REGISTERED COMPANY NUMBER: 07554396 (England and Wales)

CHARLES DARWIN ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

McCabe Ford Williams
Statutory Auditors &
Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
Kent
ME10 4AE

CHARLES DARWIN ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2018

Members	M Ace	
	D Bray-Ash	
	D R Haslam	
	S J Roberts	
	M P Sharp	
Trustees	M P Sharp	Chair
	D Dilling	Vice Chair
	S Chotai	Executive Principal & Accounting Officer
	A Bamrah	
	J Benington	
	H Hartley	
	P G Woolfenden	
Company Secretary	Mrs J A Hodgkinson	
Senior Management Team		
Charles Darwin School	S Chotai	Headteacher
	M Boyden	Deputy Head
	L Rees	Deputy Head
Biggin Hill Primary School	J Ellis	Headteacher
	H Freeman	Deputy Head
Company Name	Charles Darwin Academy Trust	
Principal and Registered Office	Charles Darwin School Jail Lane Biggin Hill Westerham Kent TN16 3AU	
Registered Company Number	07554396	
Independent Auditor	McCabe Ford Williams Bank Chambers 1 Central Avenue Sittingbourne Kent ME10 4AE	
Bankers	Natwest, 158 Main Road, Biggin Hill, Kent Lloyds Bank, 177-179 High Street, Orpington, Kent Barclays, 82-84 High Street, Epsom, Surrey	
Solicitors	Winckworth Sherwood, Minerva House, 5 Montague Place, London	

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates one primary academy and one secondary academy in the Biggin Hill area. Its academies have a combined pupil capacity of 1,856 and had a roll of 1,711 in the school census in May 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The trustees of Charles Darwin Academy Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Charles Darwin Academy Trust (company number 07554396). The charitable company operates Charles Darwin School and Biggin Hill Primary School.

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

Members' Liability

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

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006, every trustee, officer or auditor of the academy trust shall be indemnified out of the assets of the academy trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy trust.

Method of Recruitment and Appointment or Election of Trustees

The Members of Charles Darwin Academy Trust (CDAT) may appoint such number of trustees as they see fit having regard to any recommendations and views of the Members in relation to ensuring that the people serving on the CDAT Board have an appropriate range of skills and experience and due attention is given to succession planning. The number of trustees shall be not less than three and should include the Executive Principal. Following a review of the governance structure it was agreed that the Local Governing Bodies could elect a representative to sit on the CDAT Board as a trustee and this person did not necessarily need to be the Chair of Governors. There shall be one Principal (who may or may not also be the Executive Principal) provided that the total number of trustees including the Principal/Executive Principal who are employees of the charitable company shall not exceed one third of the total number of trustees. The articles provide for a minimum of two parent trustees unless there are Local Governing Bodies which include at least two parent members. There is also provision for co-opted trustees. However, the trustees may not co-opt an employee of the academy trust as a co-opted trustee if thereby the number of trustees who are employees of the academy trust would exceed one third of the total number of trustees (including the Principal/Executive Principal).

The Secretary of State may appoint additional trustees as he sees fit if a warning notice has been given to the trustees because the standards of performance are unacceptably low, there is a serious breakdown in the way the academy trust is managed and the safety of staff and pupils is threatened.

The Secretary of State may also appoint additional trustees following an inspection by the Chief Inspector in accordance with the Education Act 2005 where the Ofsted grading has dropped from one inspection to the next or within a five year period. They may also appoint additional trustees if a Special Measures Termination Event occurs.

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Governance
For the reporting year the governance of each school was the responsibility of the respective Local Governing Bodies.

Policies and Procedures Adopted for the Induction and Training of Trustees
All new trustees are expected to attend an induction course provided by an external training provider. All trustees have access to training courses provided by an external services training provider. In-house training sessions are held throughout the year. All new trustees are given a tour of the school and are provided with copies of policies, procedures, minutes, accounts, budget plans and other documents that they will need to undertake their role as trustees. During the year under review training has been provided by selected Governor training organisers.

Organisational Structure
The structure consists of five levels: the Members of the Trust, the CDAT Board (trustees), the Local Governing Bodies of each school, the Senior Managers and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Headteacher of Charles Darwin School is the Accounting Officer of the trust and is also the Executive Principal overseeing both Charles Darwin School and Biggin Hill Primary School.

During the reporting period the Senior Managers at Charles Darwin School were the Headteacher and two Deputy Headteachers. At Biggin Hill Primary School the Senior Managers were the Headteacher and Deputy Head. These managers are responsible for implementing the policies laid down by the trustees and reporting back to them. They are also responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts in the Senior Leadership Team will always include a trustee or a member of the Local Governing Body. Some spending control is devolved to members of the Senior Leadership Team, within limits above which a Senior Manager must countersign.

At Charles Darwin School, the Senior Leadership Team includes the Headteacher, two Deputy Headteachers and five Assistant Headteachers. These managers have wide ranging responsibilities including post 16, KS4 attainment, vocational curriculum, KS3 student tracking and more able, primary links and staff development, work and performance scrutiny and IT strategy and data handling.

At Biggin Hill Primary School, the Senior Leadership Team includes the Headteacher, Deputy Headteacher, Inclusion Manager and School Business Manager. These managers have wide ranging responsibilities including literacy, numeracy and other aspects relating to improving the quality of teaching and learning at the school.

Arrangements for setting pay and remuneration of key management personnel
The governing body will confirm the membership of the school's Leadership team and the salary scales will be determined by the pay review panel for the leadership team, including the Executive Principal taking into due account the respective level of responsibilities, recruitment & retention issues, internal differentials throughout the schools and affordability. Only teaching staff can be paid on the Leadership Scale.

Pay review for leadership posts will normally be undertaken by the pay review panel on an annual basis by 31st January or as soon as possible thereafter. Where pay progression is awarded this will take effect from 1st September and will be backdated.

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Arrangements for setting pay and remuneration of key management personnel - continued

Annual pay progression within the salary scale for a Leadership post is not automatic. The pay review panel may request information from the performance appraisal review process as well as evidence of performance in other relevant areas to inform its decision. The Executive Principal may advise the pay review panel regarding the pay progression for other members of the Leadership team. The pay review panel is entitled to seek the advice of other relevant professionals regarding the pay progression of the Executive Principal.

To achieve progression, the School Teachers' Pay and Conditions Document requires individuals on the leadership spine to have demonstrated sustained high quality of performance. To be fair and transparent, judgements must be properly rooted in evidence and there must have been a successful review of overall performance. A successful performance appraisal review, as prescribed by the appraisal regulations, will involve a performance appraisal management process of:

- assessment against the relevant standards;
- performance objectives;
- classroom observation (where relevant);
- other evidence.

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1% - 50%	0
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£0
Provide the total pay bill	£7,961,540
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Related Parties and other Connected Charities and Organisations
The academy trust does not belong to a chain of academies and as such it is not part of any wider network or federation. However it has significant links with other schools and other local organisations. These include:

- Bromley Schools Collegiate

  The academy trust is a full partner in the Bromley Schools Collegiate, which focuses on the training and development of teachers both as a SCITT provider and as a body that facilitates professional development more broadly.

- IMPACT Trust

  In January 2018 the CDAT Board signed a Memorandum of Understanding to work more closely with Impact Trust which operates two local secondary schools – Hayes School and Ravens Wood School. During the year a number of meetings have taken place with regard to a possible merger with Impact Trust and these discussions are on-going.

In addition the academy trust has established links with a number of local schools who meet and work collaboratively on a number of joint projects.

