

The Gallery Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2018

Company Registration Number:
08334718 (England and Wales)

Period of account: 1 September 2017 – 31 August 2018

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The Gallery Trust

Reference and Administrative Details

Members

Mr R Harvey
Mrs S Rodway
Ms J Dyson
Dr A Kay (appointed 8/03/2018)
Ms H Brierley (appointed 7/12/2017)

Trustees

Mrs S Rodway (Chairperson) * +
Mrs K Shaw * +
Mrs M K Willett * +
Professor A Edwards
Mr G Thomas * +
Ms C Piller (resigned 2/10/2018)
Mr C Scrivener* + (appointed 13/09/2017)
Mr S King * + (appointed 13/09/2017)

* Member of Finance and Personnel
Committee
+ Member of Audit Committee

Company Secretary

Blake Morgan LLP

The Gallery Trust

Reference and Administrative Details (continued)

Senior Leadership Team

Mrs M K Willett	Head Teacher until 31/08/2018: Executive Head Teacher and Chief Executive Officer, The Gallery Trust from 01/09/2018
Mrs L Smith	Deputy Head Teacher
Ms Y Fay	Assistant Head Teacher
Mr T Procter-Legg	Assistant Head Teacher: Head Teacher from 01/09/2018
Mrs S Hunston	Chief Operating Officer/CFO
Mrs J Horne	Acting Business Manager

Company Name	The Gallery Trust (changed from The Iffley Academy Trust Company on 18 December 2017)
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Principal and Registered Office	The Gallery Trust Iffley Turn Oxford OX4 4DU
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Company Registration Number	08334718 (England and Wales)
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Independent Auditor	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge St Oxford OX1 2EP
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Bankers	Lloyds Bank Plc Carfax Oxford OX1 4AA
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Solicitors	Blake Morgan LLP Seacourt Tower West Way Oxford OX2 0FB
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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law. The Gallery Trust is a Multi Academy Trust, comprising of a single member academy (Iffley Academy). Plans to expand the Trust are in progress as set out in later sections.

Iffley Academy has a pupil capacity of 136 and had a roll of 151 in the school census on 17 May 2018. Iffley Academy is over pupil capacity due to demand for places. Iffley Academy is the sole academy in The Gallery Trust, a Multi Academy Trust for pupils with Special Educational Needs and Disabilities.

Structure, Governance and Management

Constitution

The Gallery Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of The Gallery Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice, the Trust purchased insurance through the Department for Education's Risk Protection Arrangement scheme to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business.

Method of Recruitment and Appointment or Election of Trustees

The Gallery Trust Company's Memorandum and Articles of Association are the primary governing documents of the Trust. The Articles of Association require that there are at least three Members and up to 10 Trustees, at least two of whom are parent Trustees. Details of The Gallery Trust's Members and Trustees during the reporting period are provided on page 1. The parent Trustees are selected from parent governors on the Local Governing Body. Parent governors are elected by parents and carers through an election process conducted according to Department for Education procedures.

A skills audit, based on the National Governors Association Skills Audit (Model 2), is conducted annually by the Board of Trustees to identify the skills required should a vacancy arise on the Board. The Board has worked successfully with the organisation 'Academy Ambassadors' to source suitable candidates. Trustees are recruited and appointed to ensure that there is a breadth of experience, skills and knowledge which consolidates the Trust's successful position, and advances and promotes its continuing development. The focus of recruitment is to recruit Trustees with education, public sector or business backgrounds. Applicants are required to complete an application form, meet with the Chair of Trustees and the Head Teacher, and supply satisfactory references. All Trustees are seconded at a Trustees meeting and formally appointed by the Members before their details are lodged by the Company Secretary at Companies House. The Chair of Trustees and Vice Chairs of Trustees are elected annually.

All Trustees are required to confirm that they comply with appropriate statutory eligibility regulations for their role and undertake an Enhanced Disclosure and Barring Check. Members, Trustees and governors are required to sign the Trust's Code of Conduct annually, and comply with the requirements of the Trust's Register of Business Interests.

Policies and Procedures Adopted for the Induction and Training of Trustees

In order to support effective governance, an induction, training and mentoring programme is in place for Members and Trustees. A training needs analysis informs a tailored and individual induction programme and external training is obtained if required from the National Governors Association and from the Trust's legal advisers, Blake Morgan. Each new Trustee is provided with an experienced Trustee mentor. As a result, Trustees have a knowledge and understanding of the Trust's strategic vision and aims, day to day operation and management, their roles, responsibilities and accountabilities within the governance structure, and the duties of a trustee. It is also important that Trustees gain an awareness of the nature of students' Special Educational Needs and Disabilities (SEND) and how the Trust, as a Trust which caters for pupils with SEND, differs from mainstream education providers. The Board of Trustees holds a wealth of knowledge on SEND gained through pre-arranged visits to the Academy including learning walks, meetings with staff, attendance at social events and information obtained through verbal and written reports provided at Board and committee meetings. This knowledge is supplemented through the valuable contribution of parent Trustees, and the work of the link Trustee for SEND.

An induction folder is provided to new Trustees, which includes information regarding the role of a trustee published by the Charity Commission. Following an assessment of new Trustees' areas of experience and expertise, Trustees are invited to join appropriate committees.

Organisational Structure

The management structure of the Trust consists of Members, Board of Trustees, Local Governing Body, Head Teacher and committees. A clear and precise Scheme of Delegation is in place which specifies the structure for strategic and operational decision making, and authorisation processes for governance, HR and finance. The Scheme of Delegation is updated annually to reflect the circumstances of each academic year.

a) Members

Members have a strategic and constitutional role in the Trust. In order to monitor the effectiveness of the Board of Trustees and to ensure that the Board is upholding the vision and values of the Trust, the Members demonstrate competences in governance, education, risk management and strategic leadership within its membership. The Members hold the Board to account for the outcomes of the Trust. In order to ensure Members are fully cognisant with Trust business, strategy and operation, Members receive minutes from Trustee meetings. Members meet regularly with the Head Teacher and Chair of Trustees to receive information regarding the performance of the Trust, and meet annually with Trustees at the Annual General Meeting.

Specific duties of the Members:

- the subscribers to the Trust's Memorandum of Association (where they are founding members) may amend the Articles of Association (the articles include a definition of the Trust's charitable objects and governance structure) subject to any restrictions in the Articles or in the Trust's Funding Agreement or charity law. The Funding Agreement is the contract between the Secretary of State for Education and the Trust that sets out the terms on which the Trust is funded.
- have powers to appoint and remove Trustees
- appoint the Trust's auditors and adopt the Trust's audited annual accounts (subject to the Companies Act).

b) Trustees

The Trustees are responsible for: ensuring clarity of vision, ethos and strategic direction; holding senior leaders to account for the educational performance of the organisation and its pupils; the performance management of staff; overseeing the financial performance of the organisation and making sure that funding is well spent. The Trustees drive the management and strategic direction of the Trust and oversee the financial performance of the Trust. The Trustees comply with Government, Department for Education and Education and Skills Funding Agency requirements, company law, and charity law. The Trustees have legal responsibilities through the Articles and Memorandum of Association of the Trust, under company law as directors, and under charity law as Trustees.

Specific Duties of Trustees:

- ensure the quality of the educational offer, overseeing standards and outcomes:
 - monitoring and evaluating the progress of strategic objectives within the Raising Achievement Plan and the Trust's Development Plan
 - monitoring and reviewing the School Evaluation Form
 - overseeing key performance data
- recommend changes to the Articles of Association and Funding Agreement to the Members
- operate within the Funding Agreement
- approve changes to the Scheme of Delegation
- confirm the election of Chair and Vice Chair of the Local Governing Body
- manage the Trust's finance and property including:
 - ensure compliance with the Academies Financial Handbook. The Handbook sets out the financial management, control and reporting requirements that apply to all academy trusts. It describes a financial framework for trusts that focuses on principles rather than detailed guidance, and reflects their accountability to Parliament and to the public.
 - approve the Trust's annual 3 year revenue and capital budget on the recommendation of the Finance and Personnel Committee
 - make recommendations regarding the annual reports and accounts for filing at Companies House to the Members
- appoint the Head Teacher and Business Manager
- oversee risk management
- participate in the recruitment of senior staff
- receive and consider reports from committees and Local Governing Body
- performance management of the Head Teacher through a committee comprising of Trustees and an external adviser

c) Local Governing Body

The Local Governing Body is accountable to the Trustees for setting the strategic vision of Iffley Academy in line with the values of the Trust, and for ensuring the quality of educational outcomes. The role of the Local Governing Body is to challenge and support the Head Teacher and the Senior Leadership Team.

