

CHILDREN OF SUCCESS SCHOOLS TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

Haines Watts

Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
Hale
Altrincham
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WA14 2UT

CHILDREN OF SUCCESS SCHOOLS TRUST

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CHILDREN OF SUCCESS SCHOOLS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees		Appointed	Resigned
	Professor Mel Ainscow CBE		
	Diane Bell		
	Sheila Cairns		
	Richard Dyson (Chair)		
	James Eldon		
	Mark Glynn		
	Linda Hamilton		
	Rebecca Hodgkins		
	Linda Jackson		
	Alison Jurkowski		
	Stuart Leeming		
	Nicola McIntyre	1 January 2017	28 April 2017
	Sarah Murray		31 Dec 2017
	Andy Rawlins		
	Dame Benita Refson DBE		31 August 2017
	Sue Spiteri		
	Daniel Stalford		
	Dr. Paul Thompson		
Members			
	Professor Mel Ainscow CBE (Chair)		
	Sheila Cairns		
	Richard Dyson		
	Stuart Leeming		
	Dame Benita Refson DBE		
	Hon. Robert Rayne		
Senior management team			
Sue Spiteri	Executive Headteacher		
Alison Jurkowski	Finance Director and Operations Manager		
Company registration number	08438964 (England and Wales)		
Registered office	The Willows Primary School Tayfield Road Manchester M22 1BQ		
Academies operated	Location		
The Willows	Tayfield Road, Wythenshawe		
Haveley Hey	Nearbrook Road, Wythenshawe		
Independent auditor	Haines Watts Chartered Accountants Statutory Auditor Bridge House Ashley Road Hale Altrincham WA14 2UT		

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees of the Children of Success Schools Trust ('the Trust'), who are also directors of the Trust for the purposes of the Companies Act, present their annual report and audited financial statements for the year ended 31 August 2017.

The Trust is an academy trust operating two academies: The Willows Primary School and Haveley Hey Community School, in Wythenshawe, Manchester. The Willows has a pupil capacity of 485, including 65 nursery places, and had 468 pupils on roll at the 2017 spring census date. Haveley Hey has a pupil capacity of 480, including 60 nursery places, and had 467 pupils on roll at the 2017 spring census date. In addition the Trust operates 'The Bridge' which is a community building also located in Wythenshawe next to Haveley Hey where the Trust runs a two year old nursery for 32 pupils, a nurture group for pupils and provide space to other organisations who share our aims.

Structure, governance and management

Constitution

The 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 Trust. Details of the trustees who served during the period 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 company in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, such amount as may be requested, not exceeding £10, for the debts and liabilities contracted before s/he ceases to be a member.

Trustees' indemnities

The Trust has opted into the Department for Education's Risk Protection Arrangement to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring while on trust business. As explained in note 10 to the financial statements the limit of this indemnity is £10,000,000.

Method of recruitment and appointment or election of trustees

The Board of Trustees is made up of:

- Eight trustees appointed by the members (of which one is to be nominated by Manchester Grammar School and one by Manchester Enterprise Academy).
- Two parent trustees (one from each school, chosen from elected parent representatives on the school's governing committee).
- Five trustees co-opted by the Board.
- The Executive Headteacher and the Trust Finance Director ex officio.
- The Secretary of State for Education has the right to appoint one person to the Board. This right has not been exercised.

The Board conducts an annual skills audit and recruits new trustees on the basis of needs identified through this process. Prospective trustees (other than parents) are identified through partners and stakeholders or SGOSS (School Governors' One Stop Shop). They are asked to provide relevant information and referees and are advised of the Code of Conduct and the expectations of trustees. They are invited to visit the schools and are interviewed by the Chair of the Board and at least one other trustee, who will then make a recommendation on appointment.

Policies and procedures adopted for the induction and training of trustees

Newly appointed trustees are referred to relevant documents on the Trust's website as their information pack. They are briefed by the Chair of the Board and invited to visit the two schools and meet the Executive Headteacher and Heads of School and the Finance Director to be briefed on the educational profiles, financial position and any key issues. They are expected to take new trustee training in their first year.

Trustees' training needs are identified through the annual skills audit and self-review, in the context of the Trust's strategic plan, and in response to government policies or requirements. Some training needs are met internally, for example by briefing trustees on educational developments, arranging school visits or inviting an outside expert to provide training. Where appropriate, needs are met externally, for example safer recruitment and chairs' training. Trustees are advised of training opportunities offered through the Manchester Schools Alliance, One Education, the National College for Teaching and Learning and online providers.

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

The Board of Trustees is responsible for the overall direction and control of the Trust and meets four times per year. The Board is responsible for setting strategy and objectives; setting policies including the admissions policy for the schools; ensuring the quality of educational provision; challenging and monitoring the schools' performance; managing the Trust's finances and property and approving the annual budget; approving capital expenditure and property purchase; acting as employer; appointing auditors to the Trust and approving the annual report and financial statements of the Trust. The Board has the following committees: Academic Outcomes, Finance and General Purposes, Pay, Safeguarding and a School Community Group for each school.

The Executive Headteacher in conjunction with the Head of School in each school, supported by a leadership team with defined areas of responsibility, is responsible for its operational management and for the curriculum and standards of the school. The Finance Director/Operations Manager is responsible for managing the financial and physical resources of the Trust and for administrative and site staff. The Executive Head and Finance Director/Operations Manager are appointed by and accountable to the Board.

