

Registered number: 07899845

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

LANDAU BAKER LIMITED
Chartered Accountants & Statutory Auditors
Mountcliff House
154 Brent Street
London
NW4 2DR

THE SCHELWOOD TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

| | |
|--|---|
| Members | Mr D Tottingham (resigned 30 September 2016) Mrs W Barnett (resigned 30 September 2016) Mr E John Mr J King-Harris (appointed 1 October 2016) Mr P Ward (appointed 1 October 2016) |
| Trustees | Mr J Reekie, Chair ¹ Miss K M Higgins (appointed 1 October 2016) ¹ Ms J Rockall ¹ Mr P E Rowley (appointed 1 October 2016) ¹ Mr D Tottingham ¹ Mr R S Robertson (appointed 21 November 2016) ¹ Mr K Iyer (appointed 16 January 2017) ¹ Mr P Merison (appointed 29 June 2017) Mr P Vance (resigned 30 September 2016) Mr G Soldi (resigned 30 September 2016) Mr D Cross (resigned 30 September 2016) Mr S Rahala (resigned 30 September 2016) Mrs H Huntley (resigned 30 September 2016) Mr P Makh (resigned 30 September 2017) Mrs W Barnett (resigned 30 September 2016) |
| | ¹ Director of the company |
| Company registered number | 07899845 |
| Company name | The Schelwood Trust |
| Principal and registered office | Northampton Avenue Slough Berkshire SL1 3BW |
| Company secretary | Mrs J Vucic |
| Chief executive officer | Ms J Rockall |
| Senior leadership team | Ms J Rockall, Headteacher (Herschel Grammar School) HGS Mrs J Vucic, Business Manager Mr S Devereux, Deputy Headteacher HGS Mr M Bourne, Deputy Headteacher HGS Mr M Rose, Assistant Headteacher HGS Mrs A Oxley, Assistant Headteacher HGS Mr G Whittaker, Assistant Headteacher HGS Mr G Parsons, Assistant Headteacher HGS Miss K Higgins, Headteacher (Beechwood School) B Mr R Prosser, Deputy Headteacher B Mr B Bowker, Deputy Headteacher B Mr I Priestly, Deputy Headteacher B Ms J Sabbagh, Assistant Headteacher B Mr M Gaffin, Assistant Headteacher B |

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Independent auditors Landau Baker Limited
Chartered Accountants
Mountcliff House
154 Brent Street
London
NW4 2DR

Bankers Lloyds Bank plc
123 High Street
Town Centre
Slough
SL1 1EH

Solicitors Winckworth Sherwood
Minerva House
5 Montagu Close
London
SE1 9BB

THE SCHELWOOD TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Slough, Berkshire. Herschel Grammar School had a capacity of 881 pupils and had a roll of 931 pupils in the school census in May 2016. Beechwood School had a capacity of 900 pupils and had a roll of 795 pupils in the school census in May 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of The Schelwood Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Schelwood Trust. The company changed its name on 9 August 2016 and became a multi-academy trust when Beechwood School joined the trust on 1 October 2016.

Details of the trustees and directors who served during the year are included in the Reference And Administrative Details on page 1.

b. 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.

c. Method of recruitment and appointment or election of trustees

The management of the academies is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association. These provide for up to 10 trustees appointed by the members, of whom not more than one third may be staff trustees. Local governing bodies have been established for each academy in the trust.

The term of office for any trustee is 4 years. The Head Teachers' terms of office runs parallel with their terms of appointment. Subject to remaining eligible to be a particular type of trustee may be reappointed or re-elected.

d. Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new governors will depend on their experience. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academies and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academies.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

e. Organisational structure

The academies have established management structures to enable their efficient running. The structure consists of three levels: the Trustees, the governors and the executive who are the senior leadership team. The governing board of each academy has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

The local governing bodies are sub committees of the Trust Board.

f. Trustees' indemnities

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy

OBJECTIVES AND ACTIVITIES

a. Objects and aims

The principal object and activity of the academy is the operation of Herschel Grammar School and Beechwood School to provide a broad and balanced education for pupils of all abilities. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the academy, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the academy during the period are summarised below:

b. Objectives , strategies and activities

The Schelwood Trust has over the past year worked with its first whole Trust development plan, the major emphasis being:

- ensure the highest of standards in all aspects of our work as we facilitate the learning & personal development of the young people in our care;
- enable young people to secure academic success;
- position young people to be well prepared for their future lives;
- develop young people so they are able to be active citizens who engage positively with their communities;
- equip young people to be able to recognise and seize opportunities and successfully negotiate challenges;
- nurture young people so they are capable, confident and have a belief in self;
- inspire young people so they enjoy their learning & personal development, hold high aspirations and fulfil their ambitions;

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- serve, support and work in effective partnership with our local families and communities;
- invest in staff so they have high quality professional development opportunities and enjoy professional fulfilment.

Targets for both Herschel Grammar School and Beechwood School GCSE examination results and A level examination results are set at the beginning of the academic year and agreed by the individual schools' Local Governing Boards. During the course of the year the schools' SLT and each schools' LGB review progress against the set targets and put measures in place to support those pupils who may be in danger of not achieving their targets.

c. Achievements and performance

Herschel Grammar School

99% of pupils attained at least five A*-C GCSE grades, including English and Maths. All gained at least a 4 in their English while 99% got past the threshold in maths.

The percentage of students achieving A* grade (9-8) stands at 23% which has slightly increased over last year's 22% and is much above the national 7% figure. Students achieving A* to A (9-7) stands at 49% compared to the national results of 21%. Students achieving A* to B (9-5) was 81% and A* to C (9-4) was 94% compared to national results of 66%.