Objectives are to:

- ensure the quality of educational provision
- challenge and monitor the performance of Iffley Academy
- ensure good financial health and probity
- supporting in the management of staff and ensure the Academy is well resourced in terms of assets and human resources
- help Iffley Academy to set high standards by planning for the future and set targets for school improvement
- evaluate and monitor Academy improvement
- support the Academy to respond to the needs of parents
- make the Academy accountable to the public for what it does
- work with the Academy on planning, developing policies and keeping these under review

- consider Health and Safety and risk
- monitor Safeguarding and Prevent compliance

d) Head Teacher

The Head Teacher is the Accounting Officer, has overall responsibility for the Trust's finances and financial effectiveness, and is an ex-officio Trustee.

The Head Teacher is held accountable by the Trustees and Members for the performance of the Trust and Iffley Academy. The Head Teacher works in collaboration with Trustees and Members to agree the vision and strategic direction for the Academy, which is set out in a Raising Achievement Plan, and to produce a Development Plan for the Trust. The Head Teacher translates the vision and the strategy detailed in the plans into workable, operational objectives which are underpinned with targets, goals, outcomes and success criteria.

e) Committees

The Trust has committees with membership comprising of Trustees and governors.

Committees provide authoritative and knowledgeable guidance, reports and data to the Board of Trustees. There are 5 committees:

- Local Governing Body
- Finance and Personnel
- Audit
- Teaching and Learning
- Health and Safety

Other committees are convened as and when necessary. These include Staff Discipline, Pupil Discipline and Discipline Appeal Committees.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay and remuneration of the Trust's key management personnel are reviewed following Education and Skills Funding Agency (ESFA) guidance by the Finance and Personnel committee and approved by the Trustees. The Trust follows the pay arrangements for maintained schools in England and Wales for teachers and support staff. The Trust's teachers' pay policy is based on the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document (STPCD). The Trust adheres to Local Government pay arrangements for support staff (Green Book) and follows the Local Government pay spine.

The only Trustee to receive remuneration is the Head Teacher using the arrangement detailed above. This remuneration is only received solely in respect of services provided in undertaking the role of Head Teacher under the contract of employment, and not as a Trustee.

The Gallery Trust

Trustees' Report (continued)

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	0.4
	The cost is partially reimbursed by the Oxfordshire Facilities Time Budget

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1%-50%	1 (working externally to the Trust)
51%-99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	£2,578,625
Provide the percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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Related Parties and other Connected Charities and Organisations

The Gallery Trust is a Multi Academy Trust, comprises a single member academy (Iffley Academy) although plans to grow the Trust are in progress as set out in later sections of this report. The Trust is not currently linked to other organisations. For further details of related parties and transactions during the year, see Notes 10 and 26.

Objectives and Activities

Objects and Aims

The main objectives and aims of The Gallery Trust are as follows:

- To build a community of special schools which meets the needs of all cohorts of SEND pupils, providing outstanding education and support for pupils within member academies and settings
- To work actively towards measured and considered expansion of the Trust through
 - established special schools joining the Trust:
 - acquiring sponsor status:
 - the opening of a new Free special school in North Oxfordshire: Bloxham Grove Academy
 - considering other opportunities which may arise in the county which promote positive outcomes for pupils with SEND
- To secure improvements to the Trust's school environments, ensuring that all learners have access to specialist resources and learning spaces which promote positive engagement in learning

The main objectives and aims of Iffley Academy are as follows:

- To ensure that every student enjoys a high quality of education in terms of resourcing, tuition and pastoral care, delivered by staff who understand students' needs, are well qualified and have a respect for students' special needs
- To raise the standard of educational achievement and independence of all students through an exciting and stimulating learning environment which is based on a foundation of sound pedagogy and latest research
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To work as a community which demonstrates a positive and creative ethos and a culture of mutual respect
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

Objectives, Strategies and Activities

Key activities are identified in Iffley Academy's Raising Achievement Plan, which is written, monitored and reviewed by the Academy's Senior Leadership Team on an annual cycle. Targets for 2017 – 2018 included:

- To continue to develop effective communication systems with all stakeholders to ensure clarity and enhanced engagement, by:
 - exploring wider technological opportunities:
 - e.g. text messaging; parent engagement platform
 - developing a communication matrix to ensure key events throughout the academic year are recognised offering a range of parent/carers events to include social gatherings and training opportunities
- To continue to drive forward the Academy's ambitious vision and high standards for professional development of all staff through:
 - development of a successful, supportive and robust Newly Qualified Teacher (NQT) induction and entry level training programme
 - development of an action-based research programme through the Lesson Study inquiry model to enhance the SEN knowledge and pedagogy of the Academy's learning managers
 - Therapeutic Support Team studying towards a Foundation Degree in Therapeutic Work with Children and Young People at the University of West England

- To further enhance current Autistic Spectrum Disorder (ASD) knowledge and understanding of all staff by developing a wider, effective professional learning culture by:
 - developing the roles and responsibilities of the Leading Practitioner for SEN
 - engaging in action based research to improve classroom practice e.g. through Lesson Study
 - achieving the Autistic Society's autism accreditation
- To improve outcomes in writing to ensure that 60% of learners across the Academy make outstanding progress, in line with reading and spoken language, by:
 - introducing appropriate interventions e.g. Talk for Writing
 - improving the monitoring and data scrutiny of writing across the school
 - ensuring teachers are confident in the planning and delivery of engaging and challenging lessons, whilst demonstrating sound knowledge and understanding of how to teach writing, ensuring the development of pupil knowledge, understanding and skills
 - exploring more ways to embed writing opportunities across the curriculum
- To improve outcomes for all learners in science to ensure that 80% of students make upper quartile progress and that at least 60% of lessons are judged outstanding, by:
 - following the recommendations and actions identified in the internal science review, conducted in July 2017
 - introducing termly progress meetings
 - introducing a cycle of peer observations and support
 - developing benchmarking and target setting across the school
 - ensuring regular opportunities are identified to moderate student work
- To further improve the Humanities curriculum offer, by:
 - securing and embedding teacher skills, knowledge and understanding through the planning, delivery and evaluation of humanities through the TAL and SfL curriculum
 - scrutinising planning across the Tate, Louvre and Guggenheim galleries to ensure challenge, differentiation and progress
 - setting rigorous assessment benchmarks to establish a formalised approach to measuring progress
 - introducing a new humanities policy
- To ensure that all students are supported to have prompt and regular attendance throughout the Academy and have opportunities to value their education, rarely miss a day at school and with no groups disadvantaged. The attendance of students with attendance below the national average will be a) 50% of persistent absentees attending for 90%+ sessions, b) students with SEMH securing good attendance overall (91%+), and c) students in receipt of Pupil Premium securing good attendance overall (91%+), through:
 - ensuring that the therapeutic team has a significant impact on attendance and punctuality, both in getting to school and from lesson to lesson
 - improving attendance monitoring systems to ensure that negative trends in attendance and absenteeism are addressed promptly and robust plans are actioned
 - further improving systems and processes ensuring that roles are clearly defined
- To further develop our students' resilience, self-belief and independence, helping them to develop an understanding of how to keep themselves and others safe in different situations and settings, and by broadening the residential offer to ensure that 100% of learners are given the opportunity to participate in at least one residential in their school career, through:
 - early identification of individual pathways through TOPs meetings, parent and pupil voice
 - development of more appropriate and progressive residential opportunities for students locally, nationally and internationally
 - introducing one to four-night duration residential trips in the UK

The Gallery Trust

Trustees' Report (continued)

- To further improve all learners' academic and vocational achievement opportunities within the Guggenheim Gallery, ensuring pupils understand how their education equips them with the behaviour and attitude necessary for their future employment, education or training, by:
 - developing the Personal, Social Development (PSD) accreditation, Entry Level 1 to Level 1
 - developing a robust vocational learning programme to offer appropriate and supported work experience opportunities exploring more work experience placements within the Academy, e.g. kitchen, facilities, ICT, etc.

Targets of The Gallery Trust during the 2017 – 2018 year included:

- to expand the Trust into a community of special schools, which will meet the needs of all cohorts of SEND pupils, through a moderated and planned expansion over the next five years
- to establish the Trust as a strategic lead in the provision of outstanding education and support for students with SEND throughout Oxfordshire, strengthening access and ability to influence SEND policy and strategy
- to develop an experienced and knowledgeable central services team, supporting school improvement and innovation, providing consistency of approach, operational efficiency and economies of scale.

Public Benefit

The Trustees of The Gallery Trust confirm that they have complied with their duty under Section 17(5) of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

The primary focus of the activities of The Gallery Trust is to advance the education of students with Education, Health and Care Plans throughout the county of Oxfordshire. The Trust has informal links with all Oxfordshire Special Schools, and the Head Teacher is a member of the Oxfordshire Association of Special School Head Teachers. The Trust also has strong links with mainstream primary and secondary schools who refer students to Iffley Academy.

Underlying this focus is the aim of contributing to the public good by enhancing the lives of children who have special needs, and providing support to their families.