Arrangements for setting pay and remuneration of key management personnel

The Executive Headteacher is paid in accordance with the School Teachers Pay and Conditions document with reference to the relevant pay range based on the school group determined from school size and age range. Annual review of performance is carried out by members of the Board in conjunction with an independent advisor and pay progression awarded on achievement of objectives. The pay of the Finance Director and Operations Manager is not based on a scale but is reviewed by reference to market conditions. There is an element of performance related pay which is awarded based on the achievement against objectives which is determined by a sub-committee of the Board.

Related parties and other connected charities and organisations

- Of the Trust's two schools, The Willows is a converter academy, sponsoring Haveley Hey. The role of The Willows as sponsor was concerned with providing leadership and professional resources to improve the performance of Haveley Hey. Following Haveley Hey's last two inspections judging the school as 'good' in July 2012 and February 2015 the relationship remains to support performance across both schools.
- Manchester Grammar School provides support and guidance to the Trust educationally, particularly in relationship to provision for gifted and talented pupils and also through the support of trustees who sit on the Board.
- Each school contracts with Place2Be, a national charity providing mental health support services on site for children to enable them to benefit from learning. One Member of the Trust is a Trustee of Place2be. The Finance and Human Resources Committee has reviewed the contracts with Place2Be and determined that this is an appropriate choice for the schools. The Member concerned played no part in this consideration.

Objectives and activities

Objects and aims

The principal activity of the Trust as set out in the Articles of Association is to:

- (a) advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- (b) promote for the benefit of the inhabitants of Wythenshawe and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, affinity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and the object of improving the condition of life of the said inhabitants.

Objectives, strategies and activities

The two schools aim to provide the highest standard of academic and creative education, based on respect for the rights of every child. This aim is delivered through:

- Engaging and supporting the most vulnerable and marginalised members of our communities
- Driving forward aspirations for every child and their family
- Providing every child with an academic education that equips them for a successful transition into the next phase of their learning
- Developing each child as a Rights Respecting citizen who will be an active and upstanding member of their local and future community

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

In 2016/17 our key objective has been to continue to improve the attainment and progress of our pupils in both schools and improve business processes to drive efficiency and effectiveness.

Public benefit

In setting our objectives and planning our activities the trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic report

Achievements and key performance indicators

Both schools are located in an inner city area with a high level of deprivation which brings extra challenges. Free school meal entitlement at both schools is far in excess of the national average with 76% of children at Haveley Hey and 64% of those at The Willows receiving pupil premium funding, compared to the national average of 25%. Both schools also have high levels of children with special educational needs and high numbers of white British boys.

Financial data

The key financial performance indicators relating to operating results are shown below and demonstrate how the schools and Trust remain within their financial plans.

£000's	Actual 2016/17	Budget 2016/17	Variance to budget	Actual 2015/16	Variance to 2015/16
Net revenue	135	14	121	129	6

Pupil numbers

Although both schools continue to have rising pupil numbers, with both schools almost full, these increases are now limited by place availability across the school years.

School	Pupil numbers (Autumn Census)					Maximum capacity
	2013	2014	2015	2016	2017	
Haveley Hey	402	437	450	464	468	480
The Willows	440	458	466	473	466	485
The Bridge	-	-	26	32	32	32

Pupil attainment and progress 2017

This is the second year of the new curriculum and assessment for primary children.

	The Willows		Haveley Hey		National average 2017
	2016	2017	2016	2017	
Early Years Good Level of development	57%	58%	63%	67%	71%
Y1 Phonics	76%	83%	78%	75%	81%
KS1 % achieving expected standard					
Reading	75%	63%	74%	56%	76%
Writing	61%	55%	71%	51%	68%
Maths	70%	58%	71%	59%	75%
KS1 Combined(R,W,M)	60%	47%	66%	51%	64%
KS2 % reaching expected standard					
Reading	74%	62%	44%	62%	71%
Writing	72%	66%	69%	64%	76%
Maths	78%	74%	69%	68%	75%
KS2 Combined (R,W,M)	59%	57%	37%	58%	61%
KS2 Progress scores					
Reading	1.1	0.7	0.4	0.2	0
Writing	-1.2	-0.6	0.8	-2.3	0
Maths	1.4	0.5	1.3	1.0	0
Pupils Attendance Data					
Percentage attendance	96.4	96.8	95.4	94.8	96.0 (2016)

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

At Haveley Hey the two year old provision at The Bridge is raising the level of school readiness for pupils starting in nursery and this is beginning to impact on the good level of development. The good level of development at the Willows is increasing and Governors are considering possible introduction of two year provision to impact early years outcomes.

Results in Key Stage 1 have been impacted from significant staff absence through illness and maternity reducing the quality of teaching and consistency. The School Development Plan addresses this issue and plans are in place to closely monitor children at termly pupil progress meetings and the Academic Outcomes Committee meetings.

At Key Stage 2 the Willows has maintained a similar level to 2016 despite high levels of special educational needs in the cohort. Haveley Hey has made significant progress in reading from 2016 to bring the combined percentage achieving expected levels to just short of national average.

Progress in Key Stage 2 remains strong in reading and maths, writing remains a focus across the Trust in 2017/8.

Ofsted inspections

Haveley Hey was last inspected in January 2015 and all areas were judged good. The Willows was inspected in November 2016 and all areas were judged good.