Progress 8 for 2017 stands at +0.76. This indicates outstanding progress. It means on average pupils achieved $\frac{3}{4}$ of a grade better than expected (using KS2 outcomes as the starting point) and places us in top 3.5% of schools nationally for progress.

At A Level the pass rate was 99.7%. The school's A* to B target was 66% and we achieved 59.3%. This is the first year of almost entirely new specifications, so targets were difficult to set as we had no real knowledge of how the new exams would be pitched. Our A* to A target was 35% we achieved 28%. The percentage of A* to C grades was 84.2%. The gap between male/female and between disadvantaged/non disadvantaged has narrowed, but boys are still making much better progress in Maths and Science.

Beechwood School

Due to the introduction of new examinations in GCSE English, English Literature and Mathematics direct year on year comparison is not possible. This year 42% of our Year 11 students gained 5 A*-C / 9 to 4 passes at GCSE including English and Mathematics. The overall 5 A*-C / 9 to 4 result - a combination of any GCSE subject was 54%. In English the grade 9 to 4 outcome was 67.4%. In Mathematics the grade 9 to 1 outcome was 47%. 2017 was a weaker cohort in terms of prior attainment and this combined with more demanding examinations in English, English Literature and Mathematics and fragmented teaching and learning that some of our students have experienced mean that these attainment outcomes compare relatively favourably to last year when the 5A*-C inc English & Maths outcome was 48%.

Progress 8 (P8) score for this cohort was -0.05. This is the calculation of P8 outcome for those students who pursued a full P8 curriculum and therefore could score in all slots in all elements of the calculation. 42.2% of Year 11 in 2017 were on a full P8 programme. When the P8 score is reported in the headline accountability tables, a calculation on the basis of the whole cohort will be cited. This is likely to be reported as -0.07.

At A Level, Beechwood School secured the strongest results overall to date. We enjoyed a 100% A* to E pass rate at A Level and BTEC Level 3. We had the highest number of students meeting or exceeding targets to date. With small numbers of students pursuing courses at Level 3 in Year 13 and with variation in courses being pursued and numbers of students pursuing the different course, year-on-year comparison is not entirely meaningful but a positive trend re standards as indicated by student outcomes is identifiable. The percentage of A* to C grades achieved in A Level and BTEC Level 3 combined was 81.3%. At BTEC the outcome was 93.9% A* to C and at A Level 57.7% A* to C. This compares very favourably.

Of particular note post-16 is the improvement at AS Level and the fact that we have expanded 'qualifying

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

subject offer. Top grades were achieved in English Literature and Geography.

d. Public benefit

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

ACHIEVEMENTS AND PERFORMANCE

a. Going concern

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

b. Key performance indicators

The academy trust set a balanced budget for 2017/18 and showed a (deficit) on restricted general funds (before restricted fixed assets fund and pension reserve) of £(178,799) (2016: £(218,153)). The academy trust will continue to trade with sufficient balances so as to continue the high standard of education offered to its students.

FINANCIAL REVIEW

a. Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review.

b. Principal funding

Most of the Trust'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 12 month period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the LGPS, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Trust. It should be noted that this does not present the Trust with any current liquidity problem, the employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PLANS FOR FUTURE PERIODS

a. Future developments

The priorities of the Trust development plan for the coming year under the Improving Achievement and Standards section are enhancing the quality of teaching, learning and assessment with specific reference to the demands of linear specifications which will be achieved via Teach Meet's and Professional Learning Partnerships across the Trust which will be further developed and expanded. The focus will be on teaching to the top, grapple with the challenge of linearity and organise subject specific CPD.

There are also a number of targeted outcomes both for Beechwood School – significant improvement in outcomes for students in KS4 Maths and Science and Herschel Grammar School – improvement in outcomes at A*/A at A Level.

Both schools have set objectives that are linked to each school's individual progress plans.

Under Leadership and Management the Trust has set priorities on setting up a Middle Leader development programme in collaboration with Herschel Grammar School to support "good to outstanding" and "securing good" which will fit with the performance management process of Beechwood School.

Furthermore, the Trust will harmonise performance management processes and procedures across the MAT by developing a set of MAT professional behaviours and competencies in order to secure the highest quality of staff.

Under staff recruitment and retention, the trust will join in offering new professional support and wellbeing programme to its staff. The MAT will be re-branding and develop joint recruitment as well as explore MAT based SLE's/Leading Practitioners particularly for core subjects.

Financial targets include maximising income streams e.g. through Herschel Grammar School expansion and reducing expenditure through economies of scale across the Trust.

a. Pay policy for all personnel

The school has a Pay Policy in place which is reviewed annually. In line with this policy, staff are going through an annual appraisal process, the report of which contains recommendation on pay progression. The Headteachers are responsible for submitting any recommendations for pay progression, in accordance with the relevant sections of the Pay Policy, to the Pay Appraisal Committee for approval.

FUNDS HELD AS CUSTODIAN

The Trust, during the financial period, received 16 - 19 bursary funds on behalf of the ESFA and disbursed bursaries as disclosed in Note 31.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

AUDITORS

The auditors, Landau Baker Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report was approved by order of the board of trustees, as the company directors, on 6 November 2017 and signed on its behalf by:



Mr J M Reekie
Chair

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Head Teacher of Herschel Grammar School, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Schelwood Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------------|-------------------|-------------------|
| Mr J Reekie, Chair | 3 | 4 |
| Miss K M Higgins | 4 | 4 |
| Ms J Rockall | 4 | 4 |
| Mr P E Rowley | 3 | 4 |
| Mr D Tottingham | 2 | 4 |
| Mr R S Robertson | 4 | 4 |
| Mr K Iyer | 2 | 3 |
| Mr P Merison | 1 | 1 |

The board of trustees consists of the two Headteachers of each school, the chairs of the LGB's and the rest are Community Governors/Trustees.

