	7	(7)	-	-
Revenue ESFA project development grant (note vi)	-	-	-	-	-
	70	588	(540)	-	118
Restricted fixed asset funds					
Capital ESFA project development grant (note vi)	420	4,088	(28)	-	4,480
DfE / ESFA Capital grants	-	9	-	-	9
	420	4,097	(28)	-	4,489
Restricted pension scheme liability					
Pension reserve (note vii)	(13)	-	(13)	16	(10)
	(13)	-	(13)	16	(10)
Total restricted funds	477	4,685	(581)	16	4,597
Total Funds	477	4,685	(581)	16	4,597

Notes

- i) General Annual Grant (GAG) must be used for the normal running costs of the academy. 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 would carry forward at 31 August 2018. (see note 2)
- ii) Start up grant received from the ESFA to cover expenditure in relation to the start up and marketing of Akaal Primary School.
- iii) Other DfE/ESFA grants received from the ESFA to cover expenditure in relation to Post Opening, Infant Free School Meals and PE and Sports grant.
- iv) Pupil premium grant has been used to support children from low income families placed at the Academy.
- v) Local authority grants have been provided by Derbyshire County Council for infant free school meals.
- vi) The ESFA Project Development capital grant has been provided by the ESFA for the construction of a new school, rental of temporary accommodation, as well as teaching materials and educational supplies.
- vii) The pension reserve represents the deficit on local government pension scheme (see note 25)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

15 FUNDS (cont'd)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
GAG (note i)	41	325	(296)	-	70
Start up grant (note ii)	-	69	(69)	-	-
Other DFE/ESFA (note iii)	-	29	(29)	-	-
Pupil premium - ESFA (note iv)	-	8	(8)	-	-
Local authority grants (note v)	-	22	(22)	-	-
Revenue ESFA project development grant (note vi)	-	193	(193)	-	-
	<u>41</u>	<u>646</u>	<u>(617)</u>	<u>-</u>	<u>70</u>
Restricted fixed asset funds					
Capital ESFA project development grant (note vi)	253	193	(26)	-	420
	<u>253</u>	<u>193</u>	<u>(26)</u>	<u>-</u>	<u>420</u>
Restricted pension scheme liability					
Pension reserve (note vii)	(4)	-	(14)	5	(13)
	<u>(4)</u>	<u>-</u>	<u>(14)</u>	<u>5</u>	<u>(13)</u>
Total restricted funds	<u>290</u>	<u>839</u>	<u>(657)</u>	<u>5</u>	<u>477</u>
Total Funds	<u>290</u>	<u>839</u>	<u>(657)</u>	<u>5</u>	<u>477</u>

15 FUNDS (cont'd)

A current year 12 month and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
GAG (note i)	41	794	(717)	-	118
Start up grant (note ii)	-	69	(69)	-	-
Other DFE/ESFA (note iii)	-	128	(128)	-	-
Pupil premium - ESFA (note iv)	-	21	(21)	-	-
Local authority grants (note v)	-	29	(29)	-	-
Revenue ESFA project development grant (note vi)	-	193	(193)	-	-
	<u>41</u>	<u>1,234</u>	<u>(1,157)</u>	<u>-</u>	<u>118</u>
Restricted fixed asset funds					
Capital ESFA project development grant (note vi)	253	4,281	(54)	-	4,480
	-	9	-	-	9
	<u>253</u>	<u>4,290</u>	<u>(54)</u>	<u>-</u>	<u>4,489</u>
Restricted pension scheme liability					
Pension reserve (note vii)	(4)	-	(27)	21	(10)
	<u>(4)</u>	<u>-</u>	<u>(27)</u>	<u>21</u>	<u>(10)</u>
Total restricted funds	<u>290</u>	<u>5,524</u>	<u>(1,238)</u>	<u>21</u>	<u>4,597</u>
Total Funds	<u>290</u>	<u>5,524</u>	<u>(1,238)</u>	<u>21</u>	<u>4,597</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	Total
	Funds	Funds	Funds	Restricted	Funds
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	4,480	4,480
Current assets	-	-	1,417	9	1,426
Current liabilities	-	-	(1,299)	-	(1,299)
Defined Benefit Pension	-	(10)	-	-	(10)
	-	(10)	118	4,489	4,597

Comparative information in respect of the previous period is as follows

Fund balances at 31 August 2017 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	Total
	Funds	Funds	Funds	Restricted	Funds
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	420	420
Current assets	-	-	126	-	126
Current liabilities	-	-	(56)	-	(56)
Defined Benefit Pension	-	(13)	-	-	(13)
	-	(13)	70	420	477

17 CAPITAL COMMITMENTS

	2018	2017
	£'000	£'000
Contracted for, but not provided in the financial statements	-	4,131
Authorised by trustees but not yet contracted	-	-

18 COMMITMENTS UNDER OPERATING LEASES**Operating**

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

	2018	2017
	Other	Other
	£'000	£'000
Operating leases	-	-
- Within one year	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

19 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£'000	£'000
Net income for the reporting period (as per the statement of financial activities)	4,104	182
Adjusted for:		
Depreciation (note 12)	28	26
Capital grants from DfE and other capital income	(4,097)	(193)
Interest receivable	-	-
Defined benefit pension scheme cost less contributions payable (note 25)	12	13
Defined benefit pension scheme finance cost (note 25)	1	1
(Increase)/decrease in debtors	(385)	271
Increase/(decrease) in creditors	1,243	(408)
Net cash provided by/(used in) operating activities	906	(108)