OBJECTIVES AND ACTIVITIES

Objects and Aims
The principal object and activity of the charitable company is the operation of two schools - Charles Darwin School and Biggin Hill Primary School to provide education for pupils of different abilities between the ages of 4 – 19. The objects as specified in the academy trust's articles of association are as follows:

(a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative education is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("The Special Academies").

(b) To promote for the benefit of the inhabitants of the areas served by the Academies the provision of facilities for recreation or other leisure time occupation of individuals who have need for such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

In accordance with the articles of association the charitable company has entered into a Funding Agreement with the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the schools, arrangements for pupils with SEN and disabilities and that the curriculum provided to pupils up to the age of 16 shall be broad and balanced.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, Strategies and Activities

The main objectives of the academy trust during the period 1 September 2017 to 31 August 2018 are summarised below:

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

The academy trust's main strategy is encompassed in its mission statement which is "To Raise Achievement". To this end the activities provided include:

- Tuition and learning opportunities for all students to attain appropriate academic qualifications;
- Training opportunities for all staff, especially teaching staff;
- A programme of sporting and after school leisure activities for all students;
- A careers advisory service to help students obtain employment or move on to higher education.

Both schools have ramps, disabled toilets and door widths which are adequate to enable wheelchair access to all the main areas of the school. There is also a lift at Charles Darwin School. The policy of the academy trust is to support recruitment and retention of students and employees with disabilities. This is achieved by adapting the physical environment, by making support resources available and through training and career development.

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

Public Benefit

The Trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that they have set.

The benefits to members of the local public from the work of the trust are considerable. The trust provides an excellent quality of education for the local community and in addition there are many other benefits ensuing from its philosophy of being at the hub of the local community. For example local residents make good use of many of the facilities at Charles Darwin School out of school hours. This includes the leisure centre and sports hall, floodlit 3G pitch and the school hall for productions and so on. The children at both schools regularly participate in local community events.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Charles Darwin School
The total number of students in the period 1 September 2017 to 31 August 2018 numbered 1,296 (2017: 1,276) of which 190 (2017: 220) students are in the Sixth Form.

Examination results for 2018 were pleasing and above national averages.

GCSE

	2018 National %	2018 School %
Overall %A*-C inc 9-4	67	72
% A*-G (9-1)	99	99
Maths 9-4	60	72
English 9-4 (Language / Literature)	82 (62/73)	81 (68/75)
5A*-C (including English & Maths 9-4)	N/A	62
Progress 8 (all state funded schools)	-0.02	+0.10

Advanced Level

A*-B	36%
A*-C	73%
A*-E	97%

Following an Ofsted inspection in January 2018 the school was judged as continuing to be good. The report highlighted many strengths and confirmed that Charles Darwin School is a very strong good school with very many attributes.

Inspectors commented:

- The leadership team has maintained the good quality of education in the school since the last inspection. They have created a safe and orderly learning environment where pupils can flourish.
- Inspectors observed very high standards of behaviour in classrooms and around the school. Pupils are courteous and respectful both to staff and each other.
- Leaders and governors have ensured that a strong culture of safeguarding is embedded in the school.
- The school has engendered very high levels of support from pupils, parents and carers.
- A comprehensive range of school trips, sporting activities, school productions, fund raising opportunities and an enrichment week make a positive contribution to students' personal development.
- The leadership team are well supported by a team of effective governors who are very knowledgeable about the school's strengths and areas for improvement.

The school was already aware of the two areas for improvement identified by inspectors:

- To reduce persistent absence, particularly among disadvantaged pupils.
- Continue to tackle the inconsistencies in post-16 outcomes by improving the quality of teaching and increasing levels of challenge.

ACHIEVEMENTS AND PERFORMANCE - continued

Biggin Hill Primary School
The total number of students in the period 1 September 2017 to 31 August 2018 numbered 415 (2017: 355).

Progress at Biggin Hill Primary School continued at a good pace during the last year. There was good improvement in all the key measures at both Key Stage 1 and Key Stage 2.

The tables below represent the recent outcomes at both Key Stage 1 and Key Stage 2:

Key Stage 1 – Making Expected Progress

	Reading	Writing	Mathematics
School	79%	73%	75%
Local Authority	80%	74%	79%
National	76%	68%	75%

Key Stage 1 – Greater Depth

	Reading	Writing	Mathematics
School	36%	21%	25%
Local Authority	34%	19%	23%
National	19%	15%	22%

Key Stage 2 – Making Expected Progress

	Reading	Writing	SPAG	Mathematics	Combined
School	89%	91%	85%	92%	81%
Local Authority	83%	84%	84%	85%	76%
National	75%	78%	78%	75%	64%

Key Stage 2 – Greater Depth

	Reading	Writing	SPAG	Mathematics	Combined
School	36%	21%	25%	38%	15%
Local Authority	32%	20%	30%	28%	14%
National	19%	10%	22%	17%	13%

Overall progress at Key Stage 2 has been very pleasing during the last year as indicated by the table below:

Key Stage 2 Progress

	Reading	Writing	Mathematics
School	2.62	3.17	4.39
Local Authority	0.96	1.13	1.07
National	0.03	0.03	0.03
Grade	Above Average	Well Above Average	Well Above Average

In addition to these improvements in pupil outcomes the school has continued to make advancements into:

- The quality of teaching and learning
- Standards of pupils discipline and conduct

There has been a very positive response to the nursery provision which was opened in September 2017.

ACHIEVEMENTS AND PERFORMANCE - continued

Key Performance Indicators

An analysis of the schools' financial performance undertaken through the examination of the following, indicates that both schools have performed well in financial terms:

(1) the schools' budget and the relating situation in terms of financial soundness

(2) the comparative data of spending by similar individual schools

An analysis of the schools' spending pattern against benchmarking data from other similar schools indicates that spending is broadly in line with the national picture. Staffing spend however needs to be kept under review given the national economic outlook and the possible cost cutting pressure evident in the public sector. Both schools in the trust have had to make significant economies this year to ensure a balanced budget. This has necessitated staff redundancies.

Specific financial KPI's for the year under review are as follows:

	31.8.18	31.8.17
Educational wages per pupil enrolled	£3,845	£3,810
Total wages as a percentage of GAG funding	100.74%	98.86%
Total wages as a percentage of total revenue grants	92.09%	92.11%

Community Involvement

Both schools in the trust play a full, active part in the local community that it serves. In addition to providing a high quality of educational provision for those residing in the schools proximity, both schools regularly hosts a range of local events which facilitate a sense of community. These events include charity fundraising, sporting events, and other social functions which involve local children in the main.

Going Concern

The financial future of the Trust, in common with all state funded educational establishments, is uncertain. The funding received from government has not kept pace with increased costs. The Trust has, despite making a number of cuts to staffing over the last few years, now fully utilised its brought forward reserves. Further budget adjustments have been set to enable the Trust to continue operating both schools during the 2018/19 academic year, which should bring the overall revenue reserves into a slight surplus position. Should this situation not be eased by next year's government spending review it is likely that the Trust Board will take more stringent action to reduce provision in both its schools in order to remain financially solvent.

The Trust Board continues to have discussions with Impact Trust, another multi-academy trust, with a view to a potential merger.

Despite the above, the Board of Trustees has a reasonable expectation that with necessary spending cuts the academy trust will continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

FINANCIAL REVIEW

The majority of the academy trust's income is obtained from the Department for Education (DfE), via the Education and Skills Funding Agency, in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the academy trust. The GAG received during the period 1 September 2017 to 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the DfE. Such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Expenditure for the year covered by this report was met by the GAG received from the DfE and other income, such as voluntary income, activities for generating funds and investment income, as well as the utilisation of brought forward reserves.