Students' social, moral, spiritual and cultural education underpins the framework for the curriculum. Students have regular opportunities to engage on a local, national and global level to think about wider issues e.g. poverty, disability, discrimination, the environment. Students also support the local community by doing regular environmental 'clean ups' around the local village and link with local elderly people via the inter-generational project, Full Circle.

Iffley Academy strives to provide a curriculum which maximises students' potential to develop into independent and confident citizens who respect the beliefs of others, and who can make a positive and meaningful contribution to their local community and society as a whole. The Academy emphasises awareness of multi-cultural values, an understanding and acceptance of diversity and a commitment to equal opportunities.

Strategic Report

Achievements and Performance

During the reporting period, The Gallery Trust undertook the following activities:

- The Trust changed its name from The Iffley Academy Trust Company to The Gallery Trust in December 2017 in order to promote its vision of developing a Multi Academy Trust comprising a community of special schools.
- The Trust embarked on a process of due diligence with two maintained special schools, with a view to the schools joining the Trust when their academy conversion is complete.
- The Trust has also been in discussions with other Oxfordshire special schools regarding their interest in joining The Gallery Trust.
- The Trust has continued to work with the DfE Free Schools Programme on the pre-opening of Bloxham Grove Special School in Banbury, which will be modelled on the outstanding practice at Iffley Academy. The provisional opening date is September 2020. During the academic year 2017 – 2018 an additional 13 students have attended Iffley Academy and will transfer to Bloxham Grove Academy at the beginning of Key Stage 3. These students live in Banbury and Bicester and will benefit from a local specialist provision in their locale. The design for Bloxham Grove Special School has been through the feasibility stage and has been agreed. The design of the new school includes a number of specialist facilities, including: life skills flat, café, outside learning spaces, multi-sensory rooms and a science and technology studio.
- A successful bid to open and run a new Primary Resource Base for 10 students from mainstream schools within the Banbury Partnership of Schools with Social, Emotional and Mental Health Needs (SEMH), and Communication and Interaction Needs (C & I). This specialist provision will open in October 2018 and will be led and managed by staff seconded from Iffley Academy.
- The Trust has invested in recruiting a central services team to ensure that schools joining the Trust receive appropriate services and guidance, support for school improvement and innovation, operational efficiency and economies of scale. A key appointment in the team was made at the end of the 2017-18 academic year, with Mrs M Willett moving from the role of Head Teacher, Iffley Academy, to the post of Chief Executive Officer on 1 September 2018. A successful recruitment for a Head Teacher for Iffley Academy took place, with Mr Tom Procter-Legg commencing this role on 1 September 2018.

The Trust's drive and ambition to improve outcomes for students with Special Educational Needs and Disabilities (SEND) was demonstrated through the following achievements at Iffley Academy:

- Liaison with the Education and Skills Funding Agency (ESFA) on the Priority Schools Building Programme to secure a new school build for Iffley Academy, with additional specialist facilities which offer opportunities for learners in vocational pathways, independence and skills for life. The final design on the building has been completed and specialist learning environments include: life skills Flat, mechanics workshop, small Animal barn, café, gym and multi-sensory room. Work will begin on site for the new build in 2018/2019.
- Self-assessment and monitoring of teaching and learning and assessment, outcomes for learners, behaviour and safety of learners, leadership and management and safeguarding throughout the year has demonstrated that the Academy continues to provide an outstanding level of education for all students.
- The Continuing Professional Leadership Development (CPLD) offer from the Academy has been increased to ensure that staff and students excel by further improving the SEN knowledge and skills of the staff team. New Teaching Assistant Standards have been introduced for support staff. The Senior Leadership Team and Lead Practitioners have delivered a robust programme of SEN training and development opportunities across the year. Two Newly Qualified Teachers completed their NQT year and achieved Qualified Teacher Status. A number of therapeutic staff completed their first year in a Foundation Degree in Therapeutic Work with Children and Young People.

- The school has been designated as a Teaching School by the National College of Teaching and Leadership. This is a significant achievement and will generate an additional £60,000 of funding in the next academic year. The Head Teacher, a National Leader of Education (NLE), and an Assistant Head Teacher, a Specialist Leader of Education (SLE), have worked extensively across schools in Oxfordshire as System Leaders providing SEND Reviews, CPLD and School to School support. The reputation of the work of Iffley Academy and the quality of the support provided by its System Leaders is excellent and the school has been commissioned by the LA for continued work next year. The Trust's Lead Practitioner for SEND has been designated as an SLE and will provide support as a system leader for the Iffley Teaching School and the Oxfordshire Teaching School Alliance in 2018 – 2019.
- The school received the Restorative Services Quality Mark from the Restorative Justice Council in July 2017. During the academic year 2017 – 2018, the Head Teacher, and an Assistant Head Teacher, have provided several local and national training sessions in Restorative practice.
- Enhanced parental engagement and communication systems, including a new software application, has resulted in improved attendance at academy events, including parent events, assemblies and social events.
- A number of outstanding Key Performance Indicators relating to 2017 – 2018 targets have been achieved (see below).

Key Performance Indicators

In the 2017 – 2018 academic year:

- 100% of lessons observed by the Senior Leadership Team were judged to be good or outstanding.
- 100% of students at the Academy made outstanding progress in English (scores for reading, writing and spoken word aggregated).
- 100% of Year 7 students in receipt of Catch up funding made outstanding progress in English and Maths. Year 7 students made 0.38% of a NC level better progress than the rest of the school.
- 82% of students in Year 13 achieved E1 – L1 Mathematics.
- 91% of students in Year 13 achieved E1 – L1 English.
- 100% of students in Year 13 achieved at least 3 BTEC/ASDAN/NOCN or NCFE E1 – L1 vocational qualifications.
- 100% of students in Year 13 achieved E1 or better in reading.
- On average, 80% of students have made Upper Quartile progress in English over the last three years, well above the national average for students with SEN. This judgement is taken from the baseline made by Ofsted at the Academy's last inspection.
- On average, 90% of students have made Upper Quartile progress in Maths over the last three years.
- On average, 45% of students have made Upper Quartile progress in Science over the last three years.
- 100% of students leaving the Academy in July 2017 went on to further education, employment or training.
- There were no permanent exclusions at the Academy for the 15th consecutive year.
- Fixed term exclusions were 0.04% days lost (2.2% 2016/17). The national average for 2016/17 is 12.53%.
- Incidents of bullying behaviour fell to 1.23% (1.44% 2016/17) of the total incidents recorded - this is exceptionally low for an SEN community of learners with SEMH and C & I needs.
- School sessions missed due to absence (7.90%) are below the national average of 9.70% for students with an Education Health Care Plan (EHCP) in 2016/17.
- Persistent absentees (absent for 10% or more of sessions) - 19.70%, below the national average of 27.5% for students in 2016/17.

The Gallery Trust

Trustees' Report (continued)

Going Concern

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

Financial Review

The majority of the Trust's income is obtained from the Education and Skills Funding Agency, the use of which is restricted to educational purposes. Further income is obtained from Oxfordshire County Council in the form of high needs top up funding. Both sources of funding are provided on the basis of commissioned places. The funding received from the ESFA during the period ended 31 August 2018 is shown as restricted funds in the Statement of Financial Activities.

The following policies were reviewed by the Finance and Personnel committee during the year:

- Financial Regulations Manual
- Finance and HR Scheme of Delegation
- Data Protection
- Management of Records (Data Protection)
- Social Engineering Awareness
- Business Charge Card
- Disposals and Write offs

Excluding the fixed asset fund (representing the net book value of fixed assets) of £5,090,012 (2017: £5,480,457) and the pension deficit fund of £(1,532,000), (2017: £(1,794,000)), reserves balances amount to £839,256 (2017: £786,517). This comprises GAG funds of £583,977 (2017: £512,626), project development grants of £Nil (2017: £30,000), capital funds of £18,685 (2017: £14,765) and unrestricted general funds of £236,594 (2017: £229,126).

Reserves Policy

On 31 August 2018 the Academy held the following Reserves (excluding Fixed Asset Fund which represents Net Book Value of Fixed Assets and Pension Deficit):

	£
Unrestricted General Funds	236,594
Restricted General Funds	583,977
Restricted Capital Funds	<u>18,685</u>
Reserves at 31 August 2018	839,256

The LGPS Pension Deficit is likely to be met in the longer term from any combination of increased employer contributions, increased government funding or change to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Parliament has agreed that in the event of an academy closing, outstanding pension scheme liabilities will be met by the Department for Education.

The Trustees consider the level of reserves the Trust should hold. This is based on guidance issued by the Charity Commission (*Charity Reserves: Building Resilience CC19*) on levels of reserves:

- planning higher than necessary may tie up money unnecessarily. Holding excessive reserves can unnecessarily limit the amount spent and the potential benefits this can provide.
- planning lower than necessary, increasing the risk to the Trust's ability to carry activities in future in the event of financial difficulties.

