

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of Trustees' responsibilities	17
Independent auditors' report on the financial statements	18 - 20
Independent reporting accountant's assurance report on regularity	21 - 22
Statement of financial activities incorporating income and expenditure account	23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements	26 - 48

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	T Amos (resigned 31 December 2016) C Grimwood-Taylor (resigned 31 December 2016) P Villiers P Jarrett I Newberry
Members & Trustees	T Amos, Head Teacher ^{1,2,3,4} C Grimwood-Taylor, Member Appointed Governor (resigned 31 December 2016) ³ P Villiers, Member Appointed Governor ^{1,2,3} L Bridger, Parent Governor (resigned 14 September 2016) ^{2,3} H Pettifer, Staff Governor ¹ S Robilliard, Staff Governor ¹ R Hemsworth, Parent Governor ^{1,3} P Jarrett, Co-opted Governor ^{2,3,4} I Newberry, Chair of Trustees ^{1,2,3,4} L Wall, Co-opted Governor ^{1,2,4} D Pugh (appointed 1 November 2016, resigned 28 November 2016) L Meardon, Parent Governor (appointed 1 November 2016) ^{1,2,3,4} D Smith, Member Appointed Governor (appointed 12 January 2017) ^{2,3,4} A Dapp (appointed 3 July 2017)

- 1 Teaching and Learning
- 2 Premises and Finance
- 3 Personnel
- 4 Resources

Company registered number	07698197
Company name	GTS Academy Trust
Principal and Registered office	Calvesford Road Great Torrington Devon EX38 7DJ
Company secretary	C Ward
Accounting officer	T Amos

Senior Leadership Team

T Amos, Head Teacher*
J Whiteman, Deputy Head Teacher*
A Bloodworth, Assistant Head Teacher*
J Stanier, Assistant Head Teacher
G Clayton, Assistant Head Teacher
C Ward, School Business Manager*
H Whiterod, Assistant Headteacher
J Buss, ICT Network Manager

* Key Management Personnel for the purpose of disclosure in the accounts

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Advisers (continued)

Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
Bankers	Lloyds TSB 5 High Street Bideford Devon EX39 2AD
Solicitors	Foot Anstey The Quad Blackbrook Park Avenue Blackbrook Business Park Taunton Somerset TA1 2PX

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in Great Torrington. It has a pupil capacity of 900 and had a roll of 689 in the school census on 18 May 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy was incorporated on 8 July 2011 and 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.

The Trustees of GTS Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as GTS Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1 August 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 5 Trustees who are appointed by members.
- up to 5 Parent Trustees who are elected by Parents of registered pupils at the Academy.
- up to 2 staff Trustees appointed by members.
- up to 3 Co-opted Trustees who are appointed by the Trustee board.
- the Headteacher who is treated for all purposes as being an ex officio Governor.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

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

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets twice each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 4 committees as follows;

- Finance Committee - this meets at least six times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Teaching & Learning Committee - this meets twice a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Premises Committee
- Personnel Committee

The Board of Trustees have carried out a review of the Committees towards the end of the Academic Year and have combined the Finance, Premises and Personnel Committees into a new "Resources Committee" for the future.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, 4 Assistant Headteachers, the ICT Network Manager and the School Business Manager. During the year the Head of Science was also seconded onto the SLT until 31 August 2017. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The SLT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Headteacher, School Business Manager and Finance Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts usually always include a Governor.

The Headteacher is the Accounting Officer.

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

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually in accordance with our Performance Management Policy and Pay Policy. The Academy Trust follows the National School Teachers Pay and Conditions Document.

Connected Organisations, including Related Party Relationships

Torrige District Council has use of the Academy's leisure facilities and there is a shared use agreement between it and the Academy.

The Academy has strong collaborative links with its 10 feeder primary schools as well as other local schools. During the year the Academy has also started to collaborate with the Dartmoor Teaching Schools Alliance.

There are no related parties which either control or significantly influence the decisions and operations of GTS Academy Trust. There are no sponsors associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Charitable Company is the operation of Great Torrington School to provide free education and care for pupils of different abilities.

The aims of the Academy during the year ended 31 August 2017 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra-curricular activities.
- to develop students as more effective learners.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to maximise the number of students who achieve 5 A* - C (or equivalent) GCSE grades including English and Maths.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to maintain close links with industry and commerce.
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

A new improvement plan was constructed for 2016-2018.

