

Company Registration No. 10954886 (England and Wales)

SOKE EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 AUGUST 2018

SOKE EDUCATION TRUST

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SOKE EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

N Jones (appointed 11 September 2017, resigned 31 August 2018)
C Moss (appointed 11 September 2017)
R Laurie (appointed 11 September 2017)
N McCulloch (appointed 11 September 2017)
C Spooner (appointed 11 September 2017)

Trustees

A Islam (Appointed 11 January 2018)
M Massey (Appointed 11 September 2017)
G McIntosh (Appointed 11 September 2017)
M Palmer (Appointed 11 September 2017)
C Spooner (Chair) (Appointed 11 September 2017)
B Wilding (Accounting Officer) (Appointed 11 January 2018)
R Woodford (Appointed 11 September 2017)
S Milburn (Appointed 11 September 2017 and resigned 14 March 2018)
C Pennell (Appointed 11 September 2017 and resigned 16 February 2018)
N Hall (Appointed 26 July 2018)
J Roach (Appointed 31 August 2018)

Soke Education Trust Senior Management Team

- B Wilding	Chief Executive Officer
- C Day	Chief Finance Officer
- R Simmons	
- R Thrower	

Senior management team

- Gunthorpe - Headteacher	F Hollingsworth
- Gunthorpe - Deputy Headteacher	C Brattan
- Gunthorpe - Assistant Headteacher	C Parker (appointed 1 September 2018)
- John Clare - Headteacher	R Simmons
- John Clare - Deputy Headteacher	S Nicolson
- Werrington - Headteacher	B Wilding
- Werrington - Deputy Headteacher	L Theadgill
- Werrington - Deputy Headteacher	C Moody
- Wittering - Headteacher	R Thrower
- Wittering - Deputy Headteacher	C Blake

Company registration number

10954886 (England and Wales)

Principal and registered office

Werrington Primary School
Amberley Slope
Werrington
Peterborough
PE4 6QG

SOKE EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

Werrington Primary School
Gunthorpe Primary School
Wittering Primary School
John Clare Primary School

Location

Peterborough
Peterborough
Wittering
Helpston

Principal

B Wilding
F Hollingsworth
R Thrower
R Simmons

Independent auditor

Baldwins Audit Services
Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Bankers

Lloyds Bank
27-31 Westgate
Peterborough
Cambridgeshire
PE1 1YH

Solicitors

Stone King LLP
Wellington House
East Road
Cambridge
CB1 1BH

SOKE EDUCATION TRUST

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2018

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the period 11 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates four primary Academies across Peterborough. Its schools have a combined pupil capacity of 1,365 and had a roll of 1,288 in the school census on the 4 October 2018.

Structure, governance and management

Constitution

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

The trustees of Soke Education Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the period, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim.

Method of recruitment and appointment or election of trustees

The Trust Board shall comprise of Trustees or Directors of the Trust. The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum. All Trustees on their appointment or election give a written undertaking to the Trustees to uphold the object of the Trust.

The company shall have the following Trustees:

- up to 8 Trustees,
- the Chief Executive Officer,
- and a minimum of 2 Parent Trustees elected in the event that no Local Governing Bodies are established

The Members make any appointment of Trustees following a recruitment and selection process undertaken by the Trustees. This is based on a skills audit undertaken annually and suitable candidates application via a curriculum vitae and interview.

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

Policies and procedures adopted for the induction and training of trustees

The Articles outline that the Trustees may appoint committees to be known as Local Governing Bodies for each school.

Policies and Procedures Adopted for the Induction and Training of Trustees.

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 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. As there are normally few new Trustees in a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

Each constituent school has a local Governing Body to which the Trust Board delegates power, via the approved scheme of delegation. The local Governing Bodies have plenary sessions each term and a suite of committees which engage in the substantive work of the governance of each school. The activity of the full Governing Body meetings and of the committees of each constituent school is reported to the Trust Board each term via the headteachers' reports.

Soke Education Trust is a Multi-Academy Trust consisting of four constituent schools, namely:

- Gunthorpe Primary School
- John Clare Primary School
- Werrington Primary School
- Wittering Primary School

Each of these schools before conversion to Academy status was a local authority school. Soke Education Trust acts as Sponsor for Gunthorpe Primary School from conversion of the Trust 1st January 2018.

Each school has its own local Governing Body, which exercises local control via an agreed and approved scheme of delegation set out from the Board of the Multi-Academy Trust. The composition of each local Governing Body is determined by each school and reflects key stakeholders of the school in its membership.

The scheme of delegation adopted by the Trust passes the responsibility for 100% of the budget allocation to each member school. Therefore, the local Governing Bodies are responsible for the financial management of their school. The budget plan for each school is approved by the full Governing Body and the monitoring of this and other financial management matters are delegated to the governing body at each school.

The Trust Board is made up of seven Trustees, the Chief Executive Officer and the Chair of Board. The Trust Board meets ten times a year to monitor the finances and educational progress of the pupils within each constituent school. The Trust Board has two sub-committees: the Audit, Finance and Risk (AFR) together with a Standards Committee. The Audit Finance and Risk Committee meets six times a year to review in detail the financial affairs of each constituent school. The role of the committee is to maintain an oversight of the Trust's finances, governance, risk management, internal control and value for money framework. It reports its findings at each meeting of the Trust Board. The standards committee supports improvement of trust schools, using data to drive challenge. Both committees report their findings at each meeting of the Trust Board.