The Gallery Trust

Trustees' Report (continued)

The reserves policy:

- assists in strategic planning by considering how new projects, activities and Trust expansion will be funded
- informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects
- informs the budget and risk management process by identifying any uncertainty in future income streams
- considers the risks of unforeseen emergencies and the possible impact on reserves

Development of the reserves policy

When considering an appropriate level of reserves, the Trustees consider:

- the risk of unforeseen emergency or other unexpected need for funds
- covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence
- a fall in a source of income, such as pupil transport
- the impact of an unplanned increase in staffing costs as a result of decisions of external agencies, e.g. increase in pay rates determined by the DfE
- the risk of a fall in pupil numbers on roll
- planned commitments, or designations, that cannot be met by future income alone, for example contributions towards capital projects, such as the school rebuild, landscaping, purchases of new vehicles
- the need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received

The financial risks identified determine the amount of reserves held by the Trust. In the 2017 – 2018 financial year the figure was set at £700,000. The reserves are currently higher than the target because of the following factors:

- the expansion strategy of the Trust and the need to invest in staff capacity and resources in order to support a measured and considered growth which meets the needs of joining schools
- the current increased risk of the necessity of emergency repairs, in view of the poor condition of Iffley Academy's buildings pending the rebuild of the school building

During the financial year

The Trustees identify:

- when reserves are drawn on, so that they understand the reasons and can consider what corrective action, if any, needs to be taken
- when reserve levels rise significantly so that they understand the reasons and can consider the corrective action, if any, that needs to be taken
- where the reserves level is below target and consider whether it is due to short-term circumstance or longer term reasons which might require a broader review of finances and reserves

In-year reports provided by the Finance Manager to the Finance and Personnel Committee:

- compare the amount of reserves held with the target amount or target range set for reserves
- explain any shortfall or excess in reserves against target set
- explain any action being taken or planned to bring reserves into line with target

The Gallery Trust

Trustees' Report (continued)

Investment Policy

The Gallery Trust takes a cautious approach to investments.

The Head Teacher and the Finance and Personnel committee regularly monitor the cash flow and financial position of the Trust and ensure that immediate financial commitments can be met. These comprise of payroll and payments to suppliers and service providers. A prudent level of resources to deal with unforeseen contingencies is maintained.

The Trust's funds are currently in an instant access account. The Trust reviews interest rates and considers investment opportunities on an annual basis. The Trust's policy at this time is to only invest funds in risk free and immediately accessible deposit accounts.

Principal Risks and Uncertainties

Assessment of the principal risks and uncertainties is managed by the Senior Leadership Team, Trustees and the Audit committee. The Trust uses an online risk management register (FDF Risk Manager) to record and monitor risk which is reviewed on a regular basis. This cloud based software package provides an integrated approach to risk and compliance, featuring pre-populated and tailored risk identification, and monitoring of controls designed to mitigate and monitor risk. Detailed examination of risks and risk mitigation has taken place through the work of the Audit Committee, which liaises regularly regarding risk management with the Teaching and Learning, Health and Safety, Local Governing Body, and Financial and Personnel Committees.

Risk categories captured in the register are: Academic, Financial, Governance, Health and Safety, Infrastructure, Legal, Physical, Staff, Strategic, Students.

Principal risks facing the Trust are:

- **Financial:** a reduction in student numbers and rates paid per place and a reduction in planned places. However, the Academy is oversubscribed and there is no indication that pupil places will reduce. Other financial risks include reduction in income streams; unforeseen increase in costs or capital repairs due to the condition of the Academy's buildings; unbudgeted, unfunded pay rises for teaching and support staff, including increased pension costs, which are proposed by external agencies
- **Site condition:** The Academy buildings are in poor condition. However, the Academy was successful in its bid for the Department for Education's Priority Schools Building Programme funding and rebuilding will commence in 2018/2019.
- **Personnel:** the principal risks are associated with succession planning, recruitment and retention. Capacity building has taken place within the Senior Leadership Team throughout the year in order to mitigate risks in this area.
- **Expansion activities:** the Trust has embarked on due diligence exercises with two schools who may join the Trust. The due diligence processes have been carried out in depth and have used a range of staff who are qualified to undertake detailed scrutiny of areas including: Finance: Health and Safety: Safeguarding: Teaching and Learning: IT: Governance. Due diligence will continue into 2018 – 2019.

Fundraising

The Trust did not undertake any fundraising activities during the 2017 -2018 financial year. Considerable income has been generated throughout the year through the work of the Trust's National Leader of Education (NLE) and Specialist Leaders of Education (SLE) (see section below, "Review of Value for Money").

Plans for Future Periods

The objectives of Iffley Academy for the 2018 – 2019 academic year are:

- To ensure effective leadership and management is maintained during a period of transition to Iffley Academy's new leadership team, brought about by the appointment of a new Head Teacher, ensuring that, a) staff understand the new SLT model and feel supported and challenged by leaders, and b) governors develop effective working relationships with the new Head Teacher.
- To further improve Assessment for Learning opportunities in the classroom, developing reflective practice which engages students in robust and constructive feedback. Students will be eager to improve their learning, effectively deploy learning strategies, capitalise on opportunities and respond to incisive feedback.
- To further develop the curriculum offer to ensure that students have greater opportunities to access a broad and balanced curriculum which inspires students to learn and has a renewed focus on the Arts and Culture. This will be achieved through engagement with the Artsmark framework in collaboration with Oxford University Museums.
- To ensure that the social, emotional and mental health needs of all students are effectively met; that they value their education, they rarely miss a day of school and that their education equips them with the behaviour and attitudes necessary for success in their next stage of education, training, employment and adult life.
- To successfully prepare students for the next stage of their education, employment, self-employment or training by providing practical real life workplace scenarios and wider work experience placements.
- Students access independent careers guidance from external stakeholders ensuring that each student has identified a career pathway outlining choices for the next stages of their education, employment or training.
- To further enhance students' academic success by, a) ensuring that 100% of students leaving the Guggenheim and MCA galleries achieve the minimum standard of accreditation, and b) 85% meet or exceed their target accreditation outcomes, evidencing that students make substantial and sustained progress and develop excellent knowledge, understanding and skills.
- To further improve outcomes for specific groups of students in English, ensuring that a) girls make an average minimum of 60% progress in their aggregated English progress, b) all students make an average minimum of 60% progress in their Spoken Word progress, and c) students with a primary need of ASC make an average minimum of 56% progress in their aggregated English progress.
- To further improve outcomes for specific groups of students in Mathematics, ensuring that a) all students continue to make Outstanding progress, making an average minimum of 60% progress in aggregated Mathematics, b) students with a primary need of ASC make an average minimum of 52% progress in their aggregated Number progress, and c) 100% of students leave Iffley Academy with accreditation in Mathematics, 85% achieving their target accreditation outcomes.
- To further improve reporting on pupil progress and achievement to ensure it is accurate and secure, by a) staff demonstrating in-depth, forensic knowledge of the students they teach, their Special Educational Needs and Disabilities (SEND), Education Health and Care Plan (EHCP) objectives and medical conditions, b) parents receiving thorough regular feedback on their child's progress in a meaningful way, and c) parents further engaging in discussion on summative reports.

The objectives of The Gallery Trust for the 2018 – 2019 academic year are:

- The Trust will grow in a measured and sustainable manner to ensure that standards are maintained and improved.
- The Board of Trustees and Local Governing Bodies (LGBs) will work together in effective and collaborative partnerships.
- The Trust will support the continual improvement of joining schools and the raising of standards.
- The Trust will establish itself as a leading voice in the SEND arena in order to promote the development of SEND strategy in the county of Oxfordshire and nationally.

The Trust will continue to plan for the opening of the new free special school, Bloxham Grove Academy.

Funds Held as Custodian Trustee on Behalf of Others

The trust holds no Assets and Funds as Custodian Trustee on behalf of others.

Auditor

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 11 December 2018 and signed on the Board's behalf by



S Rodway
Chair of Trustees

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that The Gallery 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, 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 Gallery Trust and the Secretary of State for Education. The Funding Agreement is the contract between the Secretary of State for Education and the Trust that sets out the terms on which the Trust is funded. The Head Teacher is 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 6 times during the year.

	Meetings attended	Out of a possible
S Rodway	6	6
M K Willett	6	6
A Edwards	3	6
G Thomas	5	6
C Scrivener	6	6
S King	5	6
C Piller	3	6
K Shaw	5	6

Two trustees joined the Board in September 2017, Mr C Scrivener and Mr S King. Mr Scrivener and Mr King bring highly appropriate and relevant skills and experience to the Board in education, business management and HR. Two members joined the Trust, Ms H Brierley and Dr A Kay, who provide expertise in marketing, education and the operation of an Multi Academy Trust.