Priority 1 - Outcomes

- To develop an understanding of all the interventions and their impact for pupils in years 5 to 8 (all schools in MAT) and all other schools in TLC
- Continue to improve Teaching and the understanding of Learning across all the staff
- All academic gaps are reduced or maintained as low as comparable years
- To improve whole staff understanding and accountability for SEND and CiC
- To provide support for parents to enable them to make good decisions with their children

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

Priority 2 – Teaching Learning and Assessment

- Use the MAT to expose all staff to the primary curriculum to help improve their understanding of it and the accomplishment achieved
- Evolve the Departmental review system and streamline processes for school improvement
- Focus whole school CPD through T&L groups and E&I CPD on 'Know thy impact' - Hattie
- Establish a GTS boot camp for new staff to improve their rate of impact
- Establish a reflection and support for all model for all teaching staff
- Numeracy to become implicit within all subject teaching and across the school
- Develop further the Mastery scale and ensure that assessment across the school and prior to entry is understood and consistently applied.
- Reading and literacy is to be implicit within all subject teaching and across the school

Priority 3 – Behaviour safety and wellbeing

- Pupils show high levels of self-discipline and role model this to help others learn
- SOP's to be reviewed by MLT and are followed by all staff
- Review the Behaviour Policy and SIMs and the impact of its use across all Departments
- Continue to roll out Prevent and Safeguarding training and awareness raising for all staff and pupils.
- Review the Ash Cup competition
- Apply for CIF bids to improve the toilet facilities
- Develop our own skilled practitioners to support mental health and build resilience
- Develop strategies to rapidly embed GTS values on mid phase transfers
- Reduce or maintain as low as possible all pastoral data gaps

Priority 4 – Leadership and Management

- Review the Departmental review system
- Close monitoring of progress across 3 year GCSE (deep not slow)
- Review TLR and Leadership structure across the school and MAT
- Review and build new governance structure for the MAT
- Ensure opportunities for staff to second to management and leadership positions
- Ensure SEND is a thread throughout every aspect of the school
- Monitor each Department and House Team in their embedding of key initiatives over the last few years
- Explore how to use our leading edge status for maximum impact
- Make an application to DfE to become a sponsor MAT

(For full detail please see GTS Improvement Plan 2016-2018).

The school had a short OFSTED inspection in November 2016 which continued to ratify the school as good in all aspects.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Great Torrington and the surrounding area. In particular, but without prejudice to the generality of the forgoing by estimating, maintaining, managing and developing schools and offering a broad ranging curriculum.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

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

STRATEGIC REPORT

Achievements and Performance

The turbulence in the exam system and rapid changes in Education policy since 2011/12 continued on through 2016-17. However the work that we had done at GTS over the last few years has put us in a position of strength to cope with these. Most notable changes this year have been the preparation for the new GCSE's in English and Maths. The new grading system for these more complex exams has 'moved' throughout the year specifically with respect to the grade 4 and 5 and so has made target setting for the outcomes very difficult.

The school has been invited to speak at many national and local conferences this year as a direct result of its continued success.

The funding issue continues to be of great significance. The significant demographic dip in North Devon for the foreseeable future, the opening of a Free School (Route 39) and changes to the funding formula has impacted significantly on the budget. Whilst additional funds were put into the School budget share for Devon, the decision to remove the minimum funding guarantee for schools took significant funds from our budget. We have continued to manage the insufficient funding however in the short term this situation is becoming an increasingly complex one as our numbers of in year transfers increase but the AWPU does not follow them in a timely fashion.

The school had a short OFSTED inspection in November 2016 which continued to ratify the school as good in all aspects.

The results this year show a continued upward trend (for the last 4 years) in the outcomes for its pupils.

New performance measures and GCSE gradings	2017 unvalidated	2017 Devon averages unvalidated
9-4 (standard pass) Enligh and maths	73.5%	66%
9-5 (strong pass) Enligh and maths	47%	43%
Attainment 8	49.41	46.99
Progress 8	Data currently unavailable	-0.23
EBacc entered	35%	35%
EBacc passed	30%	23%

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

Historic data:

	2012	2013	2014	2015	2016	2016
					New key performance indicators	Validated
5A*-C Actual	73	82	88	69 (Wolf rules)	A*-C inc English and Maths Target FFTD	63
5 A*-C inc E&M FFTD	54	55	58	60	A*-C inc English and Maths Target GTS	69
5A*-C inc E&M Target	65	60	62	65	A*-C inc English and Maths Actual	67
5A*-C inc E&M Actual	51	46	60 (first count) 67.5 (best)	64	Progress 8	0.14

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention - the restriction was removed in January 2013. In the period under review, £382,855 was carried forward representing 11% of GAG.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which 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 useful life of the assets concerned, as defined in the Academy's accounting policies.