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

Arrangements for setting pay and remuneration of key management personnel

Pay has been set down through the School Teachers Pay and Conditions Document. The proposed changes to each of the pay spines have been approved across all the pay ranges and allowances for the September 2018 pay award are set out in the STPC Document 2018. Decisions about teachers' pay progression must be linked to the Performance Management Policy and are based on criteria set out in the School's Pay Policy 2018. The Pay Body will operate the Pay Policy as the 'relevant body', as defined in the STPC Document, and for the pay arrangements agreed for all the support staff which will:

- grade posts appropriately within the conditions of employment identified in the current STPC Document and the conditions of service for support staff employed by the Pay Body.
- take into account pay relativities between posts within the teachers of the Pay Body and support staff of the Pay Body.
- ensure that the annual appraisal of all teacher staff, including those absent from duty for any reason, is fairly and properly conducted in accordance with the School's Appraisal Policy as soon as possible, by 31 October 2018 at the latest; 31 December 2018 for the Headteacher.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

-

Full-time equivalent employee number

-

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

-

1%-50%

-

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

-

Total pay bill

3,277,430

Percentage of the total pay bill spent on facility time

-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

-

Related parties and other connected charities and organisations

The Trust works alongside two other charities:

- Friends of John Clare (Charity number 1167008)
- Werrington Primary School PTA (Charity number 1106393)

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

Objectives and activities

Objects and aims

Soke Education Trust was established on the 1st of January 2018, set up as three founding schools, Werrington, Wittering and John Clare Primary, all within the Local Authority of Peterborough. During the process the Trust was asked to become a Sponsor for Gunthorpe Primary and therefore the Trust was established from inception with four schools.

The Trust is deliberately a Primary focused Multi Academy Trust and the schools within the Trust are able to share best practice, staffing expertise and common experiences within the Primary sector. The schools within the Trust also share common values, placing learners at the centre of everything that they do. With ambitions to Sustain high achievement, Empower confident learners and Transform the life opportunities for all, each school retains its own school identity.

Schools are led by the Headteacher and Local Governing Body, driving opportunity and school improvement, whilst retaining its own unique flavour and identity. We recognise the vast array of positive qualities and strengths within each of our schools. Working together and drawing upon this wealth of talent ensures that we provide the very best learning opportunities and enrichment for our pupils. The Scheme of Delegation enables the Governing Bodies of each school within the Trust, to ensure they can maintain their unique ethos and values.

The Trust is able to work collaboratively using expertise held within the Trust to share best practice. Aiming to drive down costs through collective purchasing, investment in school estates, greater flexibility with staffing resources and career development. Over time, as we grow, it is anticipated that greater centralisation of services will ensure increased efficiencies and internal expertise in specific areas, allowing school management to focus on teaching and improving learning outcomes for pupils.

The combination of our approach and being a purely primary focussed Trust makes us unique.

The Rationale

Soke Education Trust is currently set up with three two form entry Primary schools and one small village Primary School, comprising approximately 1,400 pupils across the Trust. The Trust have been advised by the regional schools' commissioner that they need to grow to ensure financial stability. In order to build strong financial sustainability for the Trust, we would like to grow with the aim of having around 3,000 pupils. In order to achieve this, the Trust is inviting like-minded primary schools to partner within the Soke Education Trust family, building on a culture of school independence and collaborative working. Specifically, schools will not be called Academies, and will retain their autonomy.

Trust Strategic Objectives 2018-2021

Soke Education Trust has four strategic goals for this period:

- Educational Excellence
- Inspirational Leadership
- Operational Efficiency
- Strategic Growth

1. Educational Excellence

Soke Education Trust provide the best education for all Trust pupils, of all abilities and backgrounds. We do this by:

- Fostering a culture of outstanding performance, to deliver academic excellence
- Utilising our best resources, skills and processes across the Trust
- Retaining, recruiting and training skilled and talented people
- Ongoing engagement with pupils, parents, governors and local educational authorities

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

2. Inspirational Leadership

We aim to support and strengthen our leadership team to provide outstanding and dynamic leadership across the Trust. We will do this by:

- Empowering and developing our leaders, to deliver the Trust strategy
- Supporting the ongoing coaching and training of the Leadership Team
- Mentoring at all levels for all staff, teaching and non-teaching
- Promoting and rewarding best practice
- External benchmarking to drive improvement
- Encouraging engagement with all key stakeholders

3. Operational Excellence

We aim to operate to the highest standards and will achieve operational excellence by:

- Achieving targeted key performance indicators
- Identifying opportunities to review all contracts, utilising economies of scale
- Pursuing appropriate revenue opportunities
- Prudent financial management
- Ongoing monitoring & review

4. Strategic Growth

We aim to expand to c. 3,000 pupils within 5 years, by recruiting local like-minded primary schools. We will do this by:

- Proactive networking with relevant stakeholders, to drive the development of the Trust
- Researching, to identify schools who share our ethos and values
- Developing strong due diligence and onboarding processes, safeguarding the stability of the Trust
- Working alongside the Senior Management Team to ensure they have the capacity and skills to develop and grow the Trust
- Growing the Trust in a measured, way to ensure that standards are maintained and improved and that there is sufficient capacity to bring about transformation as required.