The combined general restricted funds (excluding pension reserve) and unrestricted funds show an operating deficit of £127,683 (2017: £174,326).

Reserves Policy
It is the trustees' objective to maintain a structure of prudent financial management.

Small reserves are intended to ensure that the academy trust is able to meet its aims and obligations in the event of unforeseen circumstances. The trustees will keep the level of reserves under review. The target level of revenue reserves is £250,000 which equates to approximately 2.5% of the total annual revenue income of the trust. Currently the level of reserves held are very low because of funding shortfalls. The funding shortfall was anticipated some years ago and the trust has exercised prudent financial management including staff restructuring and use of reserves in order to set balanced budgets. The trustees acknowledge that it will take a number of years to reach the target level of revenue reserves and will set an interim reserve objective each year with a view to working towards the target level of reserves.

The academy trust held fund balances at 31 August 2018 of £23,673,217 (2017: £21,780,534) comprising £23,673,217 (2017: £21,673,240) of restricted funds and £nil (2017: £107,294) of unrestricted general funds, the unrestricted funds being the academy trust's free reserves. The restricted funds include a pension reserve deficit of £1,607,000 (2017: £2,295,000). It should be noted however that this deficit will not crystallise within the foreseeable future and that the academy trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. The advised level of contributions has been taken into account when preparing the academy trust's budgets for the year ended 31 August 2019. Of the total restricted funds £25,289,910 (2017: £23,957,544) relates to the restricted fixed asset funds, which can only be realised by disposing of tangible fixed assets. The combined balance of restricted general funds (excluding pension reserve) plus unrestricted funds at 31 August 2018 was a deficit of £9,693 (2017: £117,990 surplus). The academy trust continues to set budgets with a view to meeting the target level of reserves whilst maximising the benefit to current pupils, however this is a challenge with existing funding levels.

Further steps being taken by the Board of Trustees concerning the lack of reserves in the trust are included within the 'going concern' section of this report.

Investment Policy
Surplus funds held by the academy trust will either be invested in a high interest reserve account or placed with the money market on a fixed term basis. The decision to invest will have due regard to the liquidity requirements of the academy trust and will depend on the amount, the return being offered and the associated risk. All funds invested on the money market will only be placed with building societies with assets valued in excess of £1 billion, as these institutions carry lower risk.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty in respect of the academy trust relates to the future funding available. The academy trust mitigates this risk as far as possible by preparing budgets which are reviewed by the trustees to ensure that the level of anticipated funding is sufficient to meet the requirements of the academy trust. Any shortfall identified is considered by the trustees and remedial action taken with a view to balancing the budget.

Risk Management
The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the schools and their finances. A number of systems have been implemented to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. Systems are in place, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see Statement on Internal Control) in order to minimise risk. Where significant financial risk remains trustees have ensured adequate insurance cover. The academy trust has an effective system of internal financial controls which is explained in more detail in the Governance Statement.

The future financial and risk management objectives for the academy trust include:

- Ensuring that the impact from the current tightening of funding in the public sector is fully taken in to consideration when decisions about future spending are taken.
- Recent changes in terms of the growth of local multi academy trusts does not adversely impact on this trust's standing in the local community – ensuring that student recruitment remains strong.
- Ensure that the new curriculum reforms are implemented effectively.
- Potential expansion of the trust. We will be considering a proposal to merge with another trust.

FUNDRAISING

Fundraising – including the wider community
During the reporting year Charles Darwin School applied and was successful in the following fund raising activities:

1. Condition Improvement Fund - awarded £876K for fire prevention works to include replacement fire doors, new fire alarm system and emergency lighting.
2. London Marathon Fund – awarded £19K for sound improvements in the school sports hall.

Charles Darwin School has a whole school approach to fundraising which has proven particularly successful over the last 5 years, generating in excess of £23,000 per year for school, local or national charities.

Charities are chosen on a yearly basis by the Student Voice with each year group deciding their focus charity. Fundraising is monitored by the Achievement Co-ordinators for the relevant year group. The School Council, which has elected representatives from all year groups, decide on the focus charity for in-school fund raising. These may be external charities or for in-school benefit and is monitored by a Deputy Headteacher.

The school has a successful partnership with a school in Zanzibar, Tanzania called Kijito Upele and fund-raising activities take place to provide much needed resources and also to support Year 12 students who have the opportunity to visit the school each July.

The Friends of Charles Darwin School is a parental body who raise funds via school and community events for in-school benefit. This is monitored by the Headteacher. Monies raised by The Friends have contributed to such things as picnic benches for students, a canopy to allow students to eat and relax outside, IT equipment and resources to promote Growth Mindset, an area of development across the school.

FUNDRAISING - continued

Individual members of staff and students participate in accredited events i.e. London Marathon, half marathons, Moon walks etc. for national charities. At Christmas the whole staff are invited to donate to Great Ormond Street Children's Hospital instead of sending Christmas cards and there is a whole school Christmas Jumper day which is extremely popular with funds raised being distributed amongst the year group charities.

The Primary School were also successful in bidding under the Condition Improvement Fund and received £493K for Fire Compliance which included new fire doors and signage and £418K for essential repairs/replacements to the Key Stage 2 building roof and adjacent windows

Fundraising at Biggin Hill Primary School is undertaken by The Friends, a parental body who raise funds via school and community events for in-school benefit, and who report to the Charity Commission. Monies raised have contributed to a castle in the play area for Key Stage 1 and Android tablets for staff and student use in the classroom. On an annual basis The Friends pay for all children to attend a Christmas pantomime.

The trust's approach to fundraising is widely recognised throughout the schools and local community and no complaints have been received.

The academy trust did not work with any commercial participators/professional fundraisers during the year. In its fundraising activities the trust has due regard to the Charity Commission guidance 'Charity Fundraising; a guide to trustee duties (CC20)' and meets the requirements of the 'Fundraising Code of Practice' set by the Fundraising Regulator.

PLANS FOR FUTURE PERIODS

Charles Darwin Academy Trust will continue striving to improve the levels of performance of its students at all ages and will continue its efforts to ensure its students obtain employment or a place in higher education when they leave. The trust has a strong and committed staff and trustee team; they have together secured significant improvement in performance over the past few years. In both its schools the priorities for the next one / two years are heavily influenced by the changed local and national context and the trust's desire to become an outstanding provider in this changed context. More specifically both schools' development in the medium term is much influenced by:

- The introduction of the new performance measures for schools at KS2, KS4 and KS5 and the impact this is likely to have on the curriculum offer and associated performance pressures in subjects, particularly EBAC subjects at secondary age and English and Maths at primary age.
- The introduction of the reformed curriculum at KS2, KS3, KS4 and KS5
- Changed government requirements in terms of schools inspection framework.
- Both schools' desire to become more academically rigorous.
- Potential expansion of the trust. We will be considering a proposal to merge with another trust.

In this context we will focus on improving:

Examination Performance

Continue to improve both schools' examination performance through robustly applied strategies.

Student Discipline

Ensure that student discipline and motivation at both schools are further improved so that students can become successful in a more academically demanding environment. We will improve discipline by improving staff consistency in dealing with behavioural transgressions, encouraging positive behaviours through effective modelling, and through re-energising our approach to rewards.

Progress and effective implementation of the changed curriculum at each Key Stage in each subject (reformed).

PLANS FOR FUTURE PERIODS – continued

Academic Rigour

We will focus on improving academic rigour (that is the improved skills associated with depth of study, detail, careful research, critical analysis and examination of an area of study), across all subjects. In particular our practical strategies for engendering greater student aspiration and ambition will focus on the growth mind-set programme.