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

During the year ended 31 August 2017, total expenditure of £4,538,869 was covered by recurrent grant funding from the DfE, together with other incoming resources of £4,046,000. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers) was £292,855.

At 31 August 2017 the net book value of fixed assets was £9,413,490 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 1 August 2011 at £9,882,179. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 21 to the financial statements.

Key financial policies adopted or reviewed during the year include the "Finance Policy" which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included "Pensions Discretion", "Risk Management" and "Staff Expenses".

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be between £200,000 and £400,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Total reserves of the academy amount to £7,914,659 although £7,109,610 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £805,049 (representing £422,194 unrestricted funds and £382,855 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy. This represents 2 months of normal recurring expenditure. This level of reserves is currently being retained to provide financial stability during the period of falling rolls, due to the significant demographic dip in North Devon that the Academy is experiencing at present. The current financial projections show that the reserves will be required to cover expected budget shortfalls during the next two academic years. The Trustees await to see the outcomes and impact of the future funding changes of the National Funding Formula.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income, whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy Trust.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short/medium term bank investment accounts to take advantage of higher interest rates. Day to day management of the surplus funds is delegated to the School Business Manager within strict guidelines approved by the Board of Trustees.

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

Principal Risks and Uncertainties

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 92% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed an internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 21 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

PLANS FOR FUTURE PERIODS

GTS will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

GTS will continue to work with feeder schools within the Torrington Learning Community to improve the educational opportunities for students in the wider community. We will continue to look at opportunities to work with other schools in the area. Stronger links are growing with the Dartmoor Teaching School Alliance. A member of the SLT was appointed to become the Deputy Director of DTSA to work specifically in north Devon for one day a week.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 5 December 2017 and signed on the board's behalf by:

T Amos, Head Teacher
Accounting Officer

I Newberry, Chair of Trustees
Chair of Trustees

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that GTS 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 Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between GTS 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 Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
T Amos, Head Teacher	7	8
L Bridger, Parent Governor	0	1
A Dapp	0	1
C Grimwood-Taylor, Member Appointed Governor	1	2
R Hemsworth, Parent Governor	4	8
P Jarrett, Co-opted Governor	7	8
L Meardon, Parent Governor	6	8
I Newberry, Chair of Trustees	8	8
H Pettifer, Staff Governor	8	8
D Pugh	0	0
S Robilliard, Staff Governor	4	8
D Smith, Member Appointed Governor	5	5
P Villiers, Member Appointed Governor	8	8
L Wall, Co-opted Governor	8	8

During the year, the composition of the Board of Trustees changed as follows:

Appointed: A Dapp, L Meardon, D Pugh, D Smith

Resigned: L Bridger, C Grimwood-Taylor, D Pugh

In line with new best practice the Head has stepped down from the member's panel.

The board had a change of Chair and Vice-Chair during the year after Peter Villiers decided to step down as Chair.

The biggest challenges faced by the board this year has been to continue to drive improvements after OFSTED inspected and renew our good rating and the continuing difficult financial environment which has led to some difficult decisions on spending priorities.

The board believes the data being used by the school is of the best quality available. The data on results and performance are derived from the DfE own data for end of year results.

The board has begun to look at external benchmarking data when this available to check its own performance against comparable schools.

Governance reviews

During this academic year the board has had an external review of governance conducted on its behalf by Babcock. Following on from the findings of this review the board has conducted two extended sessions to consider its committee structure and its terms of reference.

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The Chair has also been enrolled on the National College for Teaching and Leadership's Chairs development programme.

The Board will further conduct a self-evaluation of governance during the next Spring term in order to check progress against the external review.

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- Assist the decision making of the governing body, by enabling a more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.
- To carry out the Audit function for the governing body.
- Keep the governing body informed of such matters on a regular basis. Major issues are referred to the governing body for ratification.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
T Amos (Headteacher)	6	6
L Bridger	0	0
P Jarrett (Chair of Finance Committee)	6	6
L Meardon	1	2
I Newberry (Chair of Trustees)	6	6
D Smith	3	3
P Villiers	4	4
L Wall	5	5

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy 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'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 has delivered improved value for money during the year by:

- The school has had another excellent set of results against a backdrop of concern around the change to the new 1-9 structure.
- 73.5% gained a standard pass (9-4) in English and Maths
- 48% gained a strong pass (9-5) in English and Maths

- The school has been awarded the following accolades by the SSAT during this academic year.
Transforming Practice in Principled Curriculum.
Transforming Practice in Professional Development.
Leading Edge Status.