The Trust does not have a Finance and Premises committee but it does have a Performance Management and Pay Committee.

REVIEW OF VALUE FOR MONEY

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

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

Better Purchasing

- The use of tendering procedures for major expenditure items.
- The use of specialised companies to tender for utility supplies.
- The continued check of existing contracts and finding suppliers who deliver the same services with the same quality but for less money.
- Working with other schools in pooling supplies and negotiating contracts and getting better value for money.

Income generation

- Expanding the gift aid scheme.

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GOVERNANCE STATEMENT (continued)

- Sourcing other avenues of financing projects within the Trust.
- Continuing the practice of outsourcing each school's various services and generating a revenue stream.

Reviewing controls and managing risks

- Ensuring proper internal controls are in place to protect the trust's assets
- Providing regular budget reports to budget holders and the Trust Board
- Ensuring spending across the board is within the set budgets.
- Ensuring the Trust regularly reviews its risks.
- Ensuring new staff are appointed by the Trust and their services used across the Trust as required.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Schelwood Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Performance Management and Pay 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.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr M Epsley, a Business and Finance Director at a local academy trust, as Responsible Officer (RO).

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

- Checking bank reconciliations
- Reviewing monthly payroll
- Reviewing ageing and outstanding debtors and creditors

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GOVERNANCE STATEMENT (continued)

- Checking catering tills records versus money received
- Checking petty cash
- Reviewing expense claims
- Checking whether financial procedures were followed

The RO reports regularly to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

No issues of concern were raised during the audits and the RO reports were received by the Trust Board.

REVIEW OF EFFECTIVENESS

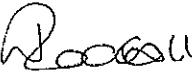
The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 6 November 2017 and signed on their behalf, by:


Mr J.M. Reekie
Chair of Trustees


Ms J Rockall
Accounting Officer

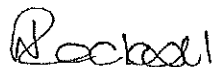
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Schelwood Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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.



Ms J Rockall
Accounting Officer

Date: 6 November 2017

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as trustees for charitable activities of The Schelwood Trust who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Mr J M Reekie
Chair

Date: 6 November 2017

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE SCHELWOOD TRUST

OPINION

We have audited the financial statements of The Schelwood Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE SCHELWOOD TRUST

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

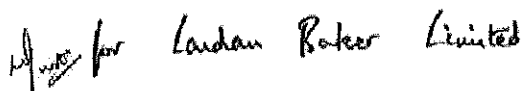
**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SCHELWOOD TRUST**

concern basis of accounting unless the Trustees either intend to liquidate the academy trust's or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

 for Landau Baker Limited

Michael Durst (Senior Statutory Auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
6 November 2017

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

In accordance with the terms of our engagement letter dated 6 January 2012 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Schelwood Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of The Schelwood Trust's funding agreement with the Secretary of State for Education dated 1 February 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees/Governors meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by staff or related parties.
- adherence to tendering policies.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
SCHELWOOD TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

6 November 2017

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

| | Note | Unrestrict'd funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 332,343 | (1,077,886) | 26,107,346 | 25,361,803 | 153,150 |
| Charitable activities | 3 | 235,862 | 10,388,265 | - | 10,624,127 | 5,129,008 |
| Investments | 4 | 760 | - | - | 760 | 737 |
| Other income | | - | 111,412 | - | 111,412 | 97,452 |
| TOTAL INCOME | | 568,965 | 9,421,791 | 26,107,346 | 36,098,102 | 5,380,347 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | | 157,898 | - | - | 157,898 | 56,531 |
| Charitable activities | | 220,067 | 11,016,940 | 424,741 | 11,661,748 | 5,821,694 |
| TOTAL EXPENDITURE | 7 | 377,965 | 11,016,940 | 424,741 | 11,819,646 | 5,878,225 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 20 | 191,000 (39,356) | (1,595,149) - | 25,682,605 39,356 | 24,278,456 - | (497,878) - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 151,644 | (1,595,149) | 25,721,961 | 24,278,456 | (497,878) |
| Actuarial gains/(losses) on defined benefit pension schemes | 26 | - | 378,000 | - | 378,000 | (639,000) |
| NET MOVEMENT IN FUNDS | | 151,644 | (1,217,149) | 25,721,961 | 24,656,456 | (1,136,878) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 186,976 | (1,556,649) | 28,294,682 | 26,925,009 | 28,061,887 |
| TOTAL FUNDS CARRIED FORWARD | | 338,620 | (2,773,798) | 54,016,643 | 51,581,465 | 26,925,009 |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07899845

BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £ | 2017 £ | £ | 2016 £ |
|--|------|--------------------|--------------------|--------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 16 | | 53,776,270 | | 28,266,397 |
| CURRENT ASSETS | | | | | |
| Stocks | 17 | 1,130 | | 1,165 | |
| Debtors | 18 | 249,726 | | 136,714 | |
| Cash at bank and in hand | | 774,754 | | 490,998 | |
| | | <u>1,025,610</u> | | <u>628,877</u> | |
| CREDITORS: amounts falling due within one year | 19 | (354,415) | | (269,265) | |
| NET CURRENT ASSETS | | | 671,195 | | 359,612 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 54,447,465 | | 28,626,009 |
| Defined benefit pension scheme liability | 26 | | (2,866,000) | | (1,701,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | 51,581,465 | | 26,925,009 |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 20 | 92,202 | | 144,351 | |
| Restricted fixed asset funds | 20 | 54,016,643 | | 28,294,682 | |
| Restricted income funds excluding pension liability | | 54,108,845 | | 28,439,033 | |
| Pension reserve | | (2,866,000) | | (1,701,000) | |
| Total restricted income funds | | | 51,242,845 | | 26,738,033 |
| Unrestricted income funds | 20 | | 338,620 | | 186,976 |
| TOTAL FUNDS | | | 51,581,465 | | 26,925,009 |