Continue to improve the quality of teaching across key departments.

Consistency

We are fully aware that there is some excellent practice across the schools, the key challenge for us is to ensure that this excellent practice is spread. Our emphasis will be on securing more consistent practice across all areas of the schools, particularly in relation to performance tracking, appraisal, homework and matters related to the operation of the schools. Achieving this improved consistency will inevitably involve us in reviewing many of the schools' current practices.

In Addition at Biggin Hill Primary School

The Local Governing Body will further the progress of Biggin Hill Primary School with the following key priorities:

1. Secure further improvements in Teaching and Learning.
2. Continue to impact on pupil progress.
3. Ensure continued sound financial management

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

During the year covered by this report neither the academy trust nor its trustees held any funds as a custodian trustee on behalf of any other charitable organisation.

AUDITOR

In so far as the trustees are aware:

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

Report of the Trustees, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 7 December 2018 and signed on the board's behalf by:

M P Sharp
Chair of Strategic Board

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Charles Darwin Academy 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 Executive Principal, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Charles Darwin Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees' Responsibilities. The Board of Trustees as the CDAT Board formally met 8 times during the period 1 September 2017 to 31 August 2018. Attendance during this period at meetings of the Board of Trustees was as follows:

Trustee (CDAT Board)

	Meetings attended	Out of a possible
M P Sharp (Chair)	8	8
D Dilling (Vice Chair)	8	8
S Chotai (Executive Principal & Accounting Officer)	8	8
H Hartley	5	8
A Bamrah	1	8
P G Woolfenden	7	8
Cllr J Bennington	6	8
J Ellis (attendance as the Headteacher of Biggin Hill Primary School)	8	8

For the reporting year the CDAT Board had accepted that due to work commitments Mr Bamrah would have difficulty in attending many of the meetings.

The Board's main work focus has been the oversight of performance across both schools. It meets at least 6 times a year to receive reports from the two schools in relation to:

1. Academic performance
2. Safeguarding
3. Quality of governance
4. Financial situation

The Board has a particular focus on financial oversight. At a time of austerity in the educational sector this aspect of its work is vital in ensuring the health of each of its schools; ensuring that progress can be continued.

The Board's performance is reviewed by the Trustees from time to time, it is externally reviewed annually via a meeting with the Regional Commissioner's Office. The feedback thus far has been positive.

The Trust uses a range of data to judge the performance and the quality of provision at each of its schools, this includes:

1. Ofsted reports
2. Examination outcomes
3. Live progress updates
4. School self-evaluation reports
5. Parental feedback via Parent View and otherwise

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Governance - continued

Charles Darwin School Local Governing Body (5 meetings)

	Meetings attended	Out of a possible
S J Roberts (Chair)	5	5
S Chotai (Executive Principal & Accounting Officer)	5	5
T Coop	4	5
F Evans (staff)	4	5
I Turner	5	5
S M Wade	3	5
S Wilson	5	5
P G Woolfenden	4	5
M Botting (appointed 1.1.18)	3	3

Biggin Hill Primary School Local Governing Body (6 meetings)

	Meetings attended	Out of a possible
M Ace (Chair)	6	6
J Ellis (Headteacher)	6	6
D Bray-Ash	4	6
C Brocklehurst	5	6
C Gallagher (resigned 5.7.18)	4	6
H Hartley	6	6
K Hyland	5	6
J Snelling (staff)	6	6
W Wolfcarius	6	6

The trust has the benefit of some very committed and loyal Governors. The attendance of Governors at meetings (as illustrated above) is consistently good as is their grasp of key governance issues.

Governance review

In accordance with guidance received from the academy trust's auditors, itself based on published ESFA guidance in 2016/17, the trustees conducted a comprehensive review of the existing governance structure in order to meet current guidelines for MAT governance to ensure a greater degree of separation between the three levels of governance i.e. members/trustees/governors. As a result trustees are confident that this structure is now embedded and enables the academy trust to ensure it continues to function a high standard.

The review of governance including a review of the Scheme of Delegation is anticipated to take place at the end of each year. The next review will be in July 2019.

During the reporting period the Finance and Audit Committee, as a sub-committee of the Strategic Board, had oversight of the work of both schools in the trust.

With regard to the Finance and Audit Committee, membership during the year comprised three trustees, including the Executive Principal, and two representatives from the Local Governing Bodies. The Headteacher of Biggin Hill Primary School joined the Committee in January 2018. The Committee will be quorate with three members or where greater any one third. Its purpose is to oversee all matters with a financial impact and report on such to the full Board of Trustees. The Committee also liaises with and receives reports from the Local Governing Bodies and makes recommendations to those Committees regarding the financial aspects of matters being considered by them. During the year ended 31 August 2018 the attendance was as follows:

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Governance - continued

Finance and Audit	Meetings attended	Out of a possible
D Dilling (Chair)	5	5
S Chotai	5	5
M P Sharp	5	5
T Coop	5	5
W Wolfcarius	4	5
J Ellis (appointed 1.1.18)	3	3

During the 2017/2018 academic year the Finance and Audit Committee has focused on:

- Funding – ensuring the academy trust's funds are spent appropriately
- Some alignment of finance practices between the two schools in the trust
- The continued development of the Darwin Leisure Centre and its profitability
- Managing the school more effectively with reduced levels of funding

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

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

- Staffing economies
- Scrutiny of budgets and comparison with actual performance
- The efficient and timely management of resources for teaching and learning areas

The continuing pressure on school budgets is making it increasingly difficult to provide the same quality of education and it is to be hoped that additional funding becomes available in the near future as there are limits to what may still be reduced without causing harm to the life chances of our students.

The Purpose of the System of Internal Control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Charles Darwin Academy Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk
The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees 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 the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

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 Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Board of Trustees have appointed McCabe Ford Williams, the external auditor, to perform additional checks.

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

- Testing of payroll systems;
- Testing of purchasing/payment systems;
- Checking the tendering process in accordance with internal regulations;
- Review income receipts;
- Review bank reconciliations and control account reconciliations;
- Review procedures used to prepare reports to trustees and other financial returns;
- Check procedures for staff expense claims and petty cash claims;
- Review information reported to trustees.

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

The Board of Trustees confirms that the review by the external auditor has been fully delivered in line with the ESFA's requirements and all recommendations have been implemented.

Review of Effectiveness

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

- the results of the external auditor's additional checks;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 7 December 2018 and signed on its behalf by:

M P Sharp
Chair of Strategic Board

S Chotai
Accounting Officer/ Executive Principal

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

As Accounting Officer of Charles Darwin Academy 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 all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

S Chotai
Accounting Officer / Executive Principal

Date: 7 December 2018

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 7 December 2018 and signed on its behalf by:

M P Sharp
Chair of Strategic Board

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHARLES DARWIN ACADEMY TRUST (A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of Charles Darwin Academy Trust (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate.