The board has looked at external benchmarking for elements of our spending, in order to provide a cross check against other comparable academies. These have shown that the Academy is spending in line with schools of a similar size.

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 GTS Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

The Academy'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 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 to appoint Griffin Chartered Accountants as internal auditor.

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

- Testing of payroll systems
- Testing of purchasing systems
- Testing of control accounts/bank reconciliations

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

Internal audits were carried out in November 2016, March 2017 and June 2017. The audit opinions during all 3 visits highlighted only minor procedural and administrative amendments. These were all acted upon immediately by the school finance team.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy 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 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 5 December 2017 and signed on their behalf, by:

**I Newberry
Chair of Trustees**

**T Amos
Accounting Officer**

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of GTS 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 funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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

**T Amos
Accounting Officer**

Date: 5 December 2017

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

I Newberry, Chair of Trustees
Chair of Trustees

Date: 5 December 2017

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

OPINION

We have audited the financial statements of GTS Academy Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy 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'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's or to cease operations, or have no realistic alternative but to do so.

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Tim Borton FCA DChA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
13 December 2017

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 17 September 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by GTS Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of GTS Academy Trust's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

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

Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

13 December 2017

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	11,646	655	15,493	27,794	104,122
Charitable activities	3	263,542	3,724,468	-	3,988,010	4,212,130
Other trading activities	4	16,165	-	-	16,165	12,043
Investments	5	14,031	-	-	14,031	14,161
TOTAL INCOME		305,384	3,725,123	15,493	4,046,000	4,342,456
EXPENDITURE ON:						
Raising funds		1,442	-	-	1,442	-
Charitable activities		280,735	4,041,185	215,507	4,537,427	4,615,387
TOTAL EXPENDITURE	6	282,177	4,041,185	215,507	4,538,869	4,615,387
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		23,207	(316,062)	(200,014)	(492,869)	(272,931)
Transfers between Funds	17	-	(25,229)	25,229	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		23,207	(341,291)	(174,785)	(492,869)	(272,931)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	505,000	-	505,000	(1,200,000)
NET MOVEMENT IN FUNDS		23,207	163,709	(174,785)	12,131	(1,472,931)
RECONCILIATION OF FUNDS:						
Total funds brought forward		413,956	(2,350,346)	9,838,918	7,902,528	9,375,459
TOTAL FUNDS CARRIED FORWARD		437,163	(2,186,637)	9,664,133	7,914,659	7,902,528

The notes on pages 26 to 48 form part of these financial statements.

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07698197

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		9,413,490		9,534,634
CURRENT ASSETS					
Debtors	14	43,245		30,155	
Cash at bank and in hand		1,291,788		1,481,894	
			1,335,033	1,512,049	
CREDITORS: amounts falling due within one year	15	(225,864)		(242,155)	
NET CURRENT ASSETS			1,109,169		1,269,894
TOTAL ASSETS LESS CURRENT LIABILITIES			10,522,659		10,804,528
Defined benefit pension scheme liability	21		(2,608,000)		(2,902,000)
NET ASSETS			7,914,659		7,902,528
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	17	421,363		551,654	
Fixed asset funds	17	9,664,133		9,838,918	
Restricted funds excluding pension liability		10,085,496		10,390,572	
Pension reserve		(2,608,000)		(2,902,000)	
Total restricted funds			7,477,496		7,488,572
Unrestricted funds	17		437,163		413,956
TOTAL FUNDS			7,914,659		7,902,528

The financial statements on pages 23 to 48 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:

I Newberry, Chair of Trustees

T Amos, Head Teacher

The notes on pages 26 to 48 form part of these financial statements.

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	<u>(98,416)</u>	<u>45,229</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		14,031	14,161
Purchase of tangible fixed assets		(121,214)	(130,528)
Capital grants from DfE/ESFA		<u>15,493</u>	<u>83,782</u>
Net cash used in investing activities		<u>(91,690)</u>	<u>(32,585)</u>
Change in cash and cash equivalents in the year		(190,106)	12,644
Cash and cash equivalents brought forward		<u>1,481,894</u>	<u>1,469,250</u>
Cash and cash equivalents carried forward	20	<u><u>1,291,788</u></u>	<u><u>1,481,894</u></u>

The notes on pages 26 to 48 form part of these financial statements.