Other significant factors

- We were successful in our bids for Condition Improvement funding and secured funding for security improvements at The Willows and a new secure reception area at Haveley Hey. Both these projects went ahead during the Summer of 2017.
- We have developed the SEND provision at The Willows, with additional space for our children with additional learning and special educational needs. It is hoped this will lead to better progress for these children.
- Both schools have used pupil premium successfully to reduce the gap between the achievement of disadvantaged pupils without special educational needs and others. The gap in achievement is now narrower than the national average.
- In December 2017 Sarah Murray left as Headteacher of Haveley Hey to move to a school closer to her home. Following an interim period the Trust has restructured the executive team to bring both schools under a single Executive Headteacher.
- Links with other schools have been maintained and developed through the work on developing our Unicef Rights Respecting Agenda and Curriculum, assertive mentoring and Singapore Maths

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Trust has adopted 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 main source of income for the Trust is revenue funding from the ESFA and Manchester City Council (for nursery children), both restricted to use for particular purposes. This funding is based primarily on pupil numbers which remain high and have grown slightly in 2016/17.

The total income in the period was £5,220,000 (2016- £5,025,000). Costs for the period, excluding depreciation but after charging £219,000 (2016- £107,000) in respect of liabilities for the Local Government Pension Scheme, totalled £5,180,000 (2016- £4,903,000), generating an operating surplus of £40,000 (2016 – £122,000).

The operating surplus is much lower than last year which reflects the current service cost for the pension scheme which rose significantly following the actuarial valuation of the Greater Manchester Pension Scheme in March 2016 being factored into the FRS102 calculations. Without the impact of the pension adjustment the results were ahead of 2016 with the rise in income not fully matched by increased costs. Income rose on the prior year due to the increased funding for early years nursery hours from April 2017 and our continuing increase in high needs pupils. Receipt of two Condition Improvement Fund grants from the Department for Education also increased income to fund health and safety capital improvements at each school. Expenditure on staff was higher than anticipated with several teachers on long term absence leading to high supply costs, slightly increased staff numbers to deliver SEN one to one support and the increase in teachers' pay as they rise through the scales with an established staff group. The Willows continues the planned investment in refurbishment and building improvements to address poor standards of décor, health and safety issues and developing more teaching space.

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

At 31 August 2017 the funds of the Trust were £5,208,000 (2014 - £4,629,000), all of which were restricted funds.

The outlook for the coming year remains positive although the surplus is likely to be reduced. Beyond 2017/18 the impact of the National Funding Formula has yet to be fully understood and this could provide significant challenges. With no capacity to increase pupil numbers, any funding reduction through the new formula will directly impact resources including staffing levels.

Reserves policy

The Trustees recognise that it is important to build up and maintain free reserves to meet the future working capital needs of the Trust and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of free reserves (total funds less the amount held in fixed assets and pension reserve funds) is £544,000 (2016 - £412,000) and the Trustees consider that these reserves need to be maintained at a level at least equivalent to one month's GAG, currently £314,000 (2016 - £304,000).

Investment policy

The Trustees have delegated authority to the Finance Director to utilise term deposit arrangements for any funds not required for the furtherance of its charitable objectives in order that interest receipts are maximised in a low risk investment. Unless authorised by the Trustees, term deposits will not exceed 12 months and the current account balance will not be allowed to fall below £250,000 at any point as a result of deposits.

Principal risks and uncertainties

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

The Trust's risk management process categorises risks under four headings Strategic, Operational, Finance, Knowledge Management and Compliance which are scored on the basis of probability and impact with an overall risk score determined. On that basis, the most significant risks identified by the trustees and the strategies and plans to mitigate the risks are shown below:

Risks identified	Strategy/plan to address risk
Teaching and learning fails to deliver the required progress for children.	Clearer focus on teaching and learning by the Academic Outcomes committee. Strong school improvement plans externally validated through Quality Assurance.
Changes in Government policy resulting in reduced funding levels leading to reduced staffing and resources which prevents us from maintaining standards.	Increase business efficiency including a programme of zero budgeting and contingency plans for possible reduced funding.
Government pension policy leads to unsustainable increases in pension contributions.	Five year financial planning to consider risks. Become fully aware of the financial position of pension funds and take part in discussion.
Strategic plans are not realised which limit the ability of the Board to drive the future of the Trust.	Development of Governance structure to support management and ongoing development of staff through continuing professional development and succession planning.
Safeguarding in our challenging schools is high risk and requires significant management and control.	Safeguarding committee has been set up to focus Governance on Safeguarding.
The issues associated with the challenging school context, including high levels of deprivation, high SEN, mental health issues and low levels of attainment and knowledge on entry to school, combined with the weakening of the wider multi-agency support leading to unsustainable pressure on school resources.	Continue to invest in internal systems/support to deal with the wide range of issues and develop more effective communication with external multi-agency team.

The Trust actively seeks to manage all risks and prioritises time and resources to reducing, avoiding or mitigating these risks.

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

The Trust has been established for over four years and during this time there have been significant changes both in the management of the Trust and the Ofsted rating of the schools. We are now in the position of having two 'good' schools in the Trust and following the resignation of the Headteacher at Haveley Hey, we have taken the opportunity to restructure the executive management to provide an Executive Headteacher and two Heads of School. This will bring great benefits to the Trust allowing us to gain greater synergies and it places us in a good position to expand the Trust in the medium term. The Trust remains focussed on raising the standards of progress and attainment in our current schools before we expand the number of academies in the Trust. We have developed the business processes of the Trust during 2016/17 creating greater efficiency, and this work will continue so that we can offer business services that attracts other academies to the Trust in the longer term.

Our objectives over the next three to five years are as follows:

- Secure improvements in educational outcomes at both schools.
- Develop business services to serve the schools effectively and efficiently.
- Focus resources on educational priorities whilst achieving savings in business processes.
- Maintain and develop links across the Trust's two schools and with other primary schools.
- Develop leadership capacity to allow expansion of the Trust in the medium term allowing us to welcome further primary schools to the Trust that share our ethos and vision.