We draw attention to the 'Going Concern' section of the Report of the Trustees and notes 1 and 22 of the financial statements, which indicate that the academy trust has a deficit on restricted general funds at 31 August 2018. This, together with the lack of clarity over future funding and potential merger considerations indicate that a material uncertainty exists that may cast significant doubt on the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHARLES DARWIN ACADEMY TRUST (A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ashley Phillips FCCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 7 December 2018

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHARLES DARWIN ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 25 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Charles Darwin Academy Trust during the year ended 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective Responsibilities of Charles Darwin Academy Trust's Accounting Officer and the Reporting Accountant
The Accounting Officer is responsible, under the requirements of Charles Darwin Academy Trust's funding agreement with the Secretary of State for Education dated 11 March 2011 and supplemented by a deed of variation dated January 2014, and the Academies Financial Handbook, effective from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purpose intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

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

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

The work undertaken to draw our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the external auditor performing additional systems checks during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between Charles Darwin Academy Trust and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHARLES DARWIN ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Ashley Phillips FCCA (Reporting Accountant)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 7 December 2018

CHARLES DARWIN ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME) FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Income from:						
Donations and capital grants	2	26,070	29,972	1,726,729	1,782,771	751,574
Charitable activities:						
Funding for the academy trust's educational operations	3	228,491	8,952,325	-	9,180,816	9,003,948
Leisure centre	4	106,285	-	-	106,285	130,580
Other trading activities	5	103,996	5,680	-	109,676	48,520
Investments	6	367	18	-	385	1,660
Total income		465,209	8,987,995	1,726,729	11,179,933	9,936,282
Expenditure on:						
Raising funds	8	-	25,287	-	25,287	21,732
Charitable activities:						
Academy trust's educational operations	9	312,101	9,299,654	394,363	10,006,118	9,928,717
Leisure centre	10	108,845	-	-	108,845	115,380
Total expenditure	7	420,946	9,324,941	394,363	10,140,250	10,065,829
Net income / (expenditure)		44,263	(336,946)	1,332,366	1,039,683	(129,547)
Transfers between funds	22	(151,557)	151,557	-	-	-
Net income / (expenditure) for the year before other recognised gains and losses		(107,294)	(185,389)	1,332,366	1,039,683	(129,547)
Other recognised gains and losses:						
Actuarial remeasurements on defined benefit pension schemes	22 & 27	-	853,000	-	853,000	410,000
Net movement in funds		(107,294)	667,611	1,332,366	1,892,683	280,453
Reconciliation of funds	22					
Total funds brought forward		107,294	(2,284,304)	23,957,544	21,780,534	21,500,081
Total funds carried forward		-	(1,616,693)	25,289,910	23,673,217	21,780,534

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

CHARLES DARWIN ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED COMPANY NUMBER: 07554396

BALANCE SHEET
AS AT 31 AUGUST 2018

	Notes	31.8.18 £	31.8.18 £	31.8.17 £	31.8.17 £
Fixed assets					
Tangible assets	17		24,853,697		23,857,301
Current assets					
Debtors	18	242,101		280,578	
Cash at bank and in hand		761,674		756,823	
		1,003,775		1,037,401	
Current liabilities					
Creditors: Amounts falling due within one year	19	(491,755)		(717,168)	
Net current assets			512,020		320,233
Total assets less current liabilities			25,365,717		24,177,534
Creditors: Amounts falling due after more than one year	20		(85,500)		(102,000)
Net assets excluding pension liability			25,280,217		24,075,534
Defined benefit pension scheme liability	27		(1,607,000)		(2,295,000)
Total net assets			23,673,217		21,780,534
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	22	25,289,910		23,957,544	
General funds	22	(9,693)		10,696	
Pension reserve	22	(1,607,000)		(2,295,000)	
Total restricted funds			23,673,217		21,673,240
Unrestricted funds					
General funds	22	-		107,294	
Total unrestricted funds			-		107,294
Total funds			23,673,217		21,780,534

The financial statements on pages 24 to 52 were approved by the trustees, and authorised for issue on 7 December 2018 and are signed on their behalf by:

M P Sharp
Chair of Strategic Board

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	31.8.18 £	31.8.17 £
Cash flows from operating activities			
Net cash used in operating activities	1	(330,833)	(126,071)
Cash flows from investing activities	2	352,184	270,666
Cash flows from financing activities	3	(16,500)	(16,500)
Change in cash and cash equivalents in the reporting period		4,851	128,095
Cash and cash equivalents at 1 September		756,823	628,728
Cash and cash equivalents at 31 August	4	761,674	756,823

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018

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

	31.8.18 £	31.8.17 £
Net expenditure for the period (as per the Statement of Financial Activities)	1,039,683	(129,547)
Adjusted for:		
Depreciation charges (note 17)	377,682	414,967
Loss on disposal of fixed assets	852	-
Capital grants from DfE/ESFA and other capital income (note 2)	(1,726,729)	(697,971)
Interest received (note 6)	(385)	(1,660)
Defined benefit pension cost less contributions payable (note 27)	105,000	125,000
Defined benefit pension administration expenses (note 27)	9,000	9,000
Defined benefit pension finance cost (note 27)	51,000	51,000
Decrease / (Increase) in debtors	38,477	(77,888)
(Decrease) / Increase in creditors	(225,413)	181,028
Net cash used in operating activities	(330,833)	(126,071)

2. Cash flows from investing activities

	31.8.18 £	31.8.17 £
Interest received	385	1,660
Purchase of tangible fixed assets	(1,374,930)	(428,965)
Capital grants from DfE/ESFA	1,726,729	697,971
Net cash provided by investing activities	352,184	270,666

3. Cash flows from financing activities

	31.8.18 £	31.8.17 £
Repayments of borrowing	(16,500)	(16,500)
Net cash used in financing activities	(16,500)	(16,500)

4. Analysis of cash and cash equivalents

	31.8.18 £	31.8.17 £
Cash in hand and at bank	761,674	756,823
Total cash and cash equivalents	761,674	756,823

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

1. STATEMENT OF ACCOUNTING POLICIES

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

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

Going concern
The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. Charles Darwin Academy Trust does not hold significant reserves as it is the policy of the academy trust to invest its funds to the maximum benefit of its current pupils. The academy trust produces its annual budgets with prudent figures for both income and expenditure and whilst currently they are happy with the use of resources for the current year the trustees have concerns over future funding.

The financial future of the Trust, in common with all state funded educational establishments, is uncertain. The funding received from government has not kept pace with increased costs. The Trust has, despite making a number of cuts to staffing over the last few years, now fully utilised its brought forward reserves. Further budget adjustments have been set to enable the Trust to continue operating both schools during the 2018/19 academic year, which should bring the overall revenue reserves into a slight surplus position. Should this situation not be eased by next year's government spending review it is likely that the Trust Board will take more stringent action to reduce provision in both its schools in order to remain financially solvent.

The Trust Board continues to have discussions with Impact Trust, another multi-academy trust, with a view to a potential merger.

The operation of the schools would continue uninterrupted and accordingly the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

1. STATEMENT OF ACCOUNTING POLICIES – continued

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

- **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 goods have been provided or on completion of the service.

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

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

  The value of donated services provided to the academy trust are recognised at fair value in the period in which they are receivable as income from donations, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

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

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

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

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

1. STATEMENT OF ACCOUNTING POLICIES - continued

Tangible fixed assets

Upon becoming academies, the member schools of the academy trust received title to the freehold and leasehold of the school buildings for no consideration. The freehold and leasehold properties have been valued by independent professional valuers: Charles Darwin School and Biggin Hill Primary School were both valued by Drivers Jonas Deloitte on 31 August 2012. As the schools are specialised properties the valuation has been assessed on a depreciated replacement cost basis after allowance for factors of age and obsolescence. Upon conversion the properties were brought into the restricted fixed asset fund as a donation within the Statement of Financial Activities.