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

GTS Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

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

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

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

1.4 EXPENDITURE

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

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

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

All expenditure is inclusive of irrecoverable VAT.

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

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

On conversion the Academy Trust was gifted the freehold property previously occupied by the Local Authority School. On conversion the freehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

Freehold property	-	2% straight line
Motor vehicles	-	25% reducing balance
Office equipment	-	20% straight line
Computer equipment	-	33% straight line

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

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

1.6 DEBTORS

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

1.7 CASH AT BANK AND IN HAND

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

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

1. ACCOUNTING POLICIES (continued)

1.8 LIABILITIES AND PROVISIONS

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

1.9 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 14. 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 costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 TAXATION

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 11 Part 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.

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1. ACCOUNTING POLICIES (continued)

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

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

1.12 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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 and include grants from the Department for Education.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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

1. ACCOUNTING POLICIES (continued)

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

1.14 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	11,646	655	3,750	16,051	20,340
Capital Grants	-	-	11,743	11,743	83,782
	<u>11,646</u>	<u>655</u>	<u>15,493</u>	<u>27,794</u>	<u>104,122</u>
<i>Total 2016</i>	<u>14,092</u>	<u>6,248</u>	<u>83,782</u>	<u>104,122</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	3,405,263	3,405,263	3,610,447
Other DfE/ESFA grants	-	146,601	146,601	142,559
	<u>-</u>	<u>3,551,864</u>	<u>3,551,864</u>	<u>3,753,006</u>
Other Government grants				
High Needs	-	90,734	90,734	72,604
Other government grants non capital	-	78,599	78,599	73,497
	<u>-</u>	<u>169,333</u>	<u>169,333</u>	<u>146,101</u>
Other funding				
Internal catering income	123,378	-	123,378	109,764
Sales to students	12,473	-	12,473	35,376
Other	127,691	3,271	130,962	167,883
	<u>263,542</u>	<u>3,271</u>	<u>266,813</u>	<u>313,023</u>
	<u>263,542</u>	<u>3,724,468</u>	<u>3,988,010</u>	<u>4,212,130</u>
<i>Total 2016</i>	<u>292,145</u>	<u>3,919,985</u>	<u>4,212,130</u>	

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	8,375	-	8,375	7,992
Fees received	810	-	810	71
Other	6,980	-	6,980	3,980
	<u>16,165</u>	<u>-</u>	<u>16,165</u>	<u>12,043</u>
<i>Total 2016</i>	<u>12,043</u>	<u>-</u>	<u>12,043</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	14,031	-	14,031	14,161
	<u>14,031</u>	<u>-</u>	<u>14,031</u>	
<i>Total 2016</i>	<u>14,161</u>	<u>-</u>	<u>14,161</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	1,442	1,442	-
Activities:					
Direct costs	2,900,751	187,640	317,144	3,405,535	3,473,104
Support costs	463,957	263,666	404,269	1,131,892	1,142,283
	<u>3,364,708</u>	<u>451,306</u>	<u>722,855</u>	<u>4,538,869</u>	<u>4,615,387</u>
<i>Total 2016</i>	<u>3,317,759</u>	<u>417,933</u>	<u>879,695</u>	<u>4,615,387</u>	

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

7. DIRECT COSTS

	Total 2017 £	Total 2016 £
Pension income	33,000	32,000
Educational supplies	40,737	52,305
Examination fees	57,151	86,595
Staff development	13,082	29,869
Other costs	166,792	193,254
Supply teachers	71,660	56,496
Recruitment and support	6,382	8,654
Wages and salaries	2,140,484	2,210,100
National insurance	211,028	184,199
Pension cost	477,579	408,015
Depreciation	187,640	211,617
	3,405,535	3,473,104
<i>Total 2016</i>	<i>3,473,104</i>	

8. SUPPORT COSTS

	Total 2017 £	Total 2016 £
Pension income	30,000	30,000
Other costs	44,143	30,790
Maintenance of premises and equipment	48,084	63,426
Cleaning	87,041	88,215
Rent and rates	26,667	29,774
Energy costs	51,006	57,091
Insurance	18,730	22,776
Security and transport	19,024	20,085
Catering	140,849	120,703
Technology costs	71,647	72,223
Office overheads	12,320	18,866
Legal and professional	65,339	73,256
Bank interest and charges	7,689	5,318
Governance	13,258	13,467
Wages and salaries	364,914	374,622
National insurance	28,232	23,844
Pension cost	70,811	60,483
Depreciation	32,138	37,344
	1,131,892	1,142,283
<i>Total 2016</i>	<i>1,142,283</i>	