Funds held as custodian trustee on behalf of others

The Trust does not hold any 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.

Haines Watts has been re-appointed by the Trustees as the Trust's auditors.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 15 December 2017 and signed on the Board's behalf by:

.....
Richard Dyson
Chair of Trustees

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As Trustees we acknowledge that we have overall responsibility for ensuring that the Children of Success Schools 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 Finance Director, 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 the Trust in the funding agreement between the Trust and the Secretary of State for Education. She is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and the statement of Trustees responsibilities. During the year the Board of Trustees held 4 meetings. Attendance at meetings was as follows:

Board of Trustees' attendance September 2016 – August 2017

Name	Meetings attended	Out of a possible
Prof. Mel Ainscow CBE	0	4
Diane Bell	4	4
Sheila Cairns	4	4
Richard Dyson	4	4
James Eldon	3	4
Mark Glynn	4	4
Linda Hamilton	2	4
Becky Hodgkins	2	4
Linda Jackson	3	4
Alison Jurkowski	4	4
Stuart Leeming	3	4
Nicola McIntyre	1	1
Sarah Murray	2	2
Andy Rawlins	3	4
Dame Benita Refson OBE	1	4
Sue Spiteri	3	4
Dan Stalford	3	4
Paul Thompson	4	4

Changes in membership of the Board of Trustees are given above under reference and administrative details on page 1.

Governance review

- A self-review day was held in October 2016, where the results of the review of Governance were discussed and used to update the Governance Action Plan for 2016/17 based on the nine characteristics of a successful multi-academy trust document produced by the Department for Education. Key challenges were identified as: maintaining the focus on school improvement and sharpening the role of governors in this; developing KPIs for school and Trust effectiveness; sustaining support for SEND pupils; ensuring stability of staffing and adequate succession planning; ensuring that information for governance is adequate and timely; improving communications between the different 'layers' of governance and with stakeholders.
- A skills audit was carried out in the summer of 2017 to inform the Board and it was identified that we needed to strengthen the numbers of Governors with senior academic experience.

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Finance and General Purposes Committee

The Finance and General Purposes Committee (previously The Finance and General Resources Committee) is a committee of the Board of Trustees. Its purpose was to set and monitor the annual budget; consider reports from the Finance Director and auditors; report on financial projections and plans; exercise delegated powers in accordance with the Finance Procedures Manual; monitor compliance with the funding agreement and statutory requirements; oversee the management of the Trust's property and assets; discharge the Trust's functions as employer including approving the staffing structures, annual pay budget, and human resources policies; approve and review data protection and freedom of information policies and compliance with these; assess the effectiveness of the audit process and recommend the appointment of the external auditor; review management's response to the auditor's management letter; assess and report on the effectiveness of the risk management framework; maintain the risk register; review the Trust's whistleblowing procedures and procedures for detecting fraud and financial crime; review the actions and judgements of management in relation to the annual financial statements, the effectiveness of internal control systems and to make recommendations to the Board of Trustees for the approval of the annual report and financial statements.

Committee attendance September 2016 – August 2017

Name	Meetings attended	Out of a possible
Richard Dyson	3	4
Alison Jurkowski	4	4
Stuart Leeming	1	4
Nicola McIntyre	1	1
Sarah Murray	0	1
Sue Spiteri	4	4
Dan Stalford (Chair)	4	4

Pay Committee

The Pay Committee is a committee of the Board of Trustees. Its purpose is to review pay policies; ensure that they are statutorily compliant; determine pay ranges for staff; review staffing structures in respect to relativities and make recommendations on the annual pay budget; establish sub-committees for performance review of the Headteachers and Finance Director/Operations Manager; review the outcomes of appraisal and recommendations for performance-related pay and pay progression for staff. Particular issues dealt with in the period for this report were: establishment of the Trust's pay and appraisal policies for teachers; and the Headteachers' performance review.

Committee attendance September 2016 – August 2017

Name	Meetings attended	Out of a possible
Sheila Cairns (Acting Chair)	2	2
James Eldon	0	2
Linda Hamilton	1	2
Andy Rawlins	1	2
Daniel Stalford	2	2

Academic Outcomes Committee

The Academic Outcomes Committee is responsible for agreeing targets for pupil achievement, receiving regular reports on pupil progress and achievement and towards achieving those targets and monitoring information on the quality and effectiveness of teaching and learning in the target related curriculum.

Committee attendance September 2016 – August 2017

Name	Meetings attended	Out of a possible
Sheila Cairns	3	3
Mark Glynn	2	3
Linda Hamilton	1	3
Karen Jarman	1	3
Nicola McIntyre	1	1
Sarah Murray	1	1
Andy Rawlins	3	3
Sue Spiteri	3	3

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

School Community Groups

Each school has a Governing Committee which is a committee of the Board of Trustees. The committees are made up of Board members, elected parent and staff members, and co-optees from the community. Under the Scheme of Delegation, the School Community Group for each school is responsible for ensuring the delivery of a broad and balanced curriculum, that all pupils have access to a high quality education provision in line with the shared mission and values, that feedback from pupils and parents and stakeholders is obtained systematically and acted on and reported back and that the School Improvement Plan is monitored and implemented.