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 so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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 and in some places reducing balance basis over its expected useful economic life, as follows:

Freehold property	- 50 years straight line
Leasehold property	- Over the term of the lease
Improvements to property	- 50 years straight line
School equipment	- 5 years straight line
Fixtures and fittings	- 15% and 20% on cost
Computer equipment	- 3 years straight line
Motor vehicles	- 25% reducing balance

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

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

Leasehold property

The land and buildings from which Biggin Hill Primary School operates are leased from London Borough of Bromley for a period of 125 years. Rentals payable in respect of this lease are one peppercorn per annum. Under the terms of the lease the risks and rewards of ownership have been substantially transferred to Charles Darwin Academy Trust and accordingly to reflect its use, the value of the property has been included in fixed assets with an appropriate credit to voluntary income within the restricted fixed asset fund occurring in the period it was transferred.

1. STATEMENT OF ACCOUNTING POLICIES - continued

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

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets
Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

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

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

Agency arrangements
The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 29.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

1. STATEMENT OF ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement - continued

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pension liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of freehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of freehold property which relates to land is deemed not to have a finite life and is not depreciated. The element of freehold property which does not relate to land is depreciated on a straight line basis of 50 years, being the estimated useful economic life and it is assumed that the asset has no residual value on the basis of its specialised nature. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

Critical areas of judgement

The trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Capital grants	-	1,726,729	1,726,729	697,971
Other donations	26,070	29,972	56,042	53,603
	26,070	1,756,701	1,782,771	751,574

3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,991,723	7,991,723	8,093,023
Other DfE/ESFA grants	-	544,373	544,373	433,442
	-	8,536,096	8,536,096	8,526,465
Other Government grants				
Local authority grants	-	224,558	224,558	215,527
	-	224,558	224,558	215,527
Other income from the academy trust's educational operations	228,491	191,671	420,162	261,956
	228,491	8,952,325	9,180,816	9,003,948

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

4. LEISURE CENTRE INCOME

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Leisure centre income	106,285	-	106,285	130,580
	106,285	-	106,285	130,580

5. OTHER TRADING INCOME

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Hire of facilities	6,276	-	6,276	5,453
Other fundraising	97,720	5,680	103,400	43,067
	103,996	5,680	109,676	48,520

6. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Deposit account interest	367	18	385	1,660
	367	18	385	1,660

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

7. EXPENDITURE

	Staff Costs £	Premises Costs £	Other Costs £	31.8.18 Total £	31.8.17 Total £
Expenditure on raising funds	-	-	25,287	25,287	21,732
Academy's educational operations:					
Direct costs	6,578,738	297,395	703,059	7,579,192	7,701,400
Allocated support costs	1,453,572	438,542	534,812	2,426,926	2,227,317
Leisure centre:					
Direct costs	43,190	65,532	123	108,845	115,380
Allocated support costs	-	-	-	-	-
	8,075,500	801,469	1,263,281	10,140,250	10,065,829

Net income/(expenditure) for the period includes:

	31.8.18 £	31.8.17 £
Operating lease rentals	33,666	22,743
Loss on disposal of fixed assets	852	-
Depreciation	377,682	414,967
Fees payable to auditor for:		
- audit	13,900	13,000
- other services	3,000	3,200

Included within expenditure are the following transactions.

	Total £	Individual items above £5,000 Amount £	Reason
Compensation payments	532	-	-
Gifts made by the academy trust	225	-	-
Fixed asset losses	852	-	-

8. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Other fundraising costs	-	25,287	25,287	21,732
	-	25,287	25,287	21,732

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

9. CHARITABLE ACTIVITIES – ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Direct costs				
Teaching and educational support staff costs	29,702	6,549,036	6,578,738	6,650,416
Depreciation	-	311,393	311,393	349,419
Technology costs	-	19,165	19,165	53,811
Educational supplies	23,815	167,086	190,901	161,292
Examination fees	-	112,749	112,749	106,177
Staff development and other staff costs	-	21,306	21,306	33,006
Other direct costs	71,594	273,346	344,940	347,279
	125,111	7,454,081	7,579,192	7,701,400
Allocated support costs				
Support staff costs	103,525	1,350,047	1,453,572	1,293,605
Depreciation	-	66,290	66,290	65,548
Technology costs	-	52,042	52,042	39,884
Recruitment and support	10,622	-	10,622	13,014
Maintenance of premises and equipment	7,436	82,511	89,947	231,361
Cleaning	-	38,154	38,154	37,131
Rent, rates and water	-	86,780	86,780	88,129
Energy costs	-	108,293	108,293	117,066
Insurance	-	48,420	48,420	42,165
Security and transport	-	3,422	3,422	3,164
Catering	37,066	96,639	133,705	112,628
Bank interest and charges	1,699	559	2,258	3,694
Governance costs (note 11)	-	16,900	16,900	16,200
Defined benefit pension admin expenses	-	9,000	9,000	9,000
Defined benefit pension net interest cost	-	51,000	51,000	51,000
Other support costs	26,642	229,879	256,521	103,728
	186,990	2,239,936	2,426,926	2,227,317
Total direct and support costs	312,101	9,694,017	10,006,118	9,928,717

10. CHARITABLE ACTIVITIES – LEISURE CENTRE

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Direct costs				
Staff costs	43,190	-	43,190	56,631
Other direct costs	65,655	-	65,655	58,749
	108,845	-	108,845	115,380

11. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Auditor's remuneration				
Audit of financial statements	-	9,500	9,500	9,500
Other audit costs	-	4,400	4,400	3,500
Non audit services	-	3,000	3,000	3,200
	-	16,900	16,900	16,200

12. STAFF COSTS

a) Staff costs

Staff costs during the period were:

	31.8.18 £	31.8.17 £
Wages and salaries	6,174,720	6,198,383
Social security costs	625,809	601,871
Operating costs on pension scheme	1,161,011	1,138,430
	7,961,540	7,938,684
Supply teacher costs	94,247	61,968
Staff restructuring costs	19,713	-
	8,075,500	8,000,652
Staff restructuring costs comprise:		
Redundancy payments	19,713	-

b) Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £532 (2017: £nil). Individually, the payments were £532 made on 9th October 2017.

c) Staff numbers

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

	31.8.18	31.8.17
Charitable activities		
Teachers and educational support	187	200
Administration and support	69	68
Management	5	5
Leisure	7	7
	268	280

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

12. STAFF COSTS - continued

d) Higher paid staff

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

	31.8.18	31.8.17
£60,001 - £70,000	3	5
£70,001 - £80,000	3	2
£80,001 - £90,000	-	-
£120,001 - £130,000	1	1

e) 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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £478,011 (2017: £472,565).

13. CENTRAL SERVICES

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

During the year Charles Darwin School charged Biggin Hill Primary School £nil (2017: £25,000) for services performed by the lead academy.

14. TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The Executive Principal and any other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff members under their contracts of employment. Other trustees did not receive any payments from the academy trust, including expenses, in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

S Chotai	Executive Principal and trustee Remuneration - £125,000 - £130,000 (2017: £125,000 - £130,000) Employer's pension contributions - £15,000 - £20,000 (2017: £15,000 - £20,000)

No travel and subsistence expenses were reimbursed to trustees during the year as part of their role as trustees (2017: £nil).

Other related party transactions involving the trustees are set out in note 28.