Governance Reviews

The annual skills audit took place in May 2018, using the audit tool provided by the National Governors Association designed for Multi Academy Trust (Model 2). The audit is designed to identify the knowledge, experience, skills and behaviour that the Board needs to deliver its function effectively. The audit demonstrated that the current Board demonstrates all of the necessary skills to meet the essential skills required, and that it meets the majority of desirable skills required. The outcome of the audit will be used to identify the requirements for skills in any election of trustees in the coming year.

A detailed review of financial management which assessed the Schedule of Requirements contained in the Education and Skills Funding Agency's Academies Financial Handbook 2017 was undertaken by the Trust's Internal Auditor. The Internal Auditor found that the Trust was fully compliant with the requirements of the Academies Financial Handbook.

The Board of Trustees undertook a detailed review of the Trust's Scheme of Delegation to clarify and emphasise the responsibilities of Members, Trustees and Governors. The roles of committees and ways of working within the governance structure have also been reviewed and revised. The Governance Plans have been approved by the Department for Education as part of the liaison with the DfE regarding the Trust's expansion plans.

The Gallery Trust

Governance Statement (continued)

Committees

The Finance and Personnel Committee is a committee of the Board of Trustees. Its purpose is to:

- hold the Accounting Officer (Head Teacher) to account for financial efficiency and effectiveness
- ensure compliance with the Academies Financial Handbook, statutory regulations and internal guidance
- provide guidance and assistance to the Head Teacher in all matters relating to budgeting and finance
- scrutinise and analyse the Trust 3 year capital and revenue budget forecast and recommend approval to the Board of Trustees
- recommend approval of the Budget Forecast Return Outturn and Budget Forecast Return
- regularly monitoring actual expenditure and income against budget, and consideration of monthly management accounts
- liaise with other committees, the Local Governing Body and Trustees to advise on the appropriate means by which their requirements which have budget implications can best be met;
- ensure that annual accounts and returns are produced in accordance with statutory requirements and recommend approval to the Board of Trustees
- authorise the award of contracts over £25,000
- authorise the disposal of surplus, obsolete or unserviceable items of equipment of value above £1,000 and below £5,000
- make recommendations to the Trustees regarding the disposal of surplus, obsolete or unserviceable items of equipment of value above £5,000 and below £20,000
- make recommendations to the DfE regarding the disposal of surplus, obsolete or unserviceable items of equipment of value above £20,000
- authorise changes to the staffing structure
- approval of the scheme of delegation for finance, HR and governance
- be responsible for the administration and review of finance and personnel policies, including discipline and grievance procedures
- oversee any process leading to staff reductions
- follow Appraisal Policies for teachers and support staff to provide a thorough, supportive and developmental process which ensures that all staff have the skills and support they need to carry out their roles effectively
- receive and approve recommendations on pay awards

During this reporting period, some of the key tasks of the Finance and Personnel Committee were to:

- consider the changes in the Academies Financial Handbook, September 2017
- adopt teachers' and Green Book staff pay awards
- consider changes in the Finance and HR Scheme of Delegation
- monitor and evaluate the tender for payroll services, issued in September 2017 for commencement on 1 April 2018, and to approve the outcome of the tender
- approve the 2016 – 2017 Annual Reports and Finance Statements
- approve the 3 year budget forecast (capital and revenue)
- approve the performance management of teaching staff
- budget monitor
- agree the introduction of financial Key Performance Indicators to be reported to the committee
- consider MAT expansion activities
- to ratify policies
- develop an appropriate accounting structure for MAT expansion and development activities

The Gallery Trust

Governance Statement (continued)

Attendance at Finance and Personnel Committee meetings in the year was as follows:

	Meetings attended	Out of a possible
S Rodway	6	6
M K Willett	6	6
G Thomas	4	6
C Scrivener	5	6
S King	4	6
K Shaw	5	6

The Audit Committee is a committee of the Board of Trustees. Its purpose is to:

- review the Trust's internal financial controls and risk management systems
- agree a programme of work to address, and provide assurance on those risks
- recognise, manage and track present and future risks arising from the Trust's operations through the maintenance of a risk register
- discuss with the Internal Auditor the nature and scope of the annual programme of work and to ensure that the Internal Auditor has the fullest co-operation of staff
- consider all relevant reports by the Internal Auditor and the External Auditor, including reports on the accounts, achievement of value for money and the response to any management letters
- monitor and review the effectiveness of the internal audit function
- advise the Trustees on the annual and long-term audit programme
- report at least once a year to the Trustees on the discharge of the above duties
- consider any other matters where requested to do so by the Trustees
- to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements

During this reporting period, some of the key tasks of the Audit Committee were to:

- consider the reports provided by the Internal and External Auditors
- consider the introduction and impact of the General Data Protection Regulation
- assess factors relating to MAT expansion activities
- consider risk management and liaise with committees regarding the Trust's risk register
- agree the audit programme for 2018 – 2019

Attendance at Audit Committee meetings in the year was as follows:

	Meetings attended	Out of a possible
S Rodway	6	6
M K Willett	6	6
G Thomas	4	6
C Scrivener	5	6
S King	4	6
K Shaw	5	6

The Gallery Trust

Governance Statement (continued)

Review of Value for Money

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

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

- Income generation has been maximised by the use of the school's experienced system leaders. The Head Teacher is a National Leader in Education, and two members of staff are Specialist Leaders in Education. These colleagues have been commissioned by Oxfordshire Local Authority and the Oxfordshire Teaching School Alliance to provide Continuing Professional Leadership Development, School to School Support and Training for a number of schools in Oxfordshire.
- Collaboration with the Oxfordshire Association of Special School Head Teachers (OASSH) has achieved excellent value for money. OASSH set up a Data User Group in 2017 - 2018 to look at the outcomes and recommendations of the Rochford Review. The Rochford Review, published in October 2016, provides advice on the principles of assessment for students with SEND. The purpose of this group was to ensure that teachers across the special schools in Oxfordshire were supported in using the same principles for assessment, were confident in setting robust targets for students, made sound formative and summative assessments of pupil progress and that judgements of assessments could be moderated across the schools. A number of training and moderation meetings took place across the year and data on progress was shared across the schools to provide some benchmarks on pupil progress. The collaboration avoided the need to commission external providers for training.
- A saving of approximately 35% in the costs of resourcing teaching of Sound Reading in English was achieved through careful timetabling of lessons. The timetabling changes facilitated the ability for pupils to share the resources across each key stage.
- Commissioning two final year Art Therapy students to deliver Art Therapy to students under the supervision of a qualified and experienced Art Therapist, offering a greater number of hours and enhanced service for the same cost.
- A restricted tender for the Trust's payroll contract was conducted in the autumn term, which provides better value for money and increased capacity for growth as the Trust expands.

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. The system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify, prioritise and mitigate 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 Gallery Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees considers that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Personnel 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 (including 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 specific internal audit function and appointed Mr P J Thompson, BA, FCA, as Internal Auditor. Mr Thompson, former Finance Director of the Vale Academy Trust, has 25 years' senior experience in Education finance within LA-maintained and academy sectors.

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

- 1) A review of the Accounting Officer's Checklist including:
 - Funding
 - Procedures relating to payroll and procurement
 - Purchasing
 - Budget monitoring and monthly management accounts
 - Strategic plans
 - Governance
 - Risk management
 - Financial controls
 - Register of Business Interests
 - Compliance with the Academies Financial Handbook 2017
- 2) Balance sheet checklist including:
 - PS Financials bank reconciliation processes
 - Payroll control accounts
 - Credit card control accounts
 - VAT returns
 - Aged debtors and creditors
 - Fixed asset register
- 3) A VAT audit conducted by Critchleys LLP.

On a termly basis, the Internal Auditor reports to the Board of Trustees, through the Audit Committee, on the operation of systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Trust can confirm that the Internal Auditor has delivered his schedule of work as planned and that there have been no material control issues arising requiring remedial action.

Review of Effectiveness

As Accounting Officer the Head Teacher 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 Internal Auditor;
- the work of the External Auditor;
- the financial management and governance self-assessment process;
- the work of the Head Teacher/Accounting Officer, Trust Business Manager/CFO, Finance Manager, and Business Manager within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan for audit work in 2018/2019 to ensure continuous review of the system is in place.

Approved by order of the members of the Board of Trustees on 11 December 2018 and signed on its behalf by:



S Rodway
Trustee



M K Willett
Accounting Officer

The Gallery Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Gallery 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 terms and conditions of all funding received by the Academy Trust, under the Funding Agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



M K Willett
Accounting Officer

11 December 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 and the DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 11 December 2018 and signed on its behalf by:



S Rodway
Trustee

Opinion on financial statements

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 25), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

The Gallery Trust

Independent Auditor's Report to the members of The Gallery Trust (continued)

Use of our report

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



Andrew Rodzynski (Senior statutory auditor)

For and on behalf of Critchleys Audit LLP
Statutory Auditor
Oxford

Date: 14/12/18

Critchleys Audit LLP is eligible to act as an auditor in terms of sections 1212 of the Companies Act 2006.