The Willows School Community Group attendance September 2016 – August 2017

Name	Meetings attended	Out of a possible
Sheila Cairns (Chair)	3	3
Mark Glynn	1	3
Tania Graham	2	2
Becky Hodgkins	1	3
Linda Jackson	3	3
Alison Jurkowski	3	3
Maggie Karwat	3	3
Jenna Livingston	3	3
Sue Spiteri	3	3
Dan Stalford	1	3
Alison Whiteley	2	3

Haveley Hey School Community Group September 2016 – August 2017

Name	Meetings attended	Out of a possible
Diane Bell	3	3
Karen Jarmany	0	3
Christina Jeal	0	3
Sarah Jones	3	3
Alison Jurkowski	3	3
Gary London	1	3
Nicola McIntyre	1	1
Mary Mallick	3	3
Sarah Murray	1	1
Andy Rawlins (Chair)	3	3
Sue Spiteri	1	1
Paul Thompson	1	3

Safeguarding Committee

The safeguarding committee was set up in January 2017 and meets once per term. The committee is responsible for monitoring the school arrangements for ensuring the children are safeguarded within the schools.

Committee attendance September 2016 to August 2017

	Meetings Attended	Out of a possible
Mark Glynn	1	2
Alison Jurkowski	2	2
Mary Malik	1	1
Nicola McIntyre	1	1
Sue Spiteri	2	2
Paul Thompson (Chair)	2	2

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of value for money

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

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

- we have sought to limit cost increases to below inflation by active financial management of the provision of services through service agreements and to reduce costs generally by negotiating a combined contract for both academies where this is practicable;
- we have brought services in-house, including payroll and human resources, thereby leading to higher staff utilisation and reduced external provider costs whilst improving the service to our employees;
- by using comparatives and the ease of the internet we have started to source more goods directly saving money on items such as ICT, paper supplies etc; and
- we have undertaken building work to improve the layout of the school to improve security and provide additional usable space and teaching areas to improve the outcomes for our SEN pupils.

The purpose of the system of internal control

The system of internal control, which has been in place in the Trust for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements, is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust's 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.

Capacity to handle risk

Our capacity to handle risk is detailed in the Trustees' report in the section on principal risks and uncertainties.

The risk and control framework

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

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

The Board of Trustees appointed an experienced external consultant to carry out a review of financial controls for the year ended 31 August 2017. One internal review was undertaken and the report received by the Finance and General Purposes Committee. The consultant's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of effectiveness

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

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

The Accounting Officer is advised by the Finance and General Purposes Committee of the implications of its reviews of the system of internal control and, if considered necessary, a plan to address weaknesses and ensure continuous improvement of the system will be put in place.

Approved by order of the members of the Board of Trustees on 15 December 2017 and signed on its behalf by:

.....
Richard Dyson
Chair of Trustees

.....
Alison Jurkowski
Accounting Officer

CHILDREN OF SUCCESS SCHOOLS TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

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

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

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

.....
Alison Jurkowski
Accounting Officer

15 December 2017

CHILDREN OF SUCCESS SCHOOLS TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who also act as Governors for Children of Success Schools Trust and are also the Directors of Children of Success Schools Trust for the purposes of company law) are responsible for preparing the Trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Board of Trustees on 15 December 2017 and signed on its behalf by:

.....
Richard Dyson
Chair of Trustees

CHILDREN OF SUCCESS SCHOOLS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILDREN OF SUCCESS SCHOOLS TRUST

FOR THE YEAR ENDED 31 AUGUST 2017

Opinion

We have audited the accounts of Children of Success Schools Trust for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

CHILDREN OF SUCCESS SCHOOLS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILDREN OF SUCCESS SCHOOLS TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

CHILDREN OF SUCCESS SCHOOLS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILDREN OF SUCCESS SCHOOLS TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

.....
John Whittick BSc FCA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Chartered Accountants

Statutory Auditor

Bridge House

Ashley Road

Hale

Altrincham

Cheshire WA14 2UT

Dated:

CHILDREN OF SUCCESS SCHOOLS TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHILDREN OF SUCCESS SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2017

In accordance with the terms of our engagement letter dated 7 August 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Children of Success Schools Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Children of Success Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Children of Success Schools Trust's funding agreement with the Secretary of State for Education dated 26 March 2013 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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.

CHILDREN OF SUCCESS SCHOOLS TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHILDREN OF SUCCESS SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the Board of Trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the Board of Trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....
Haines Watts
Reporting Accountant

Dated:

CHILDREN OF SUCCESS SCHOOLS TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total 2017 £(000)	Total 2016 £(000)
Income and endowments from:						
Donations and capital grants	2	10	-	85	95	103
Charitable activities:						
- Funding for educational operations	3	-	5,041	-	5,041	4,851
Other trading activities	4	52	31	-	83	71
Investments	5	1	-	-	1	-
Total income and endowments		63	5,072	85	5,220	5,025
Expenditure on:						
Charitable activities:						
- Educational operations	7	21	5,159	154	5,334	5,057
Total expenditure	6	21	5,159	154	5,334	5,057
Net income/(expenditure)		42	(87)	(69)	(114)	(32)
Transfers between funds		-	(42)	42	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	693	-	693	(715)
Net movement in funds		42	564	(27)	579	(747)
Reconciliation of funds						
Total funds brought forward		-	(1,209)	5,838	4,629	5,376
Total funds carried forward		42	(645)	5,811	5,208	4,629