The financial statements on pages 19 to 47 were approved by the Trustees, and authorised for issue, on 6 November 2017 and are signed on their behalf, by:


Mr J M Reekie
Chair of Trustees


Ms J Rockall
Headteacher

The notes on pages 22 to 47 form part of these financial statements.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 22 | <u>110,265</u> | <u>(161,987)</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 760 | 737 |
| Purchase of tangible fixed assets | | (96,075) | - |
| Capital grants from DfE/ESFA | | <u>268,806</u> | <u>20,948</u> |
| Net cash provided by investing activities | | <u>173,491</u> | <u>21,685</u> |
| Change in cash and cash equivalents in the year | | <u>283,756</u> | <u>(140,302)</u> |
| Cash and cash equivalents brought forward | | <u>490,998</u> | <u>631,300</u> |
| Cash and cash equivalents carried forward | 23 | <u><u>774,754</u></u> | <u><u>490,998</u></u> |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Expenditure on raising funds 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.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-----------------------|---|-----------|
| Freehold property | - | 125 years |
| Building improvements | - | 10 years |
| Plant and machinery | - | 5 years |
| Motor vehicles | - | 5 years |
| Fixtures and fittings | - | 5 years |

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 incorporating Income and Expenditure Account.

1.6 Operating leases

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

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. 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 costs as detailed in note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

1.12 Taxation

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to 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 incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.14 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 Beechwood School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The transfer of Beechwood School to the trust involved the granting of a 125 year lease over the property from which the school operations are conducted from Slough Borough Council. The lease is subject to a PFI contract which ends on 31 August 2035.

The leasehold was professionally valued at 1 October 2016, the date of conversion.

Further details of the transaction are set out in note 24.

1.15 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

During the period no estimates or judgements have been applied to the financial statements.

1.17 Agency arrangements

The academy trust acts as agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances are disclosed in Note 30.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestrict'd funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Parental contributions and donations | 179,909 | 16,464 | - | 196,373 | 132,202 |
| Assets gifted by Beechwood School | 152,434 | (1,094,350) | 25,838,540 | 24,896,624 | - |
| Capital grants | - | - | 268,806 | 268,806 | 20,948 |
| | <u>332,343</u> | <u>(1,077,886)</u> | <u>26,107,346</u> | <u>25,361,803</u> | <u>153,150</u> |
| <i>Total 2016</i> | <u>132,202</u> | <u>-</u> | <u>20,948</u> | <u>153,150</u> | |

3. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestrict'd funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | - | 10,031,835 | 10,031,835 | 4,693,065 |
| Other income from educational operations | 235,862 | 356,430 | 592,292 | 435,943 |
| | <u>235,862</u> | <u>10,388,265</u> | <u>10,624,127</u> | <u>5,129,008</u> |
| <i>Total 2016</i> | <u>175,197</u> | <u>4,953,811</u> | <u>5,129,008</u> | |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestrict'd funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant | - | 9,605,727 | 9,605,727 | 4,605,540 |
| Other DfE/EFA grants | - | 330,950 | 330,950 | 80,550 |
| Local authority grants | - | 95,158 | 95,158 | 6,975 |
| | - | <u>10,031,835</u> | <u>10,031,835</u> | <u>4,693,065</u> |
| <i>Total 2016</i> | - | <u>4,693,065</u> | <u>4,693,065</u> | |

4. INVESTMENT INCOME

| | Unrestrict'd funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Investment income | 760 | - | 760 | 737 |
| <i>Total 2016</i> | <u>737</u> | <u>-</u> | <u>737</u> | |

5. DIRECT COSTS

| | Educational operations £ | Total 2017 £ | Total 2016 £ |
|-----------------------------|--------------------------------|--------------------|--------------------|
| Pension finance charge | 60,000 | 60,000 | 37,000 |
| Educational supplies | 329,082 | 329,082 | 178,868 |
| Examination fees | 175,759 | 175,759 | 111,699 |
| Staff development | 47,434 | 47,434 | 22,277 |
| Agency supply teacher costs | 112,827 | 112,827 | 25,845 |
| Recruitment and support | 48,135 | 48,135 | 9,398 |
| Maintenance of equipment | 270,069 | 270,069 | 191,353 |
| Apprenticeship levy | 6,144 | 6,144 | - |
| Wages and salaries | 5,409,590 | 5,409,590 | 2,858,833 |
| National insurance | 548,619 | 548,619 | 259,864 |
| Pension cost | 825,028 | 825,028 | 432,955 |
| | <u>7,832,687</u> | <u>7,832,687</u> | <u>4,128,092</u> |
| <i>At 31 August 2016</i> | <u>4,128,092</u> | <u>4,128,092</u> | |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. DIRECT COSTS (continued)