The Trust was formed to enable founding schools to take control of their own destiny, improving the education standards within their schools. This will be achieved by centralising core business functions, giving the Trust the ability to establish better buying capacity, contract negotiation, shared resources, educational expertise, process and best practice. The ultimate ambition being to transfer these savings into front line, quality-first teaching. A robust evidence-based strategic cost reduction plan will be created to support our business plan.

With ever decreasing budgets and increasing costs, the Trust has to focus on achieving value for money, efficiency savings and building a robust business model for the future. In order to achieve strong financial sustainability for our schools, the board aims to grow to 3,000 pupils within the next 5 years. Local Governing Bodies will be held accountable for improving and sustaining the education of our pupils, whilst the Trust will provide the capacity to support this, to deliver our strategic aims

"Each part of strategy must work together, autonomy demands accountability, a system led by the front line only works if there is sufficient capacity where it's needed."

Source: DfE Strategy, 2015-2020)

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

Public benefit

The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit, "*Charities and Public Benefit*".

The Trust's public benefit is incorporated in its objectives, which are detailed on the Principal Activities section of this accounts report. The Trust considers that the Trust's aims are demonstrably to the public benefit. The Trust's aim is to advance, for the public benefit, the education of pupils in Peterborough and surrounding areas, in particular, but without prejudice to, the generality of the foregoing, by estimating, maintaining, carrying on, managing and developing schools, offering a broad curriculum.

Schools within the Trust provide 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 the community.

Achievements and performance

The schools have performed well over the past 12 months with some schools seeing exceptional results.

The sponsored school, Gunthorpe, benefits from additional capacity to enable rapid improvement with support from the Trust, as well as external school improvement partners.

Key performance indicators

Soke Education Trust Performance Report against 2018 National Data Outcomes shown below

EYFS – Good Level of Development (GLD)/ Phonics Screening Check 1/Phonics Screening Check 2/KS1 Teacher Assessment and KS2 SAT's.

(KS2 Reading and Mathematics results show actual test results. Writing results are teacher assessments.)

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

	EYFS	Phonics 1 By end of Y1	Phonics 2 By end of Y2	KS1 R%	Wr%	Ma%	KS2 R%	Wr%	Ma%	GPS%	Comb%
2018 National Provisional (Expected)	70.7	81	92	76	68	75	75	78	76	78	64
2018 National Provisional (Higher Standard)							28	20	24	34	10
2018 Soke Education Trust Schools Unvalidated Results											
GUNTHORPE Expected Standard	55	78	88	67	59	78	49	49	42	44	34
Higher Standard							7	3	2	7	0
Average Scaled Score							98	97	96	99	
Progress							-1.6	-0.1	-3.7		
WERRINGTON Expected Standard	78	83	96.7	80	73	83	76	78	83	78	67
Higher Standard							31	19	28	41	12
Average Scaled Score							105	107	106	106.4	
Progress							-1.0	-1.0	+0.8		
WITTERING Expected Standard	77	81	86	85	74	87	86	69	77	71	54
Higher Standard							43	23	23	34	11
Average Scaled Score							105	105	104	107	
Progress							-1.0	-4.0	-3.8		
JOHN CLARE Expected Standard	83	87	94	75	81	81	100	93	100	100	93
Higher Standard							47	40	27	47	27
Average Scaled Score							110	106	107	108	
Progress							0.2	-0.4	-2.6		

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

The Trust regularly monitors the performance of all Trust schools. The key performance indicators regularly reviewed by Trustees are:

- Financial stability
- Cost savings
- Pupils on roll
- Year on year improvement of Gunthorpe school, (completion by September 2019)
- All schools Ofsted "ready" by Nov 2019
- All schools successful Ofsted visits achieved.
- Year on year improvement of individual school performance
- Continuous Reporting Document

Going concern

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

Financial review

Most of the school's income is obtained from the Education and Skills Funding Agency (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.

During the period, the schools within the Trust received total funding of £3,907,611 compared to total resources expended of £4,081,449 to give a deficit for the period of £173,838.

Taking into account the surplus brought forward inherited from the former local authority schools, the Trust has £11,331,197 in accumulated reserves carried forward.

The Trustees consider an appropriate level of reserves to be no more than two months' total expenditure, to insulate the Trust in the event of ESFA funding becoming interrupted, and the carry forward at 31 August 2018 is considered to be in line with this objective.

Reserves policy

The Trust's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the Trust has or can make available to spend for any or all of the Trust's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to an individual constituent school which is to be spent at the Trustees' discretion in furtherance of any of the Trust's objects, but which is not yet spent, committed or designated.

The Trustees intend to review the reserve levels of the Trust annually. This review will encompass the nature of income and expenditure streams. The Trustees have determined that the GAG monies received on the pupils in the school at the current time and retain a modest reserve in each school. The Trustees have determined that the appropriate level of free reserves should be equivalent to a maximum 32 days' expenditure, which is approximately £533,752. 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. The Trust's current level of free reserves is £595,896.