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	219,778	248,961
Auditors' remuneration - audit	6,800	6,700
Auditors' remuneration - other services	2,140	1,885
Operating lease rentals	10,821	13,888
	<u><u> </u></u>	<u><u> </u></u>

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

10. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	2,505,398	2,584,722
Social security costs	239,260	208,043
Operating costs of defined benefit pension schemes	548,390	468,498
	3,293,048	3,261,263
Supply teacher costs	71,660	56,496
	3,364,708	3,317,759

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

	2017	2016
	No.	No.
Teachers	35	45
Administration & support	51	59
Management	9	8
	95	112

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Teachers	34	41
Administration & support	41	45
Management	9	8
	84	94

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	1	3
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	1	1
In the band £110,000 - £120,000	1	1

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and members of the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £332,870 (2016: £321,805)

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any benefits in kind (2016: £NIL).

During the year ended 31 August 2017, expenses totalling £777 (2016: £568) were reimbursed to 2 Trustees (2016: 4).

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows: T Amos, Remuneration £85,000 - £90,000 (2016: £85,000 - £90,000), Employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000). H Pettifer, Remuneration £20,000 - £25,000 (2016: £20,000 - £25,000), Employer's pension contributions £5,000 - £10,000 (2016: £0 - £5,000). S Robilliard, Remuneration £40,000 - £45,000 (2016: £40,000 - £45,000) Employer's pension contributions £5,000 to £10,000 (2015: £5,000 - £10,000).

Other related party transactions involving the Trustees are set out in Note 25.

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
COST					
At 1 September 2016	10,296,669	22,058	139,863	313,493	10,772,083
Additions	80,605	-	8,549	9,480	98,634
At 31 August 2017	10,377,274	22,058	148,412	322,973	10,870,717
DEPRECIATION					
At 1 September 2016	857,713	10,390	80,513	288,833	1,237,449
Charge for the year	173,695	3,890	22,211	19,982	219,778
At 31 August 2017	1,031,408	14,280	102,724	308,815	1,457,227
NET BOOK VALUE					
At 31 August 2017	9,345,866	7,778	45,688	14,158	9,413,490
At 31 August 2016	9,438,956	11,668	59,350	24,660	9,534,634

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

14. DEBTORS

	2017 £	2016 £
Trade debtors	2,026	883
VAT repayable	12,879	5,333
Prepayments and accrued income	28,340	23,939
	<u>43,245</u>	<u>30,155</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	36,585	15,116
Other taxation and social security	60,949	61,174
Other creditors	48,769	51,314
Accruals and deferred income	79,561	114,551
	<u>225,864</u>	<u>242,155</u>

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	47,189	60,750
Resources deferred during the year	56,541	47,189
Amounts released from previous years	(47,189)	(60,750)
Deferred income at 31 August 2017	<u>56,541</u>	<u>47,189</u>

Deferred income includes income received in advance for school trips taking place after the year end.

16. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at amortised cost	<u>1,320,974</u>	<u>1,505,124</u>
Financial liabilities measured at amortised cost	<u>(105,531)</u>	<u>(133,792)</u>

Financial assets measured at amortised cost comprise trade debtors, accrued income and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

17. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	394,716	305,384	(277,906)	-	-	422,194
Unrestricted fixed asset	19,240	-	(4,271)	-	-	14,969
	<u>413,956</u>	<u>305,384</u>	<u>(282,177)</u>	<u>-</u>	<u>-</u>	<u>437,163</u>
RESTRICTED FUNDS						
	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General Annual Grant (GAG)	520,930	3,405,263	(3,518,109)	(25,229)	-	382,855
Other DfE Grants	-	12,504	(12,504)	-	-	-
Higher Needs	-	90,734	(90,734)	-	-	-
Pupil Premium	-	134,097	(134,097)	-	-	-
LAP Project	-	30,000	(30,000)	-	-	-
TLC Collaborative projects	6,812	10,000	(16,812)	-	-	-
Other	23,912	42,525	(27,929)	-	-	38,508
Pension reserve	(2,902,000)	-	(211,000)	-	505,000	(2,608,000)
	<u>(2,350,346)</u>	<u>3,725,123</u>	<u>(4,041,185)</u>	<u>(25,229)</u>	<u>505,000</u>	<u>(2,186,637)</u>