6. SUPPORT COSTS

| | Educational operations £ | Total 2017 £ | Total 2016 £ |
|------------------------------------|--------------------------------|--------------------|--------------------|
| Staff development | 1,744 | 1,744 | 326 |
| Maintenance of premises | 424,822 | 424,822 | 232,157 |
| Maintenance of equipment | 24,193 | 24,193 | 20,142 |
| Cleaning | 117,119 | 117,119 | 114,863 |
| Rent and rates | 75,538 | 75,538 | 70,032 |
| Insurance | 53,474 | 53,474 | 31,564 |
| Security and transport | 194,316 | 194,316 | 135,479 |
| Catering | 177,904 | 177,904 | 134,146 |
| Other support costs | 136,164 | 136,164 | 127,427 |
| Governance costs | 126,254 | 126,254 | 56,317 |
| PFI unitary and management charges | 841,455 | 841,455 | - |
| Wages and salaries | 783,353 | 783,353 | 383,140 |
| National insurance | 63,839 | 63,839 | 27,627 |
| Pension cost | 384,145 | 384,145 | 128,567 |
| Depreciation | 424,741 | 424,741 | 231,815 |
| | <u>3,829,061</u> | <u>3,829,061</u> | <u>1,693,602</u> |
| <i>At 31 August 2016</i> | <u>1,693,602</u> | <u>1,693,602</u> | |

During the year ended 31 August 2017, the academy trust incurred the following Governance costs: £126,254 (2016 - £56,317) included within the table above in respect of Educational activities.

7. EXPENDITURE

| | Staff costs 2017 £ | Premises 2017 £ | Other costs 2017 £ | Total 2017 £ | Total 2016 £ |
|---|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Expenditure on raising voluntary income | - | - | 157,898 | 157,898 | 56,531 |
| Activities: | | | | | |
| Direct costs | 6,902,208 | - | 930,479 | 7,832,687 | 4,128,092 |
| Support costs | 1,231,337 | 1,909,802 | 687,922 | 3,829,061 | 1,693,602 |
| | <u>8,133,545</u> | <u>1,909,802</u> | <u>1,776,299</u> | <u>11,819,646</u> | <u>5,878,225</u> |
| <i>Total 2016</i> | <u>4,116,831</u> | <u>676,670</u> | <u>1,084,724</u> | <u>5,878,225</u> | |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

| | Activities undertaken directly 2017 £ | Support costs 2017 £ | Total 2017 £ | Total 2016 £ |
|---------------------------------------|---|-------------------------------|--------------------|--------------------|
| Direct costs - Educational activities | 7,832,687 | 3,829,061 | 11,661,748 | 5,821,694 |
| <i>Total 2016</i> | <u>4,793,501</u> | <u>1,028,193</u> | <u>5,821,694</u> | |

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Depreciation of tangible fixed assets: - owned by the charity | 424,741 | 231,815 |
| Operating lease charges | <u>82,366</u> | <u>89,860</u> |

10. AUDITORS' REMUNERATION

| | 2017 £ | 2016 £ |
|---|--------------|--------------|
| Fees payable to the academy's auditor in respect of: The auditing of accounts of the academy | 10,050 | 4,000 |
| All other non-audit services not included above | <u>1,300</u> | <u>2,450</u> |

THE SCHELWOOD TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. STAFF COSTS

Staff costs were as follows:

| | 2017 | 2016 |
|--|-----------|-----------|
| | £ | £ |
| Wages and salaries | 6,192,943 | 3,241,973 |
| Social security costs | 612,458 | 287,491 |
| Operating costs of defined benefit pension schemes | 1,209,173 | 561,522 |
| | 8,014,574 | 4,090,986 |
| Apprenticeship levy | 6,144 | - |
| Supply teacher costs | 112,827 | 25,845 |
| | 8,133,545 | 4,116,831 |

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

| | 2017 | 2016 |
|----------------------------|------|------|
| | No. | No. |
| Teachers | 116 | 61 |
| Administration and support | 71 | 36 |
| Management | 13 | 7 |
| | 200 | 104 |

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

| | 2017 | 2016 |
|---------------------------------|------|------|
| | No. | No. |
| In the band £60,001 - £70,000 | 6 | 2 |
| In the band £70,001 - £80,000 | 1 | 0 |
| In the band £90,001 - £100,000 | 1 | 0 |
| In the band £100,001 - £110,000 | 1 | 1 |

The above employees were members of the Teachers' Pension Scheme and contributions amounting to £112,918 (2016: £40,3246) were paid by the academy during the period.

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 £1,093,868 (2016: £589,196).

12. CENTRAL SERVICES

No central services were provided by the academy trust to its academies during the year and no central charges arose.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. TRUSTEES' REMUNERATION AND EXPENSES

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

| | | 2017 £'000 | 2016 £'000 |
|---|----------------------------|---------------|---------------|
| Ms J Rockall (Head Teacher) | Remuneration | 115-120 | 115-120 |
| | Pension contributions paid | 15-20 | 15-20 |
| Miss K Higgins (Executive Head Teacher) | Remuneration | 105-110 | |
| | Pension contributions paid | 15-20 | |

During the year ended 31 August 2017, expenses totalling £104 (2016 - £183) were reimbursed to 1 Trustee (2016 - 1).

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,800,000 on any one claim and the cost for the year ended 31 August 2017 was £1,225 (2016 - £1,225).