The level of restricted funds at the period end, excluding the restricted fixed asset fund; and the pension reserve, amounted to £749,222. Reserves are held at all constituent schools.

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

Investment policy

Soke Education Trust aims to spend public monies with which it has been entrusted for the direct educational benefit of pupils as soon as is prudent. The Trustees do not consider the investment of surplus funds as a primary activity, rather than as a good result of sound financial management as and when circumstances allow.

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Each school within the Trust will prepare such budgets and cash flow forecasts as are required to ensure viability and sustainability for the activities of each school.

Principal risks and uncertainties

The Trustees of Soke Education Trust have overall responsibility and ultimate decision-making authority for all the work of the Company, including the establishing and running of schools. This is largely exercised through strategic planning and the setting of policy. It is managed through business planning, monitoring of budgets, performance management, the setting of standards and the implementation of quality management processes. The Trustees have the power to direct change where required.

The Trustees have delegated authority for the running of each of constituent its schools to local Governing Bodies, who in turn also fulfil a largely strategic role in their conduct of the schools by further delegating authority to a Headteacher and senior management team who are responsible for the internal organisation, management and control of the school on a day to day basis.

Based on the above process, the Audit, Finance and Risk committee undertakes a comprehensive review of the risks to which the Trust is exposed by regularly reviewing the risk management policy and risk register. The committee identifies systems and procedures, including specific preventable actions, which should mitigate any potential negative impact on any of the individual schools.

The internal controls for managing risks deemed as medium and high are incorporated into an annual risk management action plan. The effectiveness of the Trust's internal controls in managing the risks identified is regularly monitored.

A thorough appraisal will be undertaken in the year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the Audit, Finance and Risk committee will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the Trust.

A risk register, covering low, medium and high-level risks, is maintained at Trust level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

The Trust's approach to risk management raises awareness of risk throughout the whole of the Trust. In addition, Head Teachers incorporate risk management in their reports and school improvement plans.

Outlined below is a description of the principal risk factors that may affect the Trust. However, not all factors are within the Trust's control and other factors besides those listed below may also adversely affect the Trust.

1. Government funding

The Trust has considerable reliance on continued government funding through the Education and Skills Funding Agency (ESFA) and the Local Authority.

This risk has and will be mitigated in a number of ways:

- Funding is derived through a number of indirect arrangements;
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the school is focused on those priority sectors which will continue to benefit from public funding;
- Contingency planning embedded into the school budget process.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the Trusts' balance sheet in line with the requirements of FRS 102.

The Trust takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

3. Pupil Strategy

The Trust seeks to maintain its popularity, within each school, with current and prospective pupils by:

- ensuring the school delivers high quality education and training;
- maintaining outstanding success rates and good inspection outcomes; and
- investing in its teaching staff and resources.

With ongoing commitment to quality, the Trust provides up to date and well-resourced learning environments including resources that support and enrich a broad curriculum, technology and mobile technology resources are deployed widely ensuring good pupil access.

This places the Trust in an excellent position to attract new pupils into its schools.

Fundraising

The Academy Trust is compliant with the recognised standards of fundraising set out in the Code of Fundraising Practice. Soke Educational Trust does not use professional fundraisers and there have been no complaints received by the Academy Trust about fund raising activities carried out by the Academy Trust in the year.

SOKE EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

Plans for future periods

The Trust is seeking to exploit the opportunities afforded by conversion to academy status. This is achieved by utilising increased financial resources and governance freedoms to improve further the standard of teaching and learning but also, importantly, to improve the Trust estate. The lack of clarity on future funding arrangements for schools places a degree of uncertainty around the education sector and makes medium to long term planning difficult. The DfE and ESFA have now implemented a national funding formula.

Pupil and sport premium has enabled each school to continue to work towards closing the achievement gap for disadvantaged pupils, with focused activity planned in each constituent school.

Schools across the Trust employ professional support in the development of plans for submission to the Condition Improvement Fund (CIF) for the improvement of buildings where conditions are substandard.

The Trust intends to expand and grow the number of schools and as such has made a number of presentations to local schools with a common interest. A new school Academy Joiner pack has been created and will be used as part of the due diligence process, prior to conversion.

Funds held as custodian trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others.

Auditor

In so far as the trustees are aware:

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

A resolution proposing that Baldwins Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13/12/18 and signed on its behalf by:



C Spooner
Chair

SOKE EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2018

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to B Wilding as CEO and 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 Soke Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
A Islam (Appointed 11 January 2018)	2	5
M Massey (Appointed 11 September 2017)	3	5
G McIntosh (Appointed 11 September 2017)	4	5
M Palmer (Appointed 11 September 2017)	5	5
C Spooner (Chair) (Appointed 11 September 2017)	4	5
B Wilding (Accounting Officer) (Appointed 11 January 2018)	5	5
R Woodford (Appointed 11 September 2017)	4	5
S Milburn (Appointed 11 September 2017 and resigned 14 March 2018)	0	0
C Pennell (Appointed 11 September 2017 and resigned 16 February 2018)	0	0
N Hall (Appointed 26 July 2018)	0	0
J Roach (Appointed 31 August 2018)	0	0

Each school manages its own financial affairs and has a local Governing Body to oversee this.