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

17. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Fixed assets transferred on Conversion	9,052,679	-	(163,501)	-	-	8,889,178
Fixed assets purchased from GAG and other restricted	292,525	-	(41,140)	25,229	-	276,614
Devolved formula capital transferred in on conversion	294,888	-	(794)	-	-	294,094
Devolved formula capital	48,160	15,576	(3,586)	-	-	60,150
Academy maintenance fund	48,825	-	(1,121)	-	-	47,704
ELBS Capital fund	35,277	-	(4,091)	-	-	31,186
Condition Improvement Funding	66,564	(3,833)	(1,274)	-	-	61,457
Tesco Bags of Help grant	-	3,750	-	-	-	3,750
	<u>9,838,918</u>	<u>15,493</u>	<u>(215,507)</u>	<u>25,229</u>	<u>-</u>	<u>9,664,133</u>
Total restricted funds	<u>7,488,572</u>	<u>3,740,616</u>	<u>(4,256,692)</u>	<u>-</u>	<u>505,000</u>	<u>7,477,496</u>
Total of funds	<u>7,902,528</u>	<u>4,046,000</u>	<u>(4,538,869)</u>	<u>-</u>	<u>505,000</u>	<u>7,914,659</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
UNRESTRICTED FUNDS						
General funds	353,007	332,441	(290,732)	-	-	394,716
Unrestricted fixed asset	22,642	-	(3,402)	-	-	19,240
	<u>375,649</u>	<u>332,441</u>	<u>(294,134)</u>	<u>-</u>	<u>-</u>	<u>413,956</u>

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

17. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

	Balance at 1 September 2014 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
General Annual Grant (GAG)	584,437	3,609,492	(3,625,431)	(47,568)	-	520,930
Other DfE Grants	-	9,000	(9,000)	-	-	-
Higher Needs	-	72,604	(72,604)	-	-	-
Pupil Premium	-	133,559	(133,559)	-	-	-
LAP Project	16,999	16,813	(33,812)	-	-	-
Summer School	500	-	(500)	-	-	-
TLC Collaborative projects	8,341	15,800	(17,329)	-	-	6,812
Other	17,406	68,965	(62,459)	-	-	23,912
Pension reserve	(1,581,000)	-	(121,000)	-	(1,200,000)	(2,902,000)
	<u>(953,317)</u>	<u>3,926,233</u>	<u>(4,075,694)</u>	<u>(47,568)</u>	<u>(1,200,000)</u>	<u>(2,350,346)</u>

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2014 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Fixed assets transferred on Conversion	9,219,780	-	(167,101)	-	-	9,052,679
Fixed assets purchased from GAG and other restricted	306,222	-	(61,265)	47,568	-	292,525
Devolved formula capital transferred in on conversion	294,888	-	-	-	-	294,888
Devolved formula capital Academy maintenance fund	42,923	16,218	(10,981)	-	-	48,160
ELBS Capital fund	49,946	-	(1,121)	-	-	48,825
Condition Improvement Funding	39,368	-	(4,091)	-	-	35,277
	-	67,564	(1,000)	-	-	66,564
	<u>9,953,127</u>	<u>83,782</u>	<u>(245,559)</u>	<u>47,568</u>	<u>-</u>	<u>9,838,918</u>
Total restricted funds	<u>8,999,810</u>	<u>4,010,015</u>	<u>(4,321,253)</u>	<u>-</u>	<u>(1,200,000)</u>	<u>7,488,572</u>
Total of funds	<u>9,375,459</u>	<u>4,342,456</u>	<u>(4,615,387)</u>	<u>-</u>	<u>(1,200,000)</u>	<u>7,902,528</u>

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

**GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

17. STATEMENT OF FUNDS (continued)

Restricted Funds

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Higher Needs - Income received from the Local Authority to fund further support for students with additional needs.

Additional Educational Needs - Income received from the Local Authority to fund further support for students with additional needs.

Pupil Premium - Income from the ESFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Summer School - Transition project for year 7 pupils starting in September 2015.

TLC Projects - Collaborative projects run with Torrington Local Learning Community.

LAP Project - Local Area Project funding from Devon County Council to provide support for vulnerable pupils.

Pension Reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Fixed Asset Funds

Fixed Assets Transferred on Conversion – This represent the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed Assets Purchased from GAG and other restricted funds - This represents funds transferred from the restricted GAG fund to purchase fixed assets.

LA Devolved Formula Capital – This represents the income due from the Local Authority on conversion to an Academy to fund capital projects.

Devolved Formula Capital - Income received from the ESFA for capital projects.

Academy Capital Maintenance Grant - Income received for specific projects tendered for and completed during the year.