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

16. COMPARATIVE PERIOD STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.8.17 Total Funds £
Income from:					
Donations and capital grants	2	28,202	25,401	697,971	751,574
Charitable activities:					
Funding for the academy trust's educational operations	3	92,292	8,911,656	-	9,003,948
Leisure centre	4	130,580	-	-	130,580
Other trading activities	5	39,568	8,952	-	48,520
Investments	6	1,553	107	-	1,660
Total income		292,195	8,946,116	697,971	9,936,282
Expenditure on:					
Raising funds	8	-	21,732	-	21,732
Charitable activities:					
Academy trust's educational operations	9	147,119	9,286,272	495,326	9,928,717
Leisure centre	10	115,380	-	-	115,380
Total expenditure	7	262,499	9,308,004	495,326	10,065,829
Net income / (expenditure)		29,696	(361,888)	202,645	(129,547)
Transfers between funds		(68,104)	40,970	27,134	-
Net income / (expenditure) for the year before other recognised gains and losses		(38,408)	(320,918)	229,779	(129,547)
Other recognised gains and losses					
Actuarial remeasurements on defined benefit pension schemes	27	-	410,000	-	410,000
Net movement in funds		(38,408)	89,082	229,779	280,453
Reconciliation of funds					
Total funds brought forward		145,702	(2,373,386)	23,727,765	21,500,081
Total funds carried forward	22	107,294	(2,284,304)	23,957,544	21,780,534

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

17. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Improvements to property £	School Equipment £
COST				
At 1 September 2017	19,139,508	3,863,771	2,734,685	81,657
Additions	-	-	1,374,930	-
Disposals	-	-	-	-
At 31 August 2018	19,139,508	3,863,771	4,109,615	81,657
DEPRECIATION				
At 1 September 2017	1,750,293	59,409	122,386	79,948
Charge for year	272,773	16,202	71,165	780
Eliminated on disposal	-	-	-	-
At 31 August 2018	2,023,066	75,611	193,551	80,728
NET BOOK VALUE				
At 31 August 2018	17,116,442	3,788,160	3,916,064	929
At 31 August 2017	17,389,215	3,804,362	2,612,299	1,709

	Fixtures and Fittings £	Computer Equipment £	Totals £
COST			
At 1 September 2017	186,742	326,353	26,332,716
Additions	-	-	1,374,930
Disposals	(2,200)	(900)	(3,100)
At 31 August 2018	184,542	325,453	27,704,546
DEPRECIATION			
At 1 September 2017	152,187	311,192	2,475,415
Charge for year	15,106	1,656	377,682
Eliminated on disposal	(1,348)	(900)	(2,248)
At 31 August 2018	165,945	311,948	2,850,849
NET BOOK VALUE			
At 31 August 2018	18,597	13,505	24,853,697
At 31 August 2017	34,555	15,161	23,857,301

Included in cost or valuation of freehold property is land of £5,500,864 (2017: £5,500,864) which is not being depreciated.

Included in cost or valuation of leasehold property is land of £1,877,638 (2017: £1,877,638) which is not being depreciated.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

18. DEBTORS

	31.8.18	31.8.17
	£	£
Trade debtors	11,235	8,324
Other debtors	-	-
VAT recoverable	145,550	66,352
Prepayments and accrued income	85,316	205,902
	242,101	280,578

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.18	31.8.17
	£	£
Trade creditors	46,959	43,560
Other taxation and social security	26,633	156,257
Other creditors	206,901	207,252
Accruals and deferred income	211,262	310,099
	491,755	717,168

Deferred income

	31.8.18	31.8.17
	£	£
Deferred income at 1 September	94,698	81,619
Released from previous years	(94,698)	(81,619)
Resources deferred in the year	89,579	94,698
Deferred income at 31 August	89,579	94,698

Included within deferred income held at 31 August 2018 is £30,150 (2017: £61,579) relating to income for school trips which are due to take place in the next financial year. The academy trust charges pupils the total cost of the trips in advance, however at the year end date only the deposit amounts had been paid over to the trip agents. The academy trust obtains entitlement to the income as expenditure is incurred, therefore the balance of income received is deferred until the next financial year at which point the balance of payments will be due to the trip agents.

The academy trust received rates funding from the ESFA in the period and has deferred £26,650 (2017: £Nil) of this funding relating to costs incurred after 31 August 2018. A further £nil (2017: £1,600) of deferred income held at 31 August 2018 relates to Aim Higher funding, and £5,350 relates to pupil premium (2017: £nil). £1,300 (2017: £nil) relates to the hire of facilities. The remaining £26,129 (2017: £31,519) of deferred income held at 31 August 2018 relates to monies received in advance of the provision of free school meals for early years from 1 September 2018.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.18	31.8.17
	£	£
Other creditors	85,500	102,000
	85,500	102,000

21. SALIX LOANS

Included within other creditors are loans of £15,000 and £120,000 from Salix which are provided on the following terms. The loan for £15,000 is repayable over a 10 year duration, with six-monthly repayments of £750 which commenced in September 2016. The loan for £120,000 is repayable over an 8 year duration, with six-monthly repayments of £7,500 which commenced in September 2016. The outstanding balances within other creditors were £12,000 (2017: £13,500) and £90,000 (2017: £105,000) at 31 August 2018.

An analysis of the maturity of Salix loans within other creditors is given below:

	31.8.18	31.8.17
	£	£
Amounts falling due within one year	16,500	16,500
Amounts falling due between one and two years	16,500	16,500
Amounts falling due between two and five years	49,500	49,500
Amounts falling due in more than five years	19,500	36,000
	102,000	118,500

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

22. FUNDS

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	7,991,723	(8,171,232)	151,557	(27,952)
School Voluntary Fund	6,818	227,341	(215,900)	-	18,259
Other government grants	3,878	224,558	(228,436)	-	-
Other DfE/ESFA grants	-	544,373	(544,373)	-	-
Pension reserve	(2,295,000)	-	(165,000)	853,000	(1,607,000)
	(2,284,304)	8,987,995	(9,324,941)	1,004,557	(1,616,693)
Restricted fixed asset funds					
Transfer of property	21,193,578	-	(288,975)	-	20,904,603
DfE/ESFA capital grants	2,557,873	1,726,729	(100,578)	-	4,184,024
Capital expenditure from GAG, unrestricted & voluntary funds	206,093	-	(4,810)	-	201,283
	23,957,544	1,726,729	(394,363)	-	25,289,910
Total restricted funds	21,673,240	10,714,724	(9,719,304)	1,004,557	23,673,217
Unrestricted funds					
Unrestricted funds	107,294	465,209	(420,946)	(151,557)	-
Total unrestricted funds	107,294	465,209	(420,946)	(151,557)	-
Total funds	21,780,534	11,179,933	(10,140,250)	853,000	23,673,217

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

General Annual Grant (GAG)
Funds must be used for the normal running costs of the academy trust. Under the master funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2018. The fund is in deficit due to an unexpected increase in support staff costs. This has been taken into account in future budgets, with cost saving measures put in place to return the fund to surplus.

Other restricted general funds
Funding is provided by government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

Restricted fixed asset funds
Funding is provided by way of government grants or capital expenditure from the GAG or unrestricted funds in order to acquire specified fixed assets for use by the academy trust in achieving its educational objectives.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

22. FUNDS - continued

Unrestricted funds
Unrestricted funds can be used for any purpose at the discretion of the academy trust.

Transfers
A transfer of £151,557 was made in the period from unrestricted funds to GAG funds to cover a shortfall in funding for the schools' main operations.

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

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	20,757	8,093,023	(8,160,067)	46,287	-
School Voluntary Fund	28,671	204,124	(223,477)	(2,500)	6,818
Other government grants	8,120	215,527	(216,952)	(2,817)	3,878
Other DfE/ESFA grants	89,066	433,442	(522,508)	-	-
Pension reserve	(2,520,000)	-	(185,000)	410,000	(2,295,000)
	(2,373,386)	8,946,116	(9,308,004)	450,970	(2,284,304)
Restricted fixed asset funds					
Transfer of property	21,482,553	-	(288,975)	-	21,193,578
DfE/ESFA capital grants	2,019,884	697,971	(159,982)	-	2,557,873
Capital expenditure from GAG, unrestricted & voluntary funds	225,328	-	(46,369)	27,134	206,093
	23,727,765	697,971	(495,326)	27,134	23,957,544
Total restricted funds	21,354,379	9,644,087	(9,803,330)	478,104	21,673,240
Unrestricted funds					
Unrestricted funds	145,702	292,195	(262,499)	(68,104)	107,294
Total unrestricted funds	145,702	292,195	(262,499)	(68,104)	107,294
Total funds	21,500,081	9,936,282	(10,065,829)	410,000	21,780,534

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

Transfers
A transfer of £12,849 was made in the period from GAG funds to fixed asset funds for capital expenditure.