15. PENSION FINANCE CHARGE

| | 2017 £ | 2016 £ |
|--|-----------------|-----------------|
| Interest income on pension scheme assets | 38,000 | 34,000 |
| Interest on pension scheme liabilities | (98,000) | (71,000) |
| | <u>(60,000)</u> | <u>(37,000)</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

16. TANGIBLE FIXED ASSETS

| | Freehold property £ | Long-term leasehold property £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Other fixed assets £ |
|-----------------------|---------------------------|---|-----------------------------|------------------------|-------------------------------|----------------------------|
| Cost | | | | | | |
| At 1 September 2016 | 29,159,121 | - | 110,029 | 5,756 | 12,219 | - |
| Additions | - | 25,838,540 | 84,922 | - | - | 11,152 |
| At 31 August 2017 | <u>29,159,121</u> | <u>25,838,540</u> | <u>194,951</u> | <u>5,756</u> | <u>12,219</u> | <u>11,152</u> |
| Depreciation | | | | | | |
| At 1 September 2016 | 927,809 | - | 74,944 | 5,756 | 12,219 | - |
| Charge for the year | 207,912 | - | 27,347 | - | - | - |
| On disposals | - | 189,482 | - | - | - | - |
| At 31 August 2017 | <u>1,135,721</u> | <u>189,482</u> | <u>102,291</u> | <u>5,756</u> | <u>12,219</u> | <u>-</u> |
| Net book value | | | | | | |
| At 31 August 2017 | <u>28,023,400</u> | <u>25,649,058</u> | <u>92,660</u> | <u>-</u> | <u>-</u> | <u>11,152</u> |
| At 31 August 2016 | <u>28,231,312</u> | <u>-</u> | <u>35,085</u> | <u>-</u> | <u>-</u> | <u>-</u> |

| | Total £ |
|-----------------------|-------------------|
| Cost | |
| At 1 September 2016 | 29,287,125 |
| Additions | 25,934,614 |
| At 31 August 2017 | <u>55,221,739</u> |
| Depreciation | |
| At 1 September 2016 | 1,020,728 |
| Charge for the year | 235,259 |
| On disposals | 189,482 |
| At 31 August 2017 | <u>1,445,469</u> |
| Net book value | |
| At 31 August 2017 | <u>53,776,270</u> |
| At 31 August 2016 | <u>28,266,397</u> |

The academy trust, on the conversion and inclusion of Beechwood School, was gifted the leasehold title to the property on which that school operates. This was professionally valued at the date of conversion at £25,838,540 and is depreciated over the life of the lease. The academy trust is committed to a PFI agreement to provide the buildings and services on this site until 31 August 2035.

THE SCHELWOOD TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. STOCKS

| | 2017 | 2016 |
|-------------------|-------|-------|
| | £ | £ |
| Catering supplies | 1,130 | 1,165 |

18. DEBTORS

| | 2017 | 2016 |
|--------------------------------|---------|---------|
| | £ | £ |
| Trade debtors | 34,534 | 15,322 |
| Other debtors | 99,463 | 43,444 |
| Prepayments and accrued income | 80,929 | 40,982 |
| Grants Receivable | 34,800 | 36,966 |
| | 249,726 | 136,714 |

19. CREDITORS: Amounts falling due within one year

| | 2017 | 2016 |
|------------------------------------|---------|---------|
| | £ | £ |
| Trade creditors | 113,768 | 47,989 |
| Other taxation and social security | 82,875 | 84,483 |
| Other creditors | 2,500 | 2,126 |
| Accruals and deferred income | 155,272 | 134,667 |
| | 354,415 | 269,265 |

| | 2017 | 2016 |
|--------------------------------------|----------|----------|
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2016 | 97,736 | 56,817 |
| Resources deferred during the year | 109,997 | 97,736 |
| Amounts released from previous years | (97,736) | (56,817) |
| Deferred income at 31 August 2017 | 109,997 | 97,736 |

THE SCHELWOOD TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. STATEMENT OF FUNDS

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|--|---|-------------|------------------|--------------------------|-------------------------|--------------------------------------|
| Designated funds | | | | | | |
| Designated Funds - all funds | 60,000 | - | - | 10,000 | - | 70,000 |
| General funds | | | | | | |
| General Funds - all funds | 126,976 | 568,965 | (377,965) | (49,356) | - | 268,620 |
| Total Unrestricted funds | 186,976 | 568,965 | (377,965) | (39,356) | - | 338,620 |
| Restricted funds | | | | | | |
| Restricted Funds - all funds | 144,351 | 10,642,791 | (10,694,940) | - | - | 92,202 |
| Pension reserve | (1,701,000) | (1,221,000) | (322,000) | - | 378,000 | (2,866,000) |
| | (1,556,649) | 9,421,791 | (11,016,940) | - | 378,000 | (2,773,798) |
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset Funds - all funds | 28,294,682 | 26,107,346 | (424,741) | 39,356 | - | 54,016,643 |
| Total restricted funds | 26,738,033 | 35,529,137 | (11,441,681) | 39,356 | 378,000 | 51,242,845 |
| Total of funds | 26,925,009 | 36,098,102 | (11,819,646) | - | 378,000 | 51,581,465 |