ELBS Capital fund - Money received from an agreement pre conversion to an academy.

Condition Improvement Funding - These funds are received for specific capital projects. The fixed asset fund balance at the year end represents the NBV of assets and any unspent grant amounts.

Tesco Bags of Help grant - Income received from Tesco's Bags of Help fund for the purchase of fixed assets.

OTHER INFORMATION

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

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	14,969	-	9,398,521	9,413,490
Current assets	479,163	590,258	265,612	1,335,033
Creditors due within one year	(56,969)	(168,895)	-	(225,864)
Pension scheme liability	-	(2,608,000)	-	(2,608,000)
	<u>437,163</u>	<u>(2,186,637)</u>	<u>9,664,133</u>	<u>7,914,659</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	19,240	-	9,515,394	9,534,634
Current assets	394,716	793,809	323,524	1,512,049
Creditors due within one year	-	(242,155)	-	(242,155)
Provisions for liabilities and charges	-	(2,902,000)	-	(2,902,000)
	<u>413,956</u>	<u>(2,350,346)</u>	<u>9,838,918</u>	<u>7,902,528</u>

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(492,869)	(272,931)
Adjustment for:		
Depreciation charges	219,778	248,961
Dividends, interest and rents from investments	(14,031)	(14,161)
(Increase)/decrease in debtors	(13,090)	33,789
Increase in creditors	6,289	12,353
Capital grants from DfE and other capital income	(15,493)	(83,782)
Defined benefit pension scheme cost less contributions payable	148,000	59,000
Defined benefit pension scheme finance cost	63,000	62,000
Net cash (used in)/provided by operating activities	<u>(98,416)</u>	<u>45,229</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	1,291,788	1,481,894
	<u>1,291,788</u>	<u>1,481,894</u>

21. PENSION COMMITMENTS

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

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

Contributions amounting to £48,769 were payable to the schemes at 31 August 2017 (2016: 51,314) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £273,312 (2016: £285,308).

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

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

21. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £168,000 (2016: £165,000), of which employer's contributions totalled £128,000 (2016: £125,000) and employees' contributions totalled £40,000 (2016: £40,000). The agreed contribution rates for future years are 19.75% for employers and 5.5 to 7.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %

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

	2017	2016
Retiring today		
Males	23.4	22.9
Females	25.5	26.2
Retiring in 20 years		
Males	25.7	25.2
Females	27.9	28.6

	At 31 August	At 31 August
	2017	2016
	£	£
Sensitivity analysis		
Discount rate +0.1%	(104,000)	(110,000)
Discount rate -0.1%	107,000	112,000
Mortality assumption - 1 year increase	152,000	121,000
Mortality assumption - 1 year decrease	(84,000)	(87,000)
CPI rate +0.1%	87,000	90,000
CPI rate -0.1%	(84,000)	(87,000)

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

21. PENSION COMMITMENTS (continued)

The Academy's share of the assets in the scheme was:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,132,000	1,031,000
Bonds	45,000	44,000
Property	159,000	164,000
Cash	43,000	28,000
Target return portfolio	270,000	236,000
Infrastructure and alternative assets	169,000	162,000
	<u>1,818,000</u>	<u>1,665,000</u>

The actual return on scheme assets was £202,000 (2016: £194,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(276,000)	(184,000)
Interest income	36,000	55,000
Interest cost	(99,000)	(117,000)
	<u>(339,000)</u>	<u>(246,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	4,567,000	2,911,000
Current service cost	276,000	184,000
Interest cost	99,000	117,000
Employee contributions	40,000	40,000
Actuarial (gains)/losses	(424,000)	1,338,000
Benefits paid	(132,000)	(23,000)
	<u>4,426,000</u>	<u>4,567,000</u>

GTS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

21. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	1,665,000	1,330,000
Interest income	37,000	56,000
Actuarial losses	81,000	138,000
Employer contributions	128,000	125,000
Employee contributions	40,000	40,000
Benefits paid	(132,000)	(23,000)
Administration expenses	(1,000)	(1,000)
	<u>1,818,000</u>	<u>1,665,000</u>
Closing fair value of scheme assets	<u>1,818,000</u>	<u>1,665,000</u>

22. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	10,821	10,821
Between 1 and 5 years	22,758	31,567
	<u>33,579</u>	<u>42,388</u>
Total	<u>33,579</u>	<u>42,388</u>

23. 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.

24. GENERAL INFORMATION

GTS Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Calvesford Road, Great Torrington, Devon, EX38 7DJ.

25. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 11.