The Trust budget is approved by the Trust Board annually with the management and review of this being delegated to a sub committee with responsibility for financial matters.

The Audit, Finance and Risk committee is a sub-committee of the main Board of Trustees. Its purpose is to maintain an oversight of the Trust's finances, governance, risk management, internal control and value for money framework. The Audit, Finance and Risk Committee has formally met 3 times during the period. Attendance during the period at meetings of the Audit, Finance and Risk Committee was as follows:

Attendance at meetings in the period was as follows:

Trustees	Meetings attended	Out of possible
A Islam (Appointed 11 January 2018)	3	3
G McIntosh (Appointed 11 September 2017)	0	3
M Palmer (Appointed 11 September 2017)	3	3
B Wilding (Accounting Officer) (Appointed 11 January 2018)	3	3
R Woodford (Appointed 11 September 2017)	3	3

SOKE EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

Review of value for money

As Accounting Officer and CEO B Wilding has responsibility for ensuring that the Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- identifying cost savings when purchasing resources
- identified savings that could be made by purchasing as a Trust
- re-tendering for the Trust longer term contracts

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Soke Education Trust for the period 11 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 11 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

SOKE EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

The board of trustees has considered the need for a specific internal audit function and has decided not appoint an Internal Auditor.

However the Trustees have appointed Baldwins Audit Services, the external auditor, to perform additional checks. Baldwins Audit Services were appointed to carry out the function of Responsible Officer whose role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems.

During the period, the Responsible Officer reported to the Board of Trustees twice in the year on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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

- testing of income received
- testing of purchase systems
- testing expenses claims and gifts
- testing of control account/ bank reconciliations
- reviewing for fraud
- payroll
- bank reconciliation

Review of effectiveness

As Accounting Officer and CEO, B Wilding has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:


- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 Headteachers of the individual constituent schools through their termly report to 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 board of trustees on 13/12/18 and signed on its behalf by:



C Spooner
Chair



B Wilding
Accounting Officer

SOKE EDUCATION TRUST

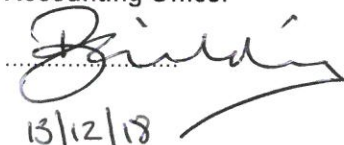
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE PERIOD ENDED 31 AUGUST 2018

As accounting officer of Soke Education 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's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 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.

B Wilding
Accounting Officer



13/12/18

SOKE EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE PERIOD ENDED 31 AUGUST 2018

The trustees (who are also the directors of Soke Education Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & 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 accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 13/12/18 and signed on its behalf by:



C Spooner
Chair

SOKE EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOKE EDUCATION TRUST

FOR THE PERIOD ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Soke Education Trust for the period ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

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

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 accounts' 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 accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

SOKE EDUCATION TRUST

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

FOR THE PERIOD ENDED 31 AUGUST 2018

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 including the incorporated strategic report for the financial period for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated 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 the 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, including the incorporated strategic 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SOKE EDUCATION TRUST

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

FOR THE PERIOD ENDED 31 AUGUST 2018

Use of our report

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



Mr Mark Jackson FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

14.12.2018

Chartered Accountants
Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

SOKE EDUCATION TRUST

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

FOR THE PERIOD ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 15 January 2018 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 Soke Education Trust during the period 11 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 Soke Education Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Soke Education Trust and 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 Soke Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Soke Education Trust's funding agreement with the Secretary of State for Education dated 19 December 2017 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 period 11 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 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.

The work undertaken to draw to our conclusion includes:

- a review of the activities of the academy, by reference to sources of income and other information available to us;
- sample testing of expenditure, including payroll;
- a review of minutes of Governors' and Trustee's meetings.

SOKE EDUCATION TRUST

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

FOR THE PERIOD ENDED 31 AUGUST 2018

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 11 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.



Mr Mark Jackson FCA DChA

Reporting Accountant

Baldwins Audit Services

Ruthlyn House

90 Lincoln Road

Peterborough

Cambridgeshire

PE1 2SP

Dated: 14.12.2018

SOKE EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £
Income and endowments from:					
Donations and capital grants	3	10,662	-	30,175	40,837
Donations - transfer from local authority on conversion	26	415,872	(2,279,603)	12,971,766	11,108,035
Charitable activities:					
- Funding for educational operations	4	64,922	3,696,335	-	3,761,257
Other trading activities	5	103,061	2,037	-	105,098
Investments	6	419	-	-	419
Total		594,936	1,418,769	13,001,941	15,015,646
Expenditure on:					
Charitable activities:					
- Educational operations	9	162,932	3,715,777	202,740	4,081,449
Total	7	162,932	3,715,777	202,740	4,081,449
Net income/(expenditure)		432,004	(2,297,008)	12,799,201	10,934,197
Transfers between funds	19	-	(9,975)	9,975	
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	21	-	397,000	-	397,000
Net movement in funds		432,004	(1,909,983)	12,809,176	11,331,197
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		432,004	(1,909,983)	12,809,176	11,331,197