THE SCHELWOOD TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

| | <i>Balance at 1 September 2015</i> | <i>Income</i> | <i>Expenditure</i> | <i>Transfers in/out</i> | <i>Gains/ (Losses)</i> | <i>Balance at 31 August 2016</i> |
|--|--|-------------------------|---------------------------|-----------------------------|----------------------------|--|
| | £ | £ | £ | £ | £ | £ |
| Designated funds | | | | | | |
| Designated Funds - all funds | 50,000 | - | - | 10,000 | - | 60,000 |
| | <u>50,000</u> | <u>-</u> | <u>-</u> | <u>10,000</u> | <u>-</u> | <u>60,000</u> |
| General funds | | | | | | |
| General Funds - all funds | 98,834 | 308,135 | (269,993) | (10,000) | - | 126,976 |
| | <u>98,834</u> | <u>308,135</u> | <u>(269,993)</u> | <u>(10,000)</u> | <u>-</u> | <u>126,976</u> |
| Total Unrestricted funds | <u>148,834</u> | <u>308,135</u> | <u>(269,993)</u> | <u>-</u> | <u>-</u> | <u>186,976</u> |
| Restricted funds | | | | | | |
| Restricted Funds - all funds | 362,504 | 5,051,264 | (5,269,417) | - | - | 144,351 |
| Pension reserve | (955,000) | - | (107,000) | - | (639,000) | (1,701,000) |
| | <u>(592,496)</u> | <u>5,051,264</u> | <u>(5,376,417)</u> | <u>-</u> | <u>(639,000)</u> | <u>(1,556,649)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset Funds - all funds | 28,505,549 | 20,948 | (231,815) | - | - | 28,294,682 |
| | <u>28,505,549</u> | <u>20,948</u> | <u>(231,815)</u> | <u>-</u> | <u>-</u> | <u>28,294,682</u> |
| Total restricted funds | <u>27,913,053</u> | <u>5,072,212</u> | <u>(5,608,232)</u> | <u>-</u> | <u>(639,000)</u> | <u>26,738,033</u> |
| Total of funds | <u><u>28,061,887</u></u> | <u><u>5,380,347</u></u> | <u><u>(5,878,225)</u></u> | <u><u>-</u></u> | <u><u>(639,000)</u></u> | <u><u>26,925,009</u></u> |

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

THE SCHELWOOD TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. STATEMENT OF FUNDS (continued)

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Designated funds are held for replacement of the Astro turf, located at Herschel Grammar School, as per agreement with Sport England.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

| | Total 2017 £ | Total 2016 £ |
|---|--------------------------|--------------------------|
| Herschel Grammar School | 140,632 | 331,327 |
| Beechwood School | 290,190 | - |
| Total before fixed asset fund and pension reserve | <u>430,822</u> | <u>331,327</u> |
| Restricted fixed asset fund | 54,016,643 | 28,294,682 |
| Pension reserve | (2,866,000) | (1,701,000) |
| Total | <u><u>51,581,465</u></u> | <u><u>26,925,009</u></u> |

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciat- ion £ | Total 2017 £ | Total 2016 £ |
|--------------------------------|---|--------------------------------------|------------------------------|--|--------------------------|-------------------------|
| Herschel Grammar School | 3,531,877 | 596,543 | 250,811 | 1,292,767 | 5,671,998 | 5,646,410 |
| Beechwood School | 3,375,578 | 372,794 | 254,029 | 1,398,506 | 5,400,907 | - |
| Local government pension costs | - | 322,000 | - | - | 322,000 | - |
| | <u><u>6,907,455</u></u> | <u><u>1,291,337</u></u> | <u><u>504,840</u></u> | <u><u>2,691,273</u></u> | <u><u>11,394,905</u></u> | <u><u>5,646,410</u></u> |

THE SCHELWOOD TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestrict'd funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 53,776,270 | 53,776,270 |
| Current assets | 338,620 | 446,617 | 240,373 | 1,025,610 |
| Creditors due within one year | - | (354,415) | - | (354,415) |
| Provisions for liabilities and charges | - | (2,866,000) | - | (2,866,000) |
| | <u>338,620</u> | <u>(2,773,798)</u> | <u>54,016,643</u> | <u>51,581,465</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestrict'd funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 28,266,397 | 28,266,397 |
| Current assets | 165,246 | 435,345 | 28,285 | 628,876 |
| Creditors due within one year | 21,730 | (290,994) | - | (269,264) |
| Provisions for liabilities and charges | - | (1,701,000) | - | (1,701,000) |
| | <u>186,976</u> | <u>(1,556,649)</u> | <u>28,294,682</u> | <u>26,925,009</u> |

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

| | 2017 £ | 2016 £ |
|--|----------------|------------------|
| Net income/(expenditure) for the year (as per Statement of Financial Activities) | 24,278,456 | (497,878) |
| Adjustment for: | | |
| Depreciation charges | 424,741 | 231,815 |
| Dividends, interest and rents from investments | (760) | (737) |
| Decrease/(increase) in stocks | 36 | (56) |
| (Increase)/decrease in debtors | (113,012) | 63,157 |
| Increase/(decrease) in creditors | 85,150 | (44,340) |
| Capital grants from DfE and other capital income | (268,806) | (20,948) |
| Defined benefit pension scheme cost less contributions payable | 262,000 | 69,000 |
| Defined benefit pension scheme finance cost | 60,000 | 38,000 |
| Net (gain) on assets and liabilities from local authority on conversion | (24,617,540) | - |
| Net cash provided by/(used in) operating activities | <u>110,265</u> | <u>(161,987)</u> |

THE SCHELWOOD TRUST
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23. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 | 2016 |
|--------------|---------|---------|
| | £ | £ |
| Cash in hand | 774,754 | 490,998 |
| Total | 774,754 | 490,998 |

24. CONVERSION TO AN ACADEMY TRUST

On 1 October 2016 Beechwood School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Schelwood Trust from Slough Borough Council 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 value 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 incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account.

| | Unrestrict'd funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------------------|----------------------------|--------------------------|---|---------------------|
| Leasehold land and buildings | - | - | 25,838,540 | 25,838,540 |
| Other assets | 152,434 | - | - | 152,434 |
| Budget surplus/(deficit) on LA funds | - | 126,650 | - | 126,650 |
| LGPS pension surplus/(deficit) | - | (1,221,000) | - | (1,221,000) |
| Net assets/(liabilities) | 152,434 | (1,094,350) | 25,838,540 | 24,896,624 |

The above net assets include £279,084 that were transferred as cash.

A 125 year lease over the property on which Beechwood School operates was granted in favour of the academy trust on conversion, subject to a PFI contract until 31 August 2035.