The Gallery Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Gallery Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 18 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by The Gallery Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of The Gallery Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Gallery Trust's funding agreement with the Secretary of State for Education dated 8 February 2013 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

1. Reviewing of minutes of meetings of the Board of Trustees and obtaining representations concerning access to information, disclosure and provision of information.
2. Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity.
3. Assessment and testing of a sample of the specific control activities over regularity of a particular activity.
4. Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities and externally imposed limits.
5. Consideration of whether activities carried out are within the charitable objects.

The Gallery Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Gallery 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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

This report is made solely to The Gallery 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 Gallery 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 Gallery Trust and the ESFA, for our review work, for this report, or for the conclusion we have formed.



Critchleys Audit LLP
Reporting Accountant
Oxford

Date: 14/12/18

The Gallery Trust
Statement of Financial Activities
For the year ended 31 August 2018
(including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
	Note	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	-	-	8,658	8,658	10,102
Charitable activities						
Funding for the academy trust's educational operations	3	-	2,755,736	-	2,755,736	2,557,349
Other income for educational operations	4	125,881	-	-	125,881	64,190
Other trading activities	5	6,987	-	-	6,987	-
Investments	6	481	-	-	481	524
Total		133,349	2,755,736	8,658	2,897,743	2,632,165
Expenditure on:						
Charitable activities						
Grants						
Academy's educational operations	7,8	125,881	2,979,385	395,183	3,500,449	3,008,178
Total		125,881	2,979,385	395,183	3,500,449	3,008,178
Net income / (expenditure) before transfers		7,468	(223,649)	(386,525)	(602,706)	(376,013)
Transfers between funds	15	-	-	-	-	-
Net income / (expenditure) for the period		7,468	(223,649)	(386,525)	(602,706)	(376,013)
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	15,25	-	527,000	-	527,000	501,000
Net movement in funds		7,468	303,351	(386,525)	(75,706)	124,987
Reconciliation of Funds						
Funds brought forward at 31 August 2017		229,126	(1,251,374)	5,495,222	4,472,974	4,347,987
Funds carried forward at 31 August 2018		236,594	(948,023)	5,108,697	4,397,268	4,472,974

All of the Academy's activities derive from continuing operations.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes numbered 1 to 27 form part of the financial statements.

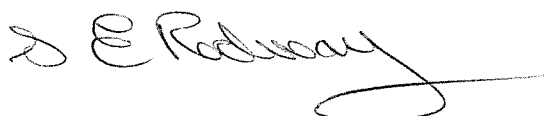
The Gallery Trust
Balance sheet
As at 31 August 2018

Company number:
08334718

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	12		5,090,012		5,480,457
Current assets					
Debtors	13	168,488		35,865	
Cash at bank and in hand		<u>911,745</u>		<u>894,225</u>	
		1,080,233		930,090	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(240,977)</u>		<u>(143,573)</u>	
Net current assets			<u>839,256</u>		<u>786,517</u>
Total assets less current liabilities			5,929,268		6,266,974
Net assets excluding pension liability			<u>5,929,268</u>		<u>6,266,974</u>
Defined benefit pension scheme liability	25		<u>(1,532,000)</u>		<u>(1,794,000)</u>
Total net assets			<u><u>4,397,268</u></u>		<u><u>4,472,974</u></u>
Funds of the academy trust:					
Restricted fixed asset funds	15		5,108,697		5,495,222
Restricted funds					
Restricted funds excluding pension liability	15	583,977		542,626	
Pension reserve	15	<u>(1,532,000)</u>		<u>(1,794,000)</u>	
			(948,023)		(1,251,374)
Total restricted funds			<u>4,160,674</u>		<u>4,243,848</u>
Unrestricted funds	15		236,594		229,126
Total funds			<u><u>4,397,268</u></u>		<u><u>4,472,974</u></u>

The notes numbered 1 to 27 form part of the financial statements.

The financial statements on pages 31 to 55 were approved by the trustees and authorised for issue on 11 December 2018 and are signed on their behalf by



S Rodway
Chair of Trustees

The Gallery Trust
Statement of Cash Flows
For the year ended 31 August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	13,119	121,527
Cash flows from investing activities	21	4,401	3,720
Cash flows from financing activities	20	-	-
Change in cash and cash equivalents in the reporting period		<u>17,520</u>	<u>125,247</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2017		894,225	768,978
Cash and cash equivalents at 31 August 2018	22	<u><u>911,745</u></u>	<u><u>894,225</u></u>

All of the cash flows are derived from continuing operations.

The notes numbered 1 to 27 form part of the financial statements

1 Statement of Accounting Policies

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

Basis of Preparation

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

The Gallery Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

Grants

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

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

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

Donations

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

Other Income

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

1 Statement of Accounting Policies (continued)

Income (continued)

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Donated fixed assets (excluding Transfers on conversion/into the academy trust)

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of any irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

1 Statement of Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 12 for further details.)

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

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

Leasehold buildings	20 years (from conversion)
Leasehold improvements	10-20 years
Fixtures, fittings and equipment	5 years
ICT equipment	3 years
Motor Vehicles	5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets

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

1 Statement of Accounting Policies (continued)

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 costs as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

1 Statement of Accounting Policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The academy trust participates in the Teacher's Pension Scheme (TPS) for qualifying employees. Under the definitions set out in FRS 102, this is a multi-employer pension scheme. There is insufficient information about the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets in the financial statements and therefore the plan is accounted for as a defined contribution scheme (see note 25).

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE/ESFA capital grants				
Devolved formula capital grant	-	8,658	8,658	8,455
	-	8,658	8,658	8,455
Other donations				
	-	-	-	1,647
	-	8,658	8,658	10,102

The income from donations and capital grants was £8,658 (2017: £10,102) of which £Nil was unrestricted (2017: £Nil), £Nil restricted (2017: £1,647) and £8,658 restricted fixed assets (2017: £8,455).

3 Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	1,392,816	1,392,816	1,397,572
Other DfE Group grants	-	73,815	73,815	105,336
National College grants				
	-	1,466,631	1,466,631	1,502,908
Other Government grants				
Local authority top-up funding	-	1,281,905	1,281,905	1,043,556
Other local authority funding: revenue	-	7,200	7,200	10,885
	-	1,289,105	1,289,105	1,054,441
	-	2,755,736	2,755,736	2,557,349

The funding for the academy's educational operations was £2,755,736 (2017: £2,557,349) of which £Nil was unrestricted (2017: £Nil), £2,755,736 restricted (2017: £2,557,349) and £Nil restricted fixed assets (2017: £Nil).

The Gallery Trust
Notes to the financial statements
For the year ended 31 August 2018

4 Other income for educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Trip and activity income	5,014	-	5,014	4,182
Catering income	19,890	-	19,890	15,900
Pupil transport income	56,222	-	56,222	42,382
Other income	44,755	-	44,755	1,726
	<u>125,881</u>	<u>-</u>	<u>125,881</u>	<u>64,190</u>

The other income for educational operations was £125,881 (2017: £64,190) of which £125,881 was unrestricted (2017: £64,190), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

5 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Catering income	6,987	-	6,987	-
	<u>6,987</u>	<u>-</u>	<u>6,987</u>	<u>-</u>

The other trading activities income was £6,987 (2017: £Nil) of which £6,987 was unrestricted (2017: £Nil), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

6 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Short term deposits	481	-	481	524
	<u>481</u>	<u>-</u>	<u>481</u>	<u>524</u>

The investment income was £481 (2017: £524) of which £481 was unrestricted (2017: £524), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

7 Expenditure

	Staff Costs £	Non Pay Premises Costs £	Expenditure Other Costs £	Total 2018 £	Total 2017 £
Academy's educational operations:					
Direct costs (note 8)	1,870,042	-	167,252	2,037,294	1,811,734
Allocated support costs (note 8)	708,583	113,587	640,985	1,463,155	1,196,444
	<u>2,578,625</u>	<u>113,587</u>	<u>808,237</u>	<u>3,500,449</u>	<u>3,008,178</u>
	<u>2,578,625</u>	<u>113,587</u>	<u>808,237</u>	<u>3,500,449</u>	<u>3,008,178</u>

The expenditure on academy's educational operations was £3,500,449 (2017: £3,008,178) of which £125,881 was unrestricted (2017: £64,190), £2,979,385 restricted (2017: £2,371,884) and £395,183 restricted fixed assets (2017: £394,104).

