THE BISHOP OF WINCHESTER ACADEMY TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2018

Company Registration Number: 07034121
(England and Wales)

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Year Ended 31 August 2018

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THE BISHOP OF WINCHESTER ACADEMY TRUST
(A company limited by guarantee company registration number 07034121)
Year Ended 31 August 2018

REFERENCE AND ADMINISTRATIVE DETAILS

ACADEMY INFORMATION
Financial statements for the year ended 31 August 2018

Members	Rt Revd Dr Jonathan Frost Revd Mike Powis Revd David Thompson Mr Douglas Eyre Mr Alistair Brien
Members/Trustees	Mrs Elizabeth Spreadbury (Vice Chair) Dr Karen Pendlebury
Trustees	Mr Alan Hogg (Chair) *# Mr Neil Baker Mr Alistair Brien (Resigned 5 December 2017) Mrs Janice Grey Ms Beth du Lieu Mr Simon Moore # Mr Paul McKeown (Principal and Accounting Officer) Mrs Val Powis (Resigned 31 August 2018) * Mrs Mary O'Sullivan *#

* Members of the Resources Committee that have finance and audit oversight responsibility.
# Members of the Finance Monitoring Group.

Academy Trust Company Secretary	Mrs Julie Tannett
Internal Auditor	Mr Richard Dunford, Richard Dunford & Co Chartered Accountants and Registered Auditors

Academy Leadership Team:	
Principal	Mr Paul McKeown
Vice Principal	Mrs Amanda Hooper
Senior Deputy Vice Principal	Mr Stuart Palmer (Resigned 30 April 2018)
Deputy Vice Principal/Maths	Mrs Fay Kirby
Deputy Vice Principal/English	Mrs Simmone Lewendon
Deputy Vice Principal/Head of Sixth Form	Miss Katherine Graham
Deputy Vice Principal/Progress Leader	Mr Peter Oxborrow
Chaplain	Reverend Jenny Nightingale
Finance Director	Mrs Julie Tannett

REFERENCE AND ADMINISTRATIVE DETAILS (continued)

Company Name	The Bishop of Winchester Academy Trust
Principal and Registered Office	Mallard Road Bournemouth Dorset BH8 9PW
Company Registration Number	07034121 (England and Wales) An exempt Charity
Independent Auditor	RSM UK Audit LLP Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Bankers	Lloyds Bank PLC PO Box 1000 Andover BX1 1LT
Solicitors	Ellis Jones 302 Charminster Road Bournemouth Dorset BH8 9RU

GOVERNORS' REPORT

The Governors present their Annual Report together with the Financial Statements and Auditors' report of the Academy Trust for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Academy Trust's Memorandum and Articles of Association dated 2 February 2010 as amended 5 April 2011 are the primary governing documents of the Academy Trust.

The Governors act as the Trustees for the charitable activities of The Bishop of Winchester Academy Trust Limited and are also the Directors of the Academy Trust for the purposes of company law. The Academy Trust is known as the Bishop of Winchester Academy.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

Each Member of the Academy Trust undertakes to contribute to the assets of the Academy Trust in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member. The Academy Trust has 7 Members (2017: 8).

Principal Activity

The Academy Trust's principal activity is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum.

Method of Recruitment and Appointment or Election of Governors

The Principal Sponsor (the Diocese of Winchester) appoints the Sponsor Governors and may appoint themselves as a Sponsor Governor. The Co-Sponsors (University of Winchester, Bournemouth School and Bournemouth School for Girls) may each appoint a Co-Sponsor Governor. The Bournemouth Local Authority may appoint a Governor. The Principal is treated for all purposes as being an ex officio Governor. The Parent Governor is elected by Parents/Carers of registered Students at the Academy. A Parent Governor must be a Parent/Carer of a Student at the Academy at the time when s/he is elected. Three co-opted Governors can and have been appointed according to particular skills, experience and competencies that they offer.

Policies and Procedures Adopted for the Induction and Training of Governors

Governors undergo a comprehensive induction and mentoring process according to the appropriate adopted Protocol and Policy.

GOVERNORS' REPORT (continued)

Organisational Structure

The Bishop of Winchester Academy has a Governing Body, the composition of which is set out in the Academy's Articles of Association. The Academy has three main Governor Committees: Resources, Student Experience and Pay Committee, to which Governors are appointed. These are supported by Governor-led Working Groups. The Academy also calls on members of the Governing Body to sit on a Staff Dismissals Committee and Staff Dismissals Appeal Committee on an ad hoc basis should either Committee be required. The Governing Body and its Committees have Terms of Reference which are reviewed annually and contain details of meeting dates, compositions, responsibilities, delegated authorities and matters reserved for the Governing Body itself.