SOKE EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£
Fixed assets			
Tangible assets	14		12,792,975
Current assets			
Debtors	16	198,018	
Investments		2,766	
Cash at bank and in hand		911,955	
		<u>1,112,739</u>	
Current liabilities			
Creditors: amounts falling due within one year	17	(363,517)	
		<u>749,222</u>	
Net current assets			<u>13,542,197</u>
Net assets excluding pension liability			
Defined benefit pension scheme liability	21	(2,211,000)	
		<u>11,331,197</u>	
Net assets			<u><u>11,331,197</u></u>
Funds of the academy trust:			
Restricted funds	19		
- Fixed asset funds		12,809,176	
- Restricted income funds		301,017	
- Pension reserve		(2,211,000)	
		<u>10,899,193</u>	
Total restricted funds			
Unrestricted income funds	19	432,004	
		<u>11,331,197</u>	
Total funds			<u><u>11,331,197</u></u>

The accounts on pages 24 to 45 were approved by the trustees and authorised for issue on 13/12/18 and are signed on their behalf by:



C Spooner

Chair

Company Number 10954886

SOKE EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 AUGUST 2018

	Notes	2018 £	£
Cash flows from operating activities			
Net cash provided by operating activities	22		307,671
Cash funds transferred on conversion			605,811
			<u>913,482</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		419	
Capital grants from DfE Group		30,175	
Purchase of tangible fixed assets		(29,355)	
Purchase of investments		(2,766)	
		<u></u>	
Net cash used in investing activities			<u>(1,527)</u>
Net increase in cash and cash equivalents in the reporting period			911,955
Cash and cash equivalents at beginning of the year			-
Cash and cash equivalents at end of the year			<u><u>911,955</u></u>

SOKE EDUCATION TRUST

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

1 Accounting policies

Soke Education Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

1.1 Basis of preparation

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

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

These accounts have been prepared for the period 11 September 2017 to 31 August 2018 which is a period of less than twelve months. Academy trusts are required by the Education Funding Agency to report annually to 31 August and the academy trust is not permitted under the Companies Act 2006 to extend its accounting reference date to more than eighteen months but it may shorten it.

1.2 Going concern

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

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from each school to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Land and buildings have been valued based on an average price per m2 of GIA. The average price per m2 has been obtained from other valuations of academy buildings in the local area. Further details of the transaction are set out in note 26.

1.4 Income

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

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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.

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

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

Donations

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

Other income

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

Transfer of assets on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. Income equal to the net assets transferred on conversion is recognised within donations and capital grant income.

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

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.

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Governance costs

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

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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.

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

Leasehold land and buildings	Buildings 2% straight line of cost. Land not depreciated
Computer equipment	33% straight line of cost
Fixtures, fittings & equipment	12.5% straight line of cost

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

1.7 Liabilities

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

1.8 Leased assets

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

1.9 Investments

Current asset investments are stated at market value.

One of the schools within the Trust has control over investment funds in the name of Helpston County Primary School Trust, the income from which can be applied for use within that school.

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.

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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 instruments, and are measured at amortised cost. 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.

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.

1.12 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

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.

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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 Group.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £
Capital grants	-	30,175	30,175
Other donations	10,662	-	10,662
	<u>10,662</u>	<u>30,175</u>	<u>40,837</u>

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £
DfE / ESFA grants			
General annual grant (GAG)	-	3,137,316	3,137,316
Other DfE group grants	-	447,000	447,000
	-	3,584,316	3,584,316
Other government grants			
Local authority grants	-	96,899	96,899
Other funding			
Other incoming resources	64,922	15,120	80,042
Total funding	64,922	3,696,335	3,761,257

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £
Lettings	16,486	-	16,486
Catering income	68,408	-	68,408
Other income	18,167	2,037	20,204
	103,061	2,037	105,098

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £
Short term deposits	419	-	419

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £
Academy's educational operations				
- Direct costs	2,614,724	-	192,799	2,807,523
- Allocated support costs	662,706	347,513	263,707	1,273,926
	<u>3,277,430</u>	<u>347,513</u>	<u>456,506</u>	<u>4,081,449</u>

Net income/(expenditure) for the period includes:

	2018 £
Fees payable to auditor for:	
- Audit	11,500
- Other services	6,234
Depreciation of tangible fixed assets	154,063
Net interest on defined benefit pension liability	43,000
	<u>109,113</u>

8 Central services

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

- human resources;
- financial services;
- legal services.

The academy trust charges for these services on the following basis:

- flat percentage of GAG currently set at 3.5%

The amounts charged during the period were as follows:

	2018 £
Werrington Primary School	34,591
Gunthorpe Primary School	35,970
Wittering Primary School	27,333
John Clare Primary School	11,219
	<u>109,113</u>

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £
Direct costs			
Educational operations	61,532	2,745,991	2,807,523
Support costs			
Educational operations	101,400	1,172,526	1,273,926
	<u>162,932</u>	<u>3,918,517</u>	<u>4,081,449</u>

Analysis of costs

Direct costs

Teaching and educational support staff costs	2,596,897
Staff development	17,827
Technology costs	27,650
Educational supplies and services	100,137
Other direct costs	65,012
	<u>2,807,523</u>

Support costs

Support staff costs	662,706
Depreciation	154,063
Maintenance of premises and equipment	66,531
Cleaning	13,437
Energy costs	54,375
Rent, rates and other occupancy costs	38,804
Insurance	20,303
Catering	121,019
Finance costs	43,000
Other support costs	48,745
Governance costs	50,943
	<u>1,273,926</u>