The 2017 allocated support costs have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

Net income/(expenditure) for the period includes:

	2018 £	2017 £
Operating lease rentals	7,544	4,234
Depreciation	395,183	394,104
Fees payable to auditor for:		
Audit	6,650	6,000
Other services	8,149	17,985

8 Charitable activities

	Total 2018 £	Total 2017 £
Direct costs - educational operations	2,037,294	1,811,734
Support costs - educational operations	<u>1,463,155</u>	<u>1,196,444</u>
	<u>3,500,449</u>	<u>3,008,178</u>

Analysis of support costs

	Educational operations £	Total 2018 £	Total 2017 £
Support staff costs	443,583	443,583	364,277
Depreciation	395,183	395,183	394,104
Technology costs	68,921	68,921	53,596
Premises costs	113,587	113,587	112,505
Other support costs	143,983	143,983	80,035
Governance costs	32,898	32,898	24,927
Other pension costs	215,000	215,000	122,000
Other finance costs (FRS102 pension)	50,000	50,000	45,000
Total support costs	<u>1,463,155</u>	<u>1,463,155</u>	<u>1,196,444</u>

The 2017 support costs have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

The Gallery Trust
Notes to the financial statements
For the year ended 31 August 2018

9 Staff Costs

	2018	2017
	£	£
Staff costs during the period were:		
Wages and salaries	1,819,296	1,587,244
Social security costs	173,855	150,838
Operating costs of defined benefit pension schemes		
Employer contributions to pension schemes	320,474	268,918
FRS102 Other pension and finance costs	265,000	167,000
	<u>2,578,625</u>	<u>2,174,000</u>
Agency supply staff costs	-	1,224
Staff restructuring costs	-	-
	<u><u>2,578,625</u></u>	<u><u>2,175,224</u></u>

The 2017 staff costs have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

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

	2018	2017
	No.	No.
Teachers	22	15
Administration and support	45	44
Management	6	5
	<u>73</u>	<u>64</u>

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

	2018	2017
	No.	No.
£60,001 - £70,000	2	1
£90,001 - £100,000	-	1
£110,001 - £115,000	1	-

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on pages 1-2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £471,626 (2017: £443,347).

10 Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The in respect of services provided undertaking the role of head teacher under a contract of employment.

	2018	2017
	£	£
M K Willett, Headteacher Governor and Trustee		
Remuneration	£110k-£115k	£95k-£100k
Employer's pension contributions	£15k-£20k	£15k-£20k

During the period ended 31 August 2018 expenses totalling £349 were reimbursed or paid directly to the headteacher (2017: £Nil).

11 Trustees and officers insurance

From 1 February 2017, the academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Leasehold Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
As at 1 September 2017	7,019,572	144,763	39,677	64,222	7,268,234
Additions	-	-	4,738	-	4,738
Disposals	-	-	-	(3,000)	(3,000)
As at 31 August 2018	7,019,572	144,763	44,415	61,222	7,269,972
Depreciation					
As at 1 September 2017	1,618,486	89,262	35,847	44,182	1,787,777
Disposals	-	-	-	(3,000)	(3,000)
Charges in period	353,857	28,956	3,004	9,366	395,183
As at 31 August 2018	1,972,343	118,218	38,851	50,548	2,179,960
Net book values					
As at 31 August 2018	5,047,229	26,545	5,564	10,674	5,090,012
As at 1 September 2017	5,401,086	55,501	3,830	20,040	5,480,457

Leasehold property

The academy trust took out a 125 year lease over the property at the date of conversion. Leasehold buildings are recognised in the accounts as the academy trust has the right to use the property. The valuation was arranged by the ESFA and was carried out on a desktop depreciated replacement cost basis. Due to restrictions in the leases on the use of the land, the Trustees consider that the land has no value and as such it is included in the financial statements at nil value. The freehold of this property is owned by the Local Authority.

13 Debtors

	2018 £	2017 £
Trade debtors	7,943	831
VAT recoverable	12,411	13,850
Prepayments and accrued income	148,134	21,184
	<u>168,488</u>	<u>35,865</u>

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	52,808	49,842
Other taxation and social security	45,383	38,446
Other creditors	43,929	35,820
Accruals and deferred income	98,857	19,465
	<u>240,977</u>	<u>143,573</u>

14 Creditors: amounts falling due within one year (continued)

Deferred income

	2018 £	2017 £
Deferred income at 1 September 2017	-	25,013
Released from previous years	-	(25,013)
Resources deferred in the period	73,897	-
Deferred income at 31 August 2018	<u>73,897</u>	<u>-</u>

Deferred income relates to grant income received in advance.

15 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	512,626	1,392,816	(1,321,465)	-	583,977
Pupil Premium funding	-	61,356	(61,356)	-	-
Project Development Grant (DfE)	30,000	-	(30,000)	-	-
Other DfE funding	-	12,459	(12,459)	-	-
Local authority top-up funding	-	1,281,905	(1,281,905)	-	-
Other local authority funding	-	7,200	(7,200)	-	-
Other grants	-	-	-	-	-
Pension reserve (note 25)	(1,794,000)	-	(265,000)	527,000	(1,532,000)
	<u>(1,251,374)</u>	<u>2,755,736</u>	<u>(2,979,385)</u>	<u>527,000</u>	<u>(948,023)</u>
Restricted fixed asset funds					
Devolved Formula Capital	14,765	8,658	-	(4,738)	18,685
Local Authority capital funding	-	-	-	-	-
Other capital grants	-	-	-	-	-
Fixed asset fund (note 12)	5,480,457	-	(395,183)	4,738	5,090,012
	<u>5,495,222</u>	<u>8,658</u>	<u>(395,183)</u>	<u>-</u>	<u>5,108,697</u>
Total restricted funds	<u>4,243,848</u>	<u>2,764,394</u>	<u>(3,374,568)</u>	<u>527,000</u>	<u>4,160,674</u>
Unrestricted funds					
Unrestricted funds	229,126	133,349	(125,881)	-	236,594
Total unrestricted funds	<u>229,126</u>	<u>133,349</u>	<u>(125,881)</u>	<u>-</u>	<u>236,594</u>
Total funds	<u>4,472,974</u>	<u>2,897,743</u>	<u>(3,500,449)</u>	<u>527,000</u>	<u>4,397,268</u>

15 Funds (continued)

The General Annual Grant represents funding received from the Education and Skills Funding Agency during the period in order to fund the continuing activities of the school. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2018.

Pupil Premium Funding represents funding received from the Department for Education (DfE) to raise the attainment of disadvantaged pupils of all abilities. The eligibility of the pupils and rates of grant per pupil are set-out by the DfE. This funding is to be used for the provision of education.

Project Development Grants are received from the DfE to cover all revenue expenditure related to the free school, up to the point at which it opens, is cancelled, or withdrawn.

Other DfE funding represents other forms of funding received from the Department for Education. This includes but is not limited to Year 7 Catch Up funding and PE grants.

Top-up and Other Local Authority Revenue funding represents various grant funding provided by Local Authorities.

Restricted general funds, Other grants represent amounts given to the academy trust for specific revenue purposes.

The pension reserve fund separately identifies the pension deficit on the Local Government Pension Scheme, and through which all the movements on the pension scheme are recognised.

Devolved Formula Capital represents funding provided by the Department for Education to be used for capital projects. This funding may be used for specific capital projects which are not considered to be fixed asset additions.

Local Authority Capital Funding includes various grant funding provided by Local Authorities.

Restricted Fixed Asset Funds, Other grants represent amounts given to the academy trust for specific capital purposes.

The Fixed Asset fund recognises the net book value of tangible and fixed assets transferred to the trust on conversion and additions since conversion.

Unrestricted funds represent other income to the academy trust which is not received as funding or with a specific purpose.

All transfers between funds relate to fixed asset addition expenditure.

15 Funds (continued)

Comparative Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	366,514	1,397,572	(1,251,460)	-	512,626
Pupil Premium funding	-	54,939	(54,939)	-	-
Project Development Grant (DfE)	-	30,000	-	-	30,000
Other DfE funding	-	20,397	(20,397)	-	-
Local authority top-up funding	-	1,043,556	(1,043,556)	-	-
Other local authority funding	-	10,885	(10,885)	-	-
Other grants	-	1,647	(1,647)	-	-
Pension reserve (note 24)	(2,128,000)	-	(167,000)	501,000	(1,794,000)
	<u>(1,761,486)</u>	<u>2,558,996</u>	<u>(2,549,884)</u>	<u>501,000</u>	<u>(1,251,374)</u>
Restricted fixed asset funds					
Devolved Formula Capital	9,517	8,455	-	(3,207)	14,765
Local Authority capital funding	2,052	-	-	(2,052)	-
Other capital grants	-	-	-	-	-
Fixed asset fund (note 12)	5,869,302	-	(394,104)	5,259	5,480,457
	<u>5,880,871</u>	<u>8,455</u>	<u>(394,104)</u>	<u>-</u>	<u>5,495,222</u>
Total restricted funds	<u>4,119,385</u>	<u>2,567,451</u>	<u>(2,943,988)</u>	<u>501,000</u>	<u>4,243,848</u>
Unrestricted funds					
Unrestricted funds	228,602	64,714	(64,190)	-	229,126
Total unrestricted funds	<u>228,602</u>	<u>64,714</u>	<u>(64,190)</u>	<u>-</u>	<u>229,126</u>
Total funds	<u>4,347,987</u>	<u>2,632,165</u>	<u>(3,008,178)</u>	<u>501,000</u>	<u>4,472,974</u>