20 CASH FLOWS FROM INVESTING ACTIVITIES

	2018	2017
	£'000	£'000
Interest received	-	-
Purchase of tangible fixed assets	(4,088)	-
Capital grants from DfE/ESFA	4,097	-
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash provided by investing activities	9	-

21 CASH FLOWS FROM FINANCING ACTIVITIES

	2018	2017
	£'000	£'000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash (used in)/provided by financing activities	-	-

22 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug	At 31 Aug
	2018	2017
	£'000	£'000
Cash in hand and at bank	1,028	113
Total cash and cash equivalents	1,028	113

23 CONTINGENT LIABILITIES

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24 MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**25 PENSION AND SIMILAR OBLIGATIONS**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) and Local Government Pension Scheme (LGPS). The total pension cost to the Academy during the period ended 31 August 2018 was £57,000 (2017: £51,337) of which £33,000 (2017:£25,042) relates to the TPS and £24,000 (2017:£26,295) relates to the LGPS. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and the LGPS 31 March 2016.

Contributions amounting to £5,563 (2017:£2,462) were payable to the schemes at 31 August 2018 and are included within other creditors.

The academy was admitted to the Local Government Pension Scheme (LGPS) on a fully funded basis in September 2015, with there being no past service liabilities or assets.

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 (currently 14.1%).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions
- 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%.

Valuation of the Teachers' Pension Scheme (cont'd)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined as 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 employers costs paid to TPS in the period amounted to £33,000 (2017: £25,042).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2018 was £35,000 (2017: £30,295) of which employers contributions totalled £24,000 (2017: £26,295) and employees contributions totalled £11,000 (2017 £4,000). The agreed contributions for future years are 20.5% (2017:20.5%) for employers and 6.2% (2017: 6.2%) 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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2018	At 31 August 2017
	% per annum	% per annum
Discount rate	2.8	2.5
Salary increases	2.9	2.9
Pension increase	2.4	2.4

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2018		At 31 August 2017	
	Approx % Increase to employers liability	Approx £'000	Approx % Increase to employers liability	Approx £'000
Discount rate reduced by 0.5% per annum	12	20	11	17
Assumed pension increased by 0.5% per annum	9	15	8	12
Salary growth increased by 0.5% per annum	3	4	3	4

The mortality assumptions used were as follows:

	2018 years	2017 years
Longevity at age 65 retiring today		
- Men	21.9	21.9
- Women	24.4	24.4
Longevity at age 65 retiring in 20 years		
- Men	23.9	23.9
- Women	26.5	26.5

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

The Academy's share of the assets in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equity instruments	103	90
Debt instruments	28	25
Property	11	9
Cash	11	8
Total market value of assets	<u>153</u>	<u>132</u>
Present value of scheme liabilities		
- Funded	(153)	(132)
- Unfunded	(10)	(13)
Total liabilities	<u>(163)</u>	<u>(145)</u>
Deficit in the scheme	<u>(10)</u>	<u>(13)</u>

The actual return on the scheme assets in the year was £7,000 (2017: £109,000).

Amounts recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	23	25
Interest income	(3)	-
Interest cost	4	1
Total operating charge	<u>24</u>	<u>26</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

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

	2018	2017
	£'000	£'000
Movement in deficit during the period		
Changes in the scheme at 1 September 2017	13	4
Movement in year:		
- Employer service cost (net of employee contributions)	23	25
- Employer contributions	(11)	(12)
- Expected return on scheme assets	(3)	-
- Interest cost	4	1
- Actuarial gains	(16)	(5)
Deficit in the scheme at 31 August 2018	<u>10</u>	<u>13</u>

	2018	2017
	£'000	£'000
Scheme liabilities at 1 September 2017	145	11
Current service cost	23	25
Interest cost	4	1
Contributions by scheme participants	3	4
Actuarial (gains) / losses	(12)	104
Scheme liabilities at 31 August 2018	<u>163</u>	<u>145</u>

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

	2018	2017
	£'000	£'000
Fair value of scheme assets at 1 September 2017	132	7
Expected return on scheme assets	3	-
Actuarial gains	4	109
Contributions by employer	11	12
Contributions by scheme participants	3	4
Fair value of scheme assets at 31 August 2018	<u>153</u>	<u>132</u>

The estimated value of employer contributions for the year ended 31 August 2019 is £11,000 (2018: £11,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**26 RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable 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's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account:

Singh Sabha Gurdwara is a registered charity which provides transport for the pupils attending the academy. One of the members, Rajinder Singh Purewal, is also a member of the Singh Sabha Gurdwara. Transactions for the period 1 September 2017 to 31 August 2018 amounted to £22,567 (2017: £14,000). A balance of £2,790 was outstanding at the year end.

The element above £2,500 has been provided "at no more than cost" and Singh Sabha Gurdwara has provided a statement of assurance confirming this.

In entering into the transactions the trust has complied with the requirements of the Academies Financial Handbook 2017.

27 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting events arising after the balance sheet date.