The Academy Leadership Team comprises of those persons listed on page 1. Their roles and responsibilities are reviewed annually by the Governing Body as a part of the Academy Development Plan. This was last completed in September 2018. Financial and other authorities are confirmed annually by the Governing Body within the adopted Scheme of Delegation. This was last completed in June 2018.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body is responsible for setting the pay and remuneration of key management personnel following an annual performance review. Teachers on the leadership range have their salary set annually, taking into account the roles and responsibilities to which they are assigned. When setting their salaries the Pay Committee take into consideration the School Teachers' Pay and Conditions document issued annually. Support staff on the leadership team have their salary set in accordance with the pay scale set by the Academy Trust, which was updated in line with the recommendations of the National Joint Council for Local Government Services as of 1 April 2018.

The Principal's salary is set by the Governing Body of the Academy. The salaries of all other members of the Academy Leadership Team are set by the Principal following an annual performance review process.

Risk Management

The major risks, to which the Academy Trust is exposed, as identified by the Governors, the Academy Leadership Team and others, have been reviewed and systems or procedures have been established to manage those risks. Internal control systems and the exposure to risks are considered on a regular basis by the Governors and the Academy Leadership Team at their routine meetings. The full Risk Register was reviewed by Governors during the Spring term 2018 following the identification of additional budget risks.

Connected Organisations, including Related Party Relationships

The Academy Trust is not part of a wider network such as a soft federation, whereby the relationship involved would have an impact on the Academy's operational policies. The Academy has not established any relationships with related parties and any other charities/organisations with which it co-operates in the pursuit of charitable activities such that they have influence over operational policies other than with the Lead Sponsor. The Academy is associated with a registered charity operated by the Friends of the Bishop of Winchester Academy. This Charity has no access to public funds and the Academy does not contribute any funds to this Charity from its public grant.

GOVERNORS' REPORT (continued)

Objectives and Activities

Objects and Aims

The Bishop of Winchester Academy Trust has been established to maintain, and to carry on or provide for the carrying on of, an independent school to be known as The Bishop of Winchester Academy and having such characteristics as are referred to below. The Secretary of State for Education has agreed to make payments to the Academy Trust in accordance with the conditions and requirements set out in the Academy's Funding Agreement. For the avoidance of doubt, any obligations imposed upon or powers given to the Academy by that Agreement are also imposed upon the Academy Trust.

The characteristics of the Academy are set down in section 482 (2) of the Education Act 1996, as substituted by the Education Act 2002 and 2011, are that the school: should have a broad curriculum with an emphasis on a particular subject area, or particular subject areas, specified in the Funding Agreement; and, should provide education for Students of different abilities and who are wholly or mainly drawn from the area in which the school is situated.

Objectives, Strategies and Activities

The Objectives of The Bishop of Winchester Academy are: to have young people as the focus of all the Academy does; to be a learning community rooted in Christian values; to be a place where learning takes precedence over teaching; to have partnership and relationship as key priorities; to have its specialisms suffuse the life of the community; to have the Enterprise and Innovation Specialism as key to encouraging self-confident, flexible and entrepreneurial citizens aware of the needs of others; to have the Mathematics Specialism help to ensure high levels of numeracy across the community; to be focused on and listen to our community; to use its independence; and to have a philosophy of service.

The Bishop of Winchester Academy Governors expect that every young person leaving the Academy will be: an independent, successful and lifelong learner; a caring citizen, sensitive, aware and actively responsive to the needs of others; and, a young adult ready to make a full and lasting contribution to the world.

The Academy takes its responsibilities for safeguarding very seriously, and training is delivered to all staff annually on the Academy's Prevent duty, FGM and all areas of safeguarding.

Public Benefit

The Governors have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by The Bishop of Winchester Academy Trust is the maintenance and development of the high quality education provided by the School to the young people of Bournemouth and the surrounding area.

Catchment and Admissions to Year 7 – For September 2018 the Governors agreed an admission number of **210**, which represents the maximum number of places that they can offer and this is the Academy's Published Admissions Number (PAN). Where the number of applications for admission is greater than the PAN, applications will be considered against the criteria set out in the Academy Admissions Policy which is available on the website. In addition, the Governing Body will admit children to the Complex Communication Difficulties Centre attached to the Academy to fill vacancies that arise, up to a maximum of 16 Students. Such Students will have an Education, Health and Care Plan (EHCP), formerly known as Statements of Special Educational Need, for complex communication difficulties that name this provision.