10 Governance costs

All from restricted funds:	Total 2018 £
Amounts included in support costs	
Legal and professional fees	33,209
Auditor's remuneration	
- Audit of financial statements	11,500
- Other audit costs	6,234
	<u>50,943</u>

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

11 Staff

Staff costs

Staff costs during the period were:

	2018 £
Wages and salaries	2,384,382
Social security costs	195,222
Pension costs	610,148
Staff costs	3,189,752
Agency staff costs	57,301
Staff restructuring costs	12,550
Staff development and other staff costs	17,827
Total staff expenditure	3,277,430

Staff restructuring costs comprise:

Severance payments	12,550
--------------------	--------

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,550. Individually, the payments were £9,050 made on 19 February 2018 and £3,500 made on 4 June 2018.

Staff numbers

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

	2018 Number
Teachers	69
Administration and support	130
Management	5
	204

Higher paid staff

There were no employees whose annual remuneration was £60,000 or more.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management 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 £194,789.

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

12 Trustees' remuneration and expenses

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

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

B Wilding (accounting officer and governor)

Remuneration £55,000 - £60,000

Employer's pension contributions £5,000 - £10,000

During the year ended 31 August 2018, no expenses were reimbursed or paid directly to trustees.

13 Trustees and officers insurance

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

14 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 11 September 2017	-	-	-	-
Transfer on conversion	12,917,683	-	-	12,917,683
Additions	7,009	5,154	17,192	29,355
At 31 August 2018	12,924,692	5,154	17,192	12,947,038
Depreciation				
At 11 September 2017	-	-	-	-
Charge for the period	152,625	378	1,060	154,063
At 31 August 2018	152,625	378	1,060	154,063
Net book value				
At 31 August 2018	12,772,067	4,776	16,132	12,792,975

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

15 Financial instruments

2018
£

Carrying amount of financial assets

Trade debtors	1,482
Accrued income	85,139
Cash at bank and in hand	911,955
Debt instruments measured at cost	998,576

Carrying amount of financial liabilities

Trade creditors	38,677
Accruals	31,834
Debt instruments measured at cost	70,511

16 Debtors

2018
£

Trade debtors	1,482
VAT recoverable	45,313
Prepayments and accrued income	151,223
	198,018

17 Creditors: amounts falling due within one year

2018
£

Trade creditors	38,677
Other taxation and social security	143,730
Accruals and deferred income	181,110
	363,517

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

18	Deferred income	2018
		£
	Deferred income is included within:	
	Creditors due within one year	149,276
		<hr/>
	Resources deferred in the period	149,276
		<hr/>
	Deferred income at 31 August 2018	149,276
		<hr/>

Deferred income includes amounts received in advance relating to Universal Infant School Meals, restricted donations that are repayable if not utilised and trips.

19	Funds			Gains, losses and transfers	Balance at 31 August 2018
		Income	Expenditure	£	£
		£	£		
	Restricted general funds				
	General Annual Grant (GAG)	3,137,316	(2,988,934)	(9,975)	138,407
	Other DfE / ESFA grants	447,000	(405,348)	-	41,652
	Other government grants	96,899	(96,899)	-	-
	Families Centre	134,453	(30,114)	-	104,339
	JumpJet Book Club	3,440	(646)	-	2,794
	Helpston School Foundation	4,541	-	-	4,541
	Other restricted funds	15,120	(5,836)	-	9,284
	Pension reserve	(2,420,000)	(188,000)	397,000	(2,211,000)
		<hr/>	<hr/>	<hr/>	<hr/>
		1,418,769	(3,715,777)	387,025	(1,909,983)
		<hr/>	<hr/>	<hr/>	<hr/>
	Restricted fixed asset funds				
	Transfer on conversion	12,971,766	(198,304)	(8,345)	12,765,117
	DfE group capital grants	30,175	(2,939)	(11,035)	16,201
	Purchased fixed assets	-	(1,497)	29,355	27,858
		<hr/>	<hr/>	<hr/>	<hr/>
		13,001,941	(202,740)	9,975	12,809,176
		<hr/>	<hr/>	<hr/>	<hr/>
	Total restricted funds	14,420,710	(3,918,517)	397,000	10,899,193
		<hr/>	<hr/>	<hr/>	<hr/>
	Unrestricted funds				
	General funds	552,932	(159,037)	-	393,895
	Wittering School Fund	42,004	(3,895)	-	38,109
		<hr/>	<hr/>	<hr/>	<hr/>
		594,936	(162,932)	-	432,004
		<hr/>	<hr/>	<hr/>	<hr/>
	Total funds	15,015,646	(4,081,449)	397,000	11,331,197
		<hr/>	<hr/>	<hr/>	<hr/>

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

19 Funds

(Continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy Trust.

Other DFE / ESFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education for pupils from a disadvantaged background.

Local Government Grants include funding provided for pupil's with Statements of Special Educational Needs and is used by the academy to assist with the pupils education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy Trust's share of the Local Government Pension Scheme deficit. This is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund.