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NOTES TO THE FINANCIAL STATEMENTS
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25. CAPITAL COMMITMENTS

At 31 August 2017 the academy trust had capital commitments as follows:

| | 2017 | 2016 |
|---|----------------|----------|
| | £ | £ |
| Contracted for but not provided in these financial statements | <u>238,000</u> | <u>-</u> |

26. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal County of Berkshire Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

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26. PENSION COMMITMENTS (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £778,430 (2016 - £373,300).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £239,000 (2016 - £132,000), of which employer's contributions totalled £174,000 (2016 - £95,000) and employees' contributions totalled £65,000 (2016 - £37,000). The agreed contribution rates for future years are 17.6% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

| | 2017 | 2016 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.60 % | 2.20 % |
| Rate of increase in salaries | 4.20 % | 4.10 % |
| Rate of increase for pensions in payment / inflation | 2.70 % | 2.30 % |

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

| | 2017 | 2016 |
|----------------------|------|------|
| Retiring today | | |
| Males | 23.0 | 22.9 |
| Females | 25.1 | 26.2 |
| Retiring in 20 years | | |
| Males | 25.2 | 25.2 |
| Females | 27.4 | 28.5 |

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FOR THE YEAR ENDED 31 AUGUST 2017

26. PENSION COMMITMENTS (continued)

| Sensitivity analysis | At 31 August 2017 £ | At 31 August 2016 £ |
|--|---------------------------|---------------------------|
| Discount rate +0.1% | 437,000 | 230,000 |
| Discount rate -0.1% | 457,000 | 240,000 |
| Mortality assumption - 1 year increase | 461,000 | 241,000 |
| Mortality assumption - 1 year decrease | 433,000 | 229,000 |
| CPI rate +0.1% | 447,000 | 235,000 |
| CPI rate -0.1% | 447,000 | 235,000 |

The academy trust's share of the assets in the scheme was:

| | Fair value at 31 August 2017 £ | Fair value at 31 August 2016 £ |
|-------------------------------------|---|---|
| Equities | 981,000 | 494,000 |
| Other bonds | 310,000 | 138,000 |
| Property | 271,000 | 131,000 |
| Cash and other liquid assets | 227,000 | 42,000 |
| Target Return Portfolio | - | 162,000 |
| Other | 183,000 | 47,000 |
| Total market value of assets | <u>1,972,000</u> | <u>1,014,000</u> |

The actual return on scheme assets was £95,000 (2016 - £106,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

| | 2017 £ | 2016 £ |
|---------------------------------------|-------------------------|-------------------------|
| Current service cost | (436,000) | (164,000) |
| Interest income | 38,000 | 34,000 |
| Interest cost | (98,000) | (71,000) |
| Total | <u>(496,000)</u> | <u>(201,000)</u> |
| Actual return on scheme assets | <u>95,000</u> | <u>106,000</u> |

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26. PENSION COMMITMENTS (continued)

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

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Opening defined benefit obligation | 2,715,000 | 1,757,000 |
| Transferred in on conversion to academy status | 1,873,000 | - |
| Current service cost | 436,000 | 164,000 |
| Interest cost | 98,000 | 71,000 |
| Employee contributions | 65,000 | 37,000 |
| Actuarial (gains)/losses | (283,000) | 711,000 |
| Gains on curtailments | (7,000) | (25,000) |
| Other actuarial losses | (59,000) | - |
| | <u>4,838,000</u> | <u>2,715,000</u> |

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

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Opening fair value of scheme assets | 1,014,000 | 802,000 |
| Transferred in on conversion to academy status | 652,000 | - |
| Interest income | 38,000 | 34,000 |
| Actuarial losses | 95,000 | 72,000 |
| Employer contributions | 174,000 | 95,000 |
| Employee contributions | 65,000 | 37,000 |
| Benefits paid | (7,000) | (25,000) |
| Other actuarial losses | (59,000) | - |
| Administration expenses | - | (1,000) |
| | <u>1,972,000</u> | <u>1,014,000</u> |

27. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | Land and buildings | | Other | |
|-------------------------|--------------------|-----------|----------------|----------------|
| | 2017 £ | 2016 £ | 2017 £ | 2016 £ |
| Amounts payable: | | | | |
| Within 1 year | - | - | 52,004 | 52,004 |
| Between 1 and 5 years | - | - | 104,015 | 104,015 |
| | <u>-</u> | <u>-</u> | <u>156,019</u> | <u>156,019</u> |

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FOR THE YEAR ENDED 31 AUGUST 2017

28. OTHER FINANCIAL COMMITMENTS

The academy trust is committed to a PFI agreement to provide the buildings and services on which one of the academies carries out its operations until 31 August 2035. The payment due within 1 year is £486,826. The amount due between 1 and 5 years is £2,622,890, and the balance of £7,788,541 is due after 5 years.

29. MEMBERS' LIABILITY

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

30. RELATED PARTY TRANSACTIONS

Mrs W Barnett, Vice Chair of Governors for Herschel Grammar School, contracted with both academies for the provision of gardening services for which £19,354 (2016: £17,043) was paid to her. The contract for this provision was entered into before Mrs Barnett became a governor, and before the predecessor schools converted to academy status.

The Trust has reviewed the contract for the provision of gardening services, and has complied with the requirements of the ESFA's Academies Financial Handbook.

31. AGENCY ARRANGEMENTS

The academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the Trust received £31,187 (2016: £21,513) and disbursed £29,431(2016: £16,975) from the fund. An amount of £2,332 (2016: £2,126) is included in other creditors relating to undistributed funds that are repayable to the ESFA.