GOVERNORS' REPORT (continued)

As laid out in the admissions policy the criterion for selection where the school is over-subscribed are, in brief:

- Looked After Children get first priority;
- Children who have siblings already at the Academy;
- Up to 40% of places where religious commitment can be demonstrated;
- Remaining places are based on the distance between the Academy and where the child lives.

The Academy Trust serves the area of Bournemouth in immediate proximity to the academy's geographic location. Students from areas such as Ensbury Park, Boscombe and Holdenhurst attend the academy.

Volunteers

The academy uses volunteers when available and appropriate. Volunteers would usually offer their services for a particular subject or project such as gaining experience in working with children/young adults in art or PE. The placements vary from 1-2 weeks full-time to 6-12 months for a few hours per week.

Volunteers would complete an application form, requiring 2 referees, which would be taken up. A DBS would be completed if the applicant does not have a current DBS and has subscribed to the Update Service. The volunteer would only be allowed a placement once formal identification and these checks have been satisfactorily completed.

The number of volunteers varies from year to year but on average the academy would anticipate between 2-4 volunteer placements per year.

Strategic Report

Achievements and Performance

The achievements and performance of the Academy are published in the Department for Education's school and college performance tables – a link is available on the Academy's website.

The Academy is an independent state-funded Church of England secondary school within the Diocese of Winchester. It opened in September 2010.

In March 2017 Ofsted carried out the first short inspection since the Academy was judged to be good in July 2013. The judgment was: This school continues to be good. The report described the Bishop of Winchester Academy as 'a school that changes lives'.

The following observations were made in the letter to the Principal following the Ofsted inspection:

- The leadership team has maintained the good quality of education in the school since the last inspection.
- The Academy's leadership is based on a very strong moral and ethical foundation that holds the Christian faith at its heart. Improving the life chances of all our pupils is at the very centre of our work. Our inclusive approach, which seeks to support all pupils, even those who find it difficult to remain within the behaviour boundaries set for them, is something of which the Academy's leadership and governors can be justly proud.
- The Academy benefits from a very strong governing body. They offer a wealth of experience and they know the school well. They receive good, clear reports from the leadership and they broaden their understanding by working with middle leaders directly. As a result, they are able to hold the school to account well.
- The Principal and his leadership team have rightly placed a great emphasis on ensuring that middle

GOVERNORS' REPORT (continued)

leaders are effective. The Principal has developed a culture which holds middle leaders to account well and ensures they are focused on the quality of pupils' experience in their classrooms. Middle leaders feel they benefit from the management structure, which they say supports them well in their role.

- The unit which the Academy hosts, which supports pupils with complex communication difficulties, is well run and meets the needs of the pupils it serves. Staff know their pupils very well and work hard to ensure they can be successful in the mainstream lessons they attend.
- The Principal and his senior colleagues have made it clear to their staff that they expect them to know their pupils well and to adapt their teaching to meet pupils' needs. The information provided to teachers about each pupil helps teachers to do this, and pupils are benefiting as a result.
- Safeguarding is very strong. The leadership team has ensured that all safeguarding arrangements are fit for purpose and records are detailed and of high quality. Systems for checking the suitability of staff are rigorous and robust. Staff are well trained and understand what to do should they have concerns about the safety of pupils. Pupils know how to keep themselves safe online and know who to talk to if they have a concern. Attendance is also monitored carefully and there are good systems in place to check on those who are absent.
- Vulnerable pupils are well cared for. The team that supports these pupils has a broad range of skills and experiences and they have the time allocated and the skillset to meet pupils' needs. There are good relationships with the local authority, which ensures a strong safety net is in place for pupils who need that level of care.
- Teaching in the sixth form is now good. Leaders have taken action to address those instances where previously it was not good enough. Consequently, students are now making good progress. Those students who are re-taking GCSE English and mathematics also do well. Student progress will be further strengthened when the precision of teachers' feedback seen in the main school is equally embedded in the sixth form.