CHILDREN OF SUCCESS SCHOOLS TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £(000)	2016 £(000)
Fixed assets			
Tangible assets	11	5,811	5,838
Current assets			
Debtors	12	252	210
Cash at bank and in hand		886	527
		<u>1,138</u>	<u>737</u>
Current liabilities			
Creditors: amounts falling due within one year	13	<u>(594)</u>	<u>(325)</u>
Net current assets		<u>544</u>	<u>412</u>
Net assets excluding pension liability		<u>6,355</u>	<u>6,250</u>
Defined benefit pension liability	17	<u>(1,147)</u>	<u>(1,621)</u>
Net assets		<u><u>5,208</u></u>	<u><u>4,629</u></u>
Funds of the academy trust:			
Restricted funds	15		
- Fixed asset funds		5,811	5,838
- Restricted income funds		502	412
- Pension reserve		<u>(1,147)</u>	<u>(1,621)</u>
Total restricted funds		<u>5,166</u>	<u>4,629</u>
Unrestricted income funds	15	<u>42</u>	<u>-</u>
Total funds		<u><u>5,208</u></u>	<u><u>4,629</u></u>

The accounts were approved by the board of trustees and authorised for issue on and are signed on its behalf by:

.....
Richard Dyson
Chair of Trustees

Company Number 08438964

CHILDREN OF SUCCESS SCHOOLS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £(000)	2016 £(000)
Cash flows from operating activities			
Net cash provided by operating activities	18	400	76
Cash flows from investing activities			
Dividends, interest and rents from investments		1	-
Capital grants from DfE and ESFA		85	52
Payments to acquire tangible fixed assets		(127)	(81)
		(41)	(29)
Change in cash and cash equivalents in the reporting period		359	47
Cash and cash equivalents at 1 September 2016		527	480
Cash and cash equivalents at 31 August 2017		886	527

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

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

Children of Success Schools Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

All 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 receivable

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 and there is not unconditional entitlement to the income, its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

Donations

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

Other income

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

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

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

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

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

Land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	3-5 years
Building improvements	5-50 years

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

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

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

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1.10 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 17, 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 are recognised in the period to which they relate.

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

1.11 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 the Education and Skills Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education/local authority.

2 Donations and capital grants

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2017 £(000)	Total 2016 £(000)
Capital grants	-	85	85	52
Other donations	10	-	10	6
Insurance receipts	-	-	-	45
	<u>10</u>	<u>85</u>	<u>95</u>	<u>103</u>

The income from donations and capital grants was £95,000 (2016: £103,000) of which £10,000 was unrestricted (2016: £51,000) and £85,000 was restricted fixed assets (2016: £52,000).

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Funding for the academy trust's educational operations

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2017 £(000)	Total 2016 £(000)
DfE / ESFA grants				
General annual grant (GAG)	-	3,731	3,731	3,647
Other DfE / ESFA grants	-	854	854	816
	<u>-</u>	<u>4,585</u>	<u>4,585</u>	<u>4,463</u>
Other government grants				
Local authority grants	-	456	456	388
	<u>-</u>	<u>456</u>	<u>456</u>	<u>388</u>
Total funding	<u>-</u>	<u>5,041</u>	<u>5,041</u>	<u>4,851</u>

The income from funding for educational operations was £5,041,000 (2016: £4,851,000) of which £5,041,000 was restricted (2016: £4,851,000).

The academy trust received £456,000 from the local authority in the year, being £78,000 high needs funding, £288,000 early years funding, £82,000 for pupil funding for children at The Bridge playgroup and £8,000 of funding for miscellaneous purposes.

There were no unfulfilled conditions or other contingencies relating to the grants received during the year.

4 Other trading activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2017 £(000)	Total 2016 £(000)
Hire of facilities	33	-	33	25
Catering income	-	31	31	33
Parental contributions	19	-	19	13
	<u>52</u>	<u>31</u>	<u>83</u>	<u>71</u>

The income from other trading activities was £83,000 (2016: £71,000) of which £52,000 was unrestricted (2016: £38,000) and £31,000 was restricted (2016: £33,000).

5 Investment income

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2017 £(000)	Total 2016 £(000)
Short term deposits	1	-	1	-
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

The income from funding for investment income was £1,000 (2016: £nil) of which £1,000 was unrestricted (2016: £nil).

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure

	Staff costs £(000)	Premises & equipment £(000)	Other costs £(000)	Total 2017 £(000)	Total 2016 £(000)
Academy's educational operations					
- Direct costs	3,000	139	541	3,680	3,546
- Allocated support costs	976	301	377	1,654	1,511
	<u>3,976</u>	<u>440</u>	<u>918</u>	<u>5,334</u>	<u>5,057</u>

Net income/(expenditure) for the year includes:

	2017 £(000)	2016 £(000)
Fees payable to auditor for:		
- Audit	10	10
- Other services	2	2
Depreciation of tangible fixed assets:		
- Land and buildings	116	116
- Other	38	38
Bank interest payable		-
Net interest on defined benefit pension liability	<u>35</u>	<u>32</u>

Central services

There were no central services charged from the Trust to the academies.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Charitable activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2017 £(000)	Total 2016 £(000)
Direct costs - educational operations	21	3,659	3,680	3,546
Support costs - educational operations	-	1,654	1,654	1,511
	<u>21</u>	<u>5,313</u>	<u>5,334</u>	<u>5,057</u>

Analysis of costs

Direct costs

	2017 £(000)	2016 £(000)
Teaching and educational support staff costs	2,966	2,797
Staff development	34	49
Depreciation and amortisation	139	139
Educational supplies and services	541	561
	<u>3,680</u>	<u>3,546</u>

Support costs

Support staff costs	976	798
Depreciation and amortisation	15	15
Recruitment and support	7	8
Maintenance of premises and equipment	129	146
Cleaning	9	13
Energy costs	57	49
Rent and rates	59	58
Insurance	32	36
Interest on pension deficit	35	32
Other support costs	322	343
Governance costs	13	13
	<u>1,654</u>	<u>1,511</u>

The expenditure on educational operations £5,334,000 (2016: £5,057,000) of which £21,000 was unrestricted (2016: £nil), £5,159,000 was restricted (2016: £4,903,000) and £154,000 was restricted fixed assets (2016: £154,000).