General Annual Grant must be used for the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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

Total funds analysis by academy

	2018
Fund balances at 31 August 2018 were allocated as follows:	£
Werrington Primary School	217,288
Gunthorpe Primary School	252,132
Wittering Primary School	185,154
John Clare Primary School	24,500
Central services	53,947
Total before fixed assets fund and pension reserve	733,021
Restricted fixed asset fund	12,809,176
Pension reserve	(2,211,000)
Total funds	11,331,197

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

19 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Werrington Primary School	907,009	6,113	33,176	168,685	1,114,983
Gunthorpe Primary School	964,208	4,899	36,560	123,224	1,128,891
Wittering Primary School	886,285	4,215	7,316	108,884	1,006,700
John Clare Primary School	307,802	1,725	23,085	53,023	385,635
Central services	49,299	875	-	53,003	103,177
	<u>3,114,603</u>	<u>17,827</u>	<u>100,137</u>	<u>506,819</u>	<u>3,739,386</u>

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	12,792,975	12,792,975
Current assets	646,245	450,293	16,201	1,112,739
Creditors falling due within one year	(214,241)	(149,276)	-	(363,517)
Defined benefit pension liability	-	(2,211,000)	-	(2,211,000)
Total net assets	<u>432,004</u>	<u>(1,909,983)</u>	<u>12,809,176</u>	<u>11,331,197</u>

21 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £78,006 were payable to the schemes at 31 August 2018 and are included within creditors.

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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 the TPS in the period amounted to £237,476.

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.8% to 20.9% for employers and 5.5% to 6.8% for employees. The estimated value of employer contributions for the forthcoming year is £311,000.

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 26) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Total contributions made	2018 £
Employer's contributions	213,000
Employees' contributions	52,000
Total contributions	265,000

Principal actuarial assumptions	2018 %
Rate of increase in salaries	2.6
Rate of increase for pensions in payment/inflation	2.3
Discount rate for scheme liabilities	2.8

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

	2018 Years
Retiring today	
- Males	22.4
- Females	24.4
Retiring in 20 years	
- Males	24.0
- Females	26.3

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £
0.5% decrease in Real Discount Rate	527,000
0.5% increase in Salary Increase Rate	86,000
0.5% increase in Pension Increase Rate	435,000

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

The academy trust's share of the assets in the scheme	2018 Fair value £
Equities	1,628,980
Bonds	226,820
Property	144,340
Other assets	61,860
Total market value of assets	2,062,000

The actual return on scheme assets was £117,000.

Amount recognised in the Statement of Financial Activities	2018 £
Current service cost	358,000
Interest income	(31,000)
Interest cost	74,000
Total operating charge	401,000

Changes in the present value of defined benefit obligations	2018 £
Transferred in on existing academies joining the academy trust	4,100,000
Current service cost	358,000
Interest cost	74,000
Employee contributions	52,000
Actuarial gain	(311,000)
At 31 August 2018	4,273,000

Changes in the fair value of the academy trust's share of scheme assets	2018 £
Transferred in on existing academies joining the academy trust	1,680,000
Interest income	31,000
Actuarial gain	86,000
Employer contributions	213,000
Employee contributions	52,000
At 31 August 2018	2,062,000

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

22 Reconciliation of net income to net cash flow from operating activities

	2018 £
Net income for the reporting period (as per the Statement of Financial Activities)	10,934,197
Adjusted for:	
Net income on conversion to an academy	(11,108,035)
Capital grants from DfE/ESFA and other capital income	(30,175)
Investment income receivable	(419)
Defined benefit pension costs less contributions payable	145,000
Defined benefit pension net finance FALSE	43,000
Depreciation of tangible fixed assets	154,063
(Increase) in debtors	(198,018)
Increase in creditors	363,517
Stocks, debtors and creditors transferred on conversion	4,541
Net cash provided by operating activities	307,671

23 Commitments under operating leases

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

	2018 £
Amounts due within one year	5,698
Amounts due in two and five years	11,690
	17,388

24 Related party transactions

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

Some of the trustees have children who are pupils at the trust's academies, consequently there will be transactions between those trustees and the trust in respect of their children's education. These are on the same basis as other pupils at the trust's academies.

Some of the trustees have family members who are employees of the Academy Trust. The contracts are on the same basis as the other comparable employees at the Academy Trust.

A number of the trustees were also governors at the predecessor schools which transferred into the Trust.

SOKE EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

25 Members' liability

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

26 Conversion to an academy

On 1 January 2018 Werrington Primary School, Wittering Primary School, Gunthorpe Primary School and John Clare Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Soke Education Trust from the Cambridgeshire Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

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

Academy	Location	Date of conversion	
Werrington Primary School	Peterborough	1 January 2018	
Gunthorpe Primary School	Peterborough	1 January 2018	
Wittering Primary School	Wittering	1 January 2018	
John Clare Primary School	Helpston	1 January 2018	

	2018 £
Net assets transferred:	
Leasehold land and buildings	12,917,683
Cash	605,811
LGPS pension surplus/(deficit)	(2,420,000)
Other restricted funds	4,541
	<u>11,108,035</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	12,971,766	12,971,766
LA budget funds	415,872	135,856	-	551,728
LGPS pension funds	-	(2,420,000)	-	(2,420,000)
Other funds	-	4,541	-	4,541
	<u>415,872</u>	<u>(2,279,603)</u>	<u>12,971,766</u>	<u>11,108,035</u>