A transfer of £2,817 was made in the period from Other Government Grants to fixed asset funds for capital expenditure.

A transfer of £2,500 was made in the period from the School Voluntary Fund to fixed asset funds for capital expenditure.

22. FUNDS - continued

A transfer of £8,968 was made in the period from unrestricted funds to fixed asset funds for capital expenditure.

A transfer of £59,136 was made in the period from unrestricted funds to GAG funds to cover a shortfall in funding for the schools' main operations.

Analysis of academies by fund balance
Fund balances at 31 August 2018 were allocated as follows:

	£
Charles Darwin School	(13,372)
Biggin Hill Primary School	3,679
Total before fixed assets and pension reserve	(9,693)
Restricted fixed asset fund	25,289,910
Pension reserve	(1,607,000)
Total	23,673,217

Analysis of academies by cost
Expenditure incurred by each academy during the year, excluding leisure centre activities and depreciation, was as follows:

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total £
Charles Darwin School	5,356,068	1,159,621	260,877	864,483	7,641,049
Biggin Hill Primary School	1,222,670	290,681	42,773	389,960	1,946,084
	6,578,738	1,450,302	303,650	1,254,443	9,587,133

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total £
Charles Darwin School	5,450,421	1,066,320	232,609	970,394	7,719,744
Biggin Hill Primary School	1,199,995	227,285	34,860	353,598	1,815,738
	6,650,416	1,293,605	267,469	1,323,992	9,535,482

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	24,853,697	24,853,697
Current assets	57,980	290,827	654,968	1,003,775
Current liabilities	(57,980)	(300,520)	(133,255)	(491,755)
Non-current liabilities	-	-	(85,500)	(85,500)
Pension scheme liability	-	(1,607,000)	-	(1,607,000)
Total net assets	-	(1,616,693)	25,289,910	23,673,217

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	23,857,301	23,857,301
Current assets	107,294	515,829	414,278	1,037,401
Current liabilities	-	(505,133)	(212,035)	(717,168)
Non-current liabilities	-	-	(102,000)	(102,000)
Pension scheme liability	-	(2,295,000)	-	(2,295,000)
Total net assets	107,294	(2,284,304)	23,957,544	21,780,534

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

24. CAPITAL COMMITMENTS

	31.8.18	31.8.17
	£	£
Contracted for, but not provided in the financial statements	691,571	613,125

25. OPERATING LEASE COMMITMENTS

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

	31.8.18	31.8.17
	£	£
Amounts due within one year	33,666	33,666
Amounts due between one and five years	70,653	104,319
	104,319	137,985

26. MEMBERS LIABILITY

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

27. PENSION AND SIMILAR OBLIGATIONS

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

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

Contributions amounting to £135,380 (2017: £134,939) were payable to the schemes at 31 August 2018 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' 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.

27. PENSION AND SIMILAR OBLIGATIONS – continued

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £838,000 (2017: £709,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £398,000 (2017: £375,000), of which employer's contributions totalled £323,000 (2017: £305,000) and employees' contributions totalled £75,000 (2017:£70,000). The agreed contribution rates for future years are between 27% and 33% for employers and between 5.5% and 12.5% for employees.

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

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

27. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme - continued

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.8.18	31.8.17
Rate of increase in salaries	3.60%	3.70%
Rate of increase for pensions in payment/inflation	2.20%	2.20%
Discount rate for scheme liabilities	2.80%	2.40 - 2.50%
Inflation assumption (CPI)	2.10%	2.20%
Commutation of pension to lump sums	50.00%	50.00%

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

	31.8.18	31.8.17
Retiring today		
Males	23.4	23.3
Females	26.1	26.0
Retiring in 20 years		
Males	26.1	25.9
Females	28.4	28.3

The sensitivities regarding the principal assumptions used to measure the scheme liabilities, as provided by the actuary, are set out below:

Charles Darwin School

Change in assumptions:	Increase in obligation at 31 August 2018	Increase in obligation at 31 August 2017
	£	£
0.1% decrease in real discount rate	97,000	96,000
1 year increase in member life expectancy	89,000	88,000
0.1% increase in the salary increase rate	12,000	14,000
0.1% increase in the pension increase rate	98,000	98,000

Biggin Hill Primary School

Change in assumptions:	Increase in obligation at 31 August 2018	Increase in obligation at 31 August 2017
	£	£
0.1% decrease in real discount rate	41,000	40,000
1 year increase in member life expectancy	29,000	28,000
0.1% increase in the salary increase rate	8,000	9,000
0.1% increase in the pension increase rate	41,000	40,000

27. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme - continued

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

	Asset allocation	Fair value at 31 August 2018 £	Asset allocation	Fair value at 31 August 2017 £
Equities		3,352,000		3,354,000
Government bonds		325,000		-
Other bonds		325,000		615,000
Property		170,000		-
Cash/liquidity		-		61,000
Other		985,000		365,000
Total market value of assets		5,157,000		4,395,000
Present value of scheme liabilities				
- Funded		(6,764,000)		(6,690,000)
Deficit in the scheme		(1,607,000)		(2,295,000)

The actual return on scheme assets was £396,000 (2017: £654,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	31.8.18 £	31.8.17 £
Current service cost (net of employee contributions)	(428,000)	(430,000)
Interest cost	(162,000)	(129,000)
Interest income	111,000	78,000
Administration expenses	(9,000)	(9,000)
Total operating charge	(488,000)	(490,000)
Recognised in other gains / losses:		
Remeasurement gains / (losses)	853,000	410,000
Total (cost)/gain recognised	365,000	(80,000)

27. PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme – continued

The actuarial remeasurements for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial remeasurements recognised in the Statement of Financial Activities since the adoption of the relevant pensions accounting is a £208,000 loss (2017: £1,061,000 loss).

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

	31.8.18 £	31.8.17 £
Opening defined benefit obligation	6,690,000	5,997,000
Current service cost	428,000	430,000
Employee contributions	75,000	70,000
Interest on pension liabilities	162,000	129,000
Remeasurement (gains) / losses on obligations	(568,000)	79,000
Benefits paid	(23,000)	(15,000)
	6,764,000	6,690,000

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

	31.8.18 £	31.8.17 £
Opening fair value of scheme assets	4,395,000	3,477,000
Employer contributions	323,000	305,000
Employee contributions	75,000	70,000
Interest on plan assets	111,000	78,000
Administration expenses	(9,000)	(9,000)
Remeasurement gains on assets	285,000	489,000
Benefits paid	(23,000)	(15,000)
	5,157,000	4,395,000

The estimated value of employer contributions for the year ending 31 August 2018 is £319,000.

28. 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 or individuals in which a trustee or member of senior management has an interest. All transactions involving such organisations or individuals are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 14.

29. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £50,582 (2017: £55,041) and disbursed £41,530 (2017: £39,493) from the fund. An amount of £55,088 (2017: £46,036) is included in other creditors relating to undistributed funds that is repayable to ESFA.