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

	2017 £(000)	2016 £(000)
Wages and salaries	2,950	2,819
Social security costs	248	209
Operating costs of defined benefit pension schemes	647	502
	<u> </u>	<u> </u>
Staff costs	3,845	3,530
Supply staff costs	94	65
Staff development and other staff costs	37	49
	<u> </u>	<u> </u>
Total staff expenditure	3,976	3,644
	<u> </u>	<u> </u>

Staff numbers

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

	2017 Number	2016 Number
Teachers	107	104
Administration and support	62	63
Management	3	3
	<u> </u>	<u> </u>
	172	170
	<u> </u>	<u> </u>

Higher paid staff

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

	2017 Number	2016 Number
£60,001 to £70,000	1	2
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £170,985 (2016: £219,547).

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration was as follows:

S Spiteri (Headteacher The Willows)

Remuneration £65,000 - £70,000 (2016: £60,000 - £65,000)

Employers pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000)

S Murray (Headteacher Haveley Hey) (resigned as trustee 31/12/16)

Remuneration £20,000 - £25,000 (2016: £60,000 - £65,000)

Employers pension contributions £nil (2016: £nil)

A Jurkowski (Finance Director and Operations Manager)

Remuneration £55,000 - £60,000 (2016: £45,000 - £50,000)

Employers pension contributions £10,000 - £15,000 (2016: £5,000 - £10,000)

D Bell (Parent trustee)

Remuneration £10,000 - £15,000 (2016: £10,000 - £15,000)

Employers pension contributions £nil - £5,000 (2016: £nil - £5,000)

L Jackson (Parent trustee)

Remuneration £5,000 - £10,000 (2016: £5,000 - £10,000)

Employers pension contributions £nil - £5,000 (2016: £nil - £5,000)

N McIntyre (Headteacher Haveley Hey) (appointed as a trustee 01/01/17 and resigned as trustee 28/04/17)

Remuneration £25,000 - £30,000 (2016: £nil)

Employers pension contributions £nil - £5,000 (2016: £nil)

During the year, payments totalling £213 (2016: £1,059) in relation to travel, subsistence and supplies were reimbursed to 2 trustees (2016: 5 trustees).

Other related party transactions involving the trustees are set out in note 19.

10 Trustees and officers insurance

The academy trust has opted into the Department of 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.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£(000)	£(000)	£(000)	£(000)
Cost				
At 1 September 2016	6,183	114	11	6,308
Additions	112	13	2	127
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2017	6,295	127	13	6,435
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 September 2016	390	70	10	470
Charge for the year	119	34	1	154
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2017	509	104	11	624
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 August 2017	5,786	23	2	5,811
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2016	5,793	44	1	5,838
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The net book value of land and buildings comprises:

	2017 £(000)	2016 £(000)
Long leaseholds (over 50 years)	5,409	5,519
	<u> </u>	<u> </u>

The land and buildings were valued in May 2014 by Mouchel, chartered surveyors, on a fair value basis at £5,896,000. This value attributed £378,000 to the land.

12 Debtors

	2017 £(000)	2016 £(000)
Trade debtors	1	5
VAT recoverable	45	45
Other debtors	127	122
Prepayments and accrued income	79	38
	<u> </u>	<u> </u>
	252	210
	<u> </u>	<u> </u>

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

13 Creditors: amounts falling due within one year	2017 £(000)	2016 £(000)
Trade creditors	110	57
Other taxation and social security	114	-
Other creditors	14	9
Accruals and deferred income	356	258
	<u>594</u>	<u>324</u>
 14 Deferred income	 2017 £(000)	 2016 £(000)
Deferred income is included within:		
Creditors due within one year	<u>129</u>	<u>99</u>
 Deferred income at 1 September 2016	 99	 133
Released from previous years	(99)	(133)
Amounts deferred in the year	<u>129</u>	<u>99</u>
 Deferred income at 31 August 2017	 <u>129</u>	 <u>99</u>

At the balance sheet date, the academy trust was holding funds received in advance for the following purposes:

	2017 £(000)	2016 £(000)
High needs funding	21	0
Capital funds repayable	46	33
Universal Free School Meals 2017/18	40	34
Pupil Premium	15	19
SEN funding repayable to MCC	0	10
Early years funding	<u>7</u>	<u>3</u>
 Total	 <u>129</u>	 <u>99</u>