The Comparative Funds Pension Reserve figures have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

15 Funds (continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	366,514	2,790,388	(2,572,925)	-	583,977
Pupil Premium funding	-	116,295	(116,295)	-	-
Project Development Grant (DfE)	-	30,000	(30,000)	-	-
Other DfE funding	-	32,856	(32,856)	-	-
Local authority top-up funding	-	2,325,461	(2,325,461)	-	-
Other local authority funding	-	18,085	(18,085)	-	-
Other grants	-	1,647	(1,647)	-	-
Pension reserve (note 24)	(2,128,000)	-	(432,000)	1,028,000	(1,532,000)
	<u>(1,761,486)</u>	<u>5,314,732</u>	<u>(5,529,269)</u>	<u>1,028,000</u>	<u>(948,023)</u>
Restricted fixed asset funds					
Devolved Formula Capital	9,517	17,113	-	(7,945)	18,685
Local Authority capital funding	2,052	-	-	(2,052)	-
Other capital grants	-	-	-	-	-
Fixed asset fund (note 13)	5,869,302	-	(789,287)	9,997	5,090,012
	<u>5,880,871</u>	<u>17,113</u>	<u>(789,287)</u>	<u>-</u>	<u>5,108,697</u>
Total restricted funds	4,119,385	5,331,845	(6,318,556)	1,028,000	4,160,674
Unrestricted funds					
Unrestricted funds	228,602	198,063	(190,071)	-	236,594
Total unrestricted funds	228,602	198,063	(190,071)	-	236,594
Total funds	4,347,987	5,529,908	(6,508,627)	1,028,000	4,397,268

16 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	5,090,012	5,090,012
Current assets	236,594	824,954	18,685	1,080,233
Current liabilities	-	(240,977)	-	(240,977)
Pension Scheme liability	-	(1,532,000)	-	(1,532,000)
Total net assets	236,594	(948,023)	5,108,697	4,397,268

Comparative analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	5,480,457	5,480,457
Current assets	229,126	686,199	14,765	930,090
Current liabilities	-	(143,573)	-	(143,573)
Pension Scheme liability	-	(1,794,000)	-	(1,794,000)
Total net assets	229,126	(1,251,374)	5,495,222	4,472,974

17 Capital commitments

Contracted for, but not provided in the financial statements

2018 £	2017 £
-	-

18 Commitments under operating leases

Operating leases

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

	2018 £	2017 £
Amounts due within one year	5,539	3,233
Amounts due between one and five years	1,130	649
Amounts due after five years	-	-
	6,669	3,882

The Gallery Trust
Notes to the financial statements
For the year ended 31 August 2018

19 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018 £	2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(602,706)	(376,013)
Adjusted for:		
Depreciation (note 12)	395,183	394,104
Capital grants from DfE and other capital income	(8,658)	(8,455)
Interest receivable (note 6)	(481)	(524)
Defined benefit pension scheme cost less contributions payable (note 25)	215,000	122,000
Defined benefit pension scheme finance cost (note 25)	50,000	45,000
(Increase)/decrease in debtors	(132,623)	(1,515)
Increase/(decrease) in creditors	97,404	(53,070)
Net cash provided by operating activities	13,119	121,527

20 Cash flows from financing activities

	2018 £	2017 £
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash used in financing activities	-	-

21 Cash flows from investing activities

	2018 £	2017 £
Dividends, interest and rents from investments	481	524
Purchase of tangible fixed assets	(4,738)	(5,259)
Capital grants from DfE Group	8,658	8,455
Capital funding received from sponsors and others	-	-
Net cash provided by investing activities	4,401	3,720

22 Analysis of cash and cash equivalents

	At 1 Sept 2017 £	Cash flows £	At 31 August 2018 £
Cash at bank and in hand	894,225	17,520	911,745
	894,225	17,520	911,745

23 Contingent liabilities

There are no contingent liabilities that require disclosure.

24 Members liability

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

25 Pension and similar obligations

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

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

Contributions amounting to £40,366 were payable to the schemes at 31 August 2018 (2017: £35,285) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme governed by the Teachers' Pension Regulations (2010) and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in the regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

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 pension costs paid to TPS in the period amounted to £145,786 (2017: £128,536).

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

25 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on the reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed schedule include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to the State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earning (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

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.

25 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2018 was £230,000 (2017: £179,000), of which employer's contributions totalled £174,000 (2017: £136,000) and employees' contributions totalled £56,000 (2017: £43,000). The agreed contribution rates for future years (until 31 March 2020) are 19.3% for employers and 5.5-12.5% for employees. The next full triennial valuation will be carried out as at 31 March 2019 with new contribution rates set from 1 April 2020.

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

Principal actuarial assumptions

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.50%	4.20%
Rate of increase for pensions in payment / inflation	2.40%	2.70%
Discount rate for scheme liabilities	2.80%	2.60%
Inflation assumption (CPI)	2.40%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis - Effect on Scheme Liabilities

	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	3,573,000	3,514,000
Discount rate -0.1%	3,749,000	3,693,000
Mortality assumption - 1 year increase	N/A	3,721,000
Mortality assumption - 1 year decrease	N/A	3,487,000
CPI rate +0.1%	N/A	N/A
CPI rate -0.1%	N/A	N/A

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.4	23.4
Females	25.5	25.5
<i>Retiring in 20 years</i>		
Males	25.7	25.7
Females	27.9	27.9

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,491,000	1,114,000
Gilts	-	269,000
Corporate bonds	362,000	87,000
Property	170,000	118,000
Cash and other liquid assets	106,000	70,000
LLPs	-	59,000
Diversified growth fund	-	89,000
Alternative assets	-	2,000
Total market value of assets	2,129,000	1,808,000
Present value of scheme liabilities		
- Funded	(3,661,000)	(3,602,000)
Surplus/(deficit) in the scheme	(1,532,000)	(1,794,000)

The actual return on scheme assets was £147,000 (2017: £214,000).

Amounts recognised in the statement of financial activities

	2018 £	2017 £
Current service cost (net of employee contributions)	389,000	258,000
Net interest cost	50,000	45,000
Total amount recognised in the SOFA	439,000	303,000

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2018 £	2017 £
At 1 September	3,602,000	3,691,000
Current service cost	389,000	258,000
Interest cost	99,000	81,000
Employee contributions	56,000	43,000
Actuarial (gain)/loss	(443,000)	(430,000)
Estimated benefits paid net of transfers in	(42,000)	(41,000)
At 31 August	3,661,000	3,602,000

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

	2018 £	2017 £
At 1 September	1,808,000	1,563,000
Interest income	49,000	36,000
Expected return on assets	84,000	178,000
Employer contributions	174,000	136,000
Employee contributions	56,000	43,000
Estimated benefits paid plus unfunded net of transfers in	(42,000)	(41,000)
Other actuarial gains/(losses)	-	(107,000)
At 31 August	2,129,000	1,808,000

Reconciliation of opening and closing deficit

	2018		2017	
	£	£	£	£
Pension deficit at 1 September		(1,794,000)		(2,128,000)
Current service cost	(389,000)		(258,000)	
Employer contributions	174,000		136,000	
Additional pension cost		(215,000)		(122,000)
Other finance costs		(50,000)		(45,000)
Actuarial gains/(losses)		527,000		501,000
Pension deficit at 31 August		(1,532,000)		(1,794,000)

The 2017 pension figures have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

26 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the period of account.

Mr R Willett (spouse of Mrs M Willett, Trustee and Accounting Officer) is employed by the academy as Additional Educational Needs Coordinator (having previously been employed by the predecessor local authority maintained school since 2007). Mr Willett's remuneration during the year was £45,535 (2017: £43,860), employer pension contributions amounted to £8,788 (2017: £7,194) and expenses were £444 (2017: £Nil).

Mr J Moss (son of Mrs M Willett, Trustee and Accounting Officer) received his final remuneration for working as a Teaching Assistant in the year ended to 31 August 2017. Mr Moss's remuneration during the year ended 31 August 2018 was £Nil (2017: £370) and employer pension contributions amounted to £Nil (2017: £71).

Ms K Hunston (daughter of Mrs S Hunston, Chief Operating Officer) was re-employed by the academy as a Teaching Assistant in February 2018, having previously left the academy's service on 31 August 2017. Ms Hunston's remuneration during the year ending 31 August 2018 was £8,430 (2017: £13,562) and employer pension contributions amounted to £1,627 (2017: £2,232).

27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31 August 2018 the trust received £4,975 (2017: £3,775) and disbursed £4,975 (2017: £3,775) from the fund. An amount of £Nil (2017: £Nil) (including brought forward from prior years) is included in other creditors relating to undistributed funds that are repayable to ESFA.