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds

	Balance at 1 September 2016 £(000)	Income £(000)	Expenditure £(000)	Gains, losses and transfers £(000)	Balance at 31 August 2017 £(000)
Restricted general funds					
General Annual Grant	206	3,731	(3,644)	(42)	251
Other DfE / ESFA grants	206	854	(809)	-	251
Other government grants	-	456	(456)	-	-
Other restricted funds	-	31	(31)	-	-
	<u>412</u>	<u>5,072</u>	<u>(4,940)</u>	<u>(42)</u>	<u>502</u>
Funds excluding pensions	412	5,072	(4,940)	(42)	502
Pension reserve	(1,621)	-	(219)	693	(1,147)
	<u>(1,209)</u>	<u>5,072</u>	<u>(5,159)</u>	<u>651</u>	<u>(645)</u>
Restricted fixed asset funds					
Transferred on conversion	5,519	-	(110)	-	5,409
DfE / ESFA capital grants	55	85	(10)	-	130
Capital expenditure from GAG	130	-	(20)	42	152
Private sector capital sponsorship	134	-	(14)	-	120
	<u>5,838</u>	<u>85</u>	<u>(154)</u>	<u>42</u>	<u>5,811</u>
Total restricted funds	<u>4,629</u>	<u>5,157</u>	<u>(5,313)</u>	<u>693</u>	<u>5,166</u>
Unrestricted funds					
General funds	-	63	(21)	-	42
Total funds	<u>4,629</u>	<u>5,220</u>	<u>(5,334)</u>	<u>693</u>	<u>5,208</u>

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the general objectives of the academy.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objectives of the academy.

Unrestricted funds are those funds to which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

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

A transfer between restricted funds and restricted fixed asset funds has been made to match the costs incurred.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds

Total funds analysis by academy

	Total £(000)
Fund balances at 31 August 2017 were allocated as follows:	
The Willows Primary School	324
Haveley Hey Community School	220
	<u>544</u>
Total before fixed assets fund and pension reserve	544
Restricted fixed asset fund	5,811
Pension reserve	(1,147)
	<u>5,208</u>
Total funds	<u><u>5,208</u></u>

Total cost analysis by academy

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

	Teaching and educational support staff costs £(000)	Other support staff costs £(000)	Educational supplies £(000)	Other costs excluding depreciation £(000)	Total £(000)
The Willows Primary School	1,575	299	258	322	2,454
Haveley Hey Community School	1,732	407	285	302	2,726
	<u>3,307</u>	<u>706</u>	<u>543</u>	<u>624</u>	<u>5,180</u>

16 Analysis of net assets between funds

	Unrestricted funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total 2017 £(000)
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	5,811	5,811
Current assets	42	1,096	-	1,138
Creditors falling due within one year	-	(594)	-	(594)
Defined benefit pension liability	-	(1,147)	-	(1,147)
	<u>42</u>	<u>(645)</u>	<u>5,811</u>	<u>5,208</u>

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions 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 Tameside Metropolitan Borough Council. Both are defined-benefit schemes.

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Contributions amounting to £58,985 were payable to the schemes at 31 August 2017 (2016: £nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.4%))
- total scheme liabilities (pensions currently in payment and the estimated cost for future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions and similar obligations

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

The pension costs paid to the TPS in the period amounted to £246,625 (2016: £236,064).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.3 per cent for employers and 2.5-12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £209,000.

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

Total contributions made	2017 £(000)	2016 £(000)
Employer's contributions	209	191
Employees' contributions	68	60
	<hr/>	<hr/>
Total contributions	277	251
	<hr/>	<hr/>
Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.2	3.4
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.1
	<hr/>	<hr/>

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions and similar obligations

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity analysis

Changes in assumptions at 31 August 2017	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	554
0.5% increase in the Pension Increase Rate	3%	106
0.5% increase in the Salary Increase Rate	10%	439

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

	2017 Years	2016 Years
Retiring today		
- Males	21.5	21.4
- Females	24.1	24.0
Retiring in 20 years		
- Males	23.7	24.0
- Females	26.2	26.6

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

	2017 Fair value £(000)	2016 Fair value £(000)
Equities	2,430	1,956
Bonds	533	462
Property	200	163
Other assets	167	136
Total market value of assets	3,330	2,717

Actual return on scheme assets - gain/(loss)	350	433
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Amounts recognised in the statement of financial activities

	2017 £(000)	2016 £(000)
Current service cost (net of employee contributions)	393	266
Net interest cost	35	32

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions and similar obligations

Changes in the present value of defined benefit obligations	2017 £(000)	2016 £(000)
Obligations at 1 September 2016	4,338	2,832
Current service cost	393	266
Interest cost	95	114
Employee contributions	68	60
Actuarial loss/(gain)	(403)	1,066
Benefits paid	(14)	(14)
	<u>4,477</u>	<u>4,324</u>
At 31 August 2017	<u>4,477</u>	<u>4,324</u>

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

	2017 £(000)	2016 £(000)
Assets at 1 September 2016	2,717	2,033
Interest income	60	82
Return on plan assets (excluding amounts included in net interest): Actuarial gain	290	351
Employer contributions	209	191
Employee contributions	68	60
Benefits paid	(14)	(14)
	<u>3,330</u>	<u>2,703</u>
At 31 August 2017	<u>3,330</u>	<u>2,703</u>

18 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £(000)	2016 £(000)
Net expenditure for the reporting period	(114)	(32)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(85)	(52)
Investment income	(1)	
Defined benefit pension costs less contributions payable	184	76
Defined benefit pension net finance cost/(income)	35	32
Depreciation of tangible fixed assets	154	154
(Increase)/decrease in debtors	(42)	48
Increase/(decrease) in creditors	269	(150)
	<u>400</u>	<u>76</u>
Net cash provided by operating activities	<u>400</u>	<u>76</u>

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 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 academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account:

Purchases of £69,656 (2016: £69,646) were made during the year from Place2Be, a charitable company providing mental health services to both schools. There was a balance of £15,959 (2016: £nil) owing to Place2Be as at 31 August 2017. Dame Benita Refson who was a trustee of the Trust is also a director of Place2Be.

In entering into these transactions the Academy Trust has complied with the requirements of the Academies Financial Handbook 2016.

20 Members' liability

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