Prior to the short Ofsted inspection in March 2017, the Academy's last full Ofsted Inspection was in July 2013. The overall judgment was Grade 2 - Good. The School was delighted to be judged as "outstanding" following a S48 SIAS Inspection in November 2009. The summary of key findings for Parents/Carers and Students from the Ofsted inspection were as follows:

- The Academy has made great progress in improving Students' achievement, attendance and behaviour since it opened;
- The Principal provides the Academy with outstanding leadership. He is supported extremely well by senior leaders and by outstanding governance;
- The quality of subject and other middle leaders has improved significantly and is now consistently at least good. This is a key factor in the improvements in teaching and Students' achievement;
- Most Students make at least good progress from very low starting points. An increasing number make outstanding progress;
- High-quality training has led to significant improvements in the quality of teaching, so that much is now good or better. Some teaching in a range of subjects is outstanding.
- Students' behaviour is outstanding. This is a huge success for the Academy.
- The outstanding curriculum has a significant impact on increasing Students' attendance and enjoyment of learning and on the improvements in their achievement.
- The Academy has become highly successful in working with Parents to support the all-round development of Students.

GOVERNORS' REPORT (continued)

- Students' spiritual, moral, social and cultural development permeates the life of the Academy.

Ofsted Inspectors noted that Students made at least good progress from starting points that were very low. The achievement of Students had improved steadily in the first five years of the Academy. Attainment had risen sharply to be in line with the national average.

Ofsted Inspectors judged the governance of the Academy as "outstanding". They noted Governors were involved in all aspects of the life of the Academy. They had a detailed understanding of the quality of teaching, the performance management of Teachers and how this linked to Students' achievement. They provided the Principal and other senior leaders with a highly effective balance of support and challenge; they had the expertise and understanding to hold them to account well. They interrogated the Academy's data on the achievement of Students, knew how it compared with similar schools, and took a full part in subject and key stage reviews. The Governors took careful account of the views of Teachers and Students in gathering information about the Academy's performance. They ensured the efficient management of financial and other resources, including the use of funding through the Year 7 catch-up and Pupil Premium. The Governing Body fulfilled all of its statutory requirements including those relating to safeguarding and child protection.

The Academy was opened to serve and support Students, young people of both genders in the 11-16 age range. Applicants are admitted without regard to aptitude or ability. The Academy prides itself that its ethos is based on the Christian Faith and its values are underpinned by the teachings of Jesus and the Gospels. The Academy's Chaplain is evangelical and inspirational and leads the Academy Community in worship and services to commemorate the Christian calendar. The Academy is traditional in style and family orientated.

Historically, Church of England schools were set up to serve often impoverished neighbourhood children. The Academy seeks to uphold this core purpose so that its local young people, often living in difficult circumstances, can receive an education that will equip them with a set of values and skills for life. It also serves the Anglican faith community across Bournemouth and the Diocese of Winchester. It is notably an inclusive school as it takes and respects Students who practice many other world faiths or those who do not believe at all.

The Academy cares for its Students. They were born in God's image and Academy Staff seek the face of Jesus in each and every one of them. When they let themselves down the Academy forgives them and encourages them to try again; harder. The Academy has invested in a strong "Student Support Team" to offer practical care, welfare/safeguarding and counselling services. The Academy's Staff listen to Students and there is active Student democracy through their representative body "Student Voice".

At the GCSE results day in August, congratulations were offered to students and staff at Bishop of Winchester Academy who have achieved a very good set of GCSE examination results in 2017/18.

The number achieving what the government are calling a 'Standard' pass in English and maths at grade 4 is 62% - this is a great result for the students in this year group. The number achieving a 'Good' pass at grade 5 is 32%. Those achieving grade 4 in English and maths is 70%. Overall students made progress in line with national average, with a number of students making significant progress. The government has made very public its desire for exams to be 'tougher'. Despite this, students at The Bishop of Winchester Academy have demonstrated their resilience, living out the school motto of 'High Expectations- No Excuses'. They have risen to the challenges, and are well prepared for the next stage of their education.

The Academy continues to be increasingly popular as a school of choice. The wider context of spiritual, pastoral, behaviour, attendance and extra-curricular involvement and support has continued to progress alongside the core headline examination outcomes. The Governing Body does not wish to compromise the standards and improvements that have been achieved and are being embedded. It has resolved not to do

GOVERNORS' REPORT (continued)

anything that would cause prejudice to the provision of efficient education and use of resources. The Academy is on a journey which is driving it towards a successful future as an "Outstanding" school meeting or exceeding national standards in all of the criteria against which it is judged. This success story has been achieved as a result of the immense hard work and extensive interventions that have been undertaken in recent years. The journey is not at an end. The intensity of our work continues and is being regularly and rigorously monitored.

During the Academic Year 2013/2014 significant new buildings and other renovation work were completed. This prepared the Academy to meet further envisaged requirements within its Funding Agreement. Specifically, this was to increase its Planned Admissions Number to 210 per year group, which will grow organically and to open a 6th form. This commenced with Year 7 in September 2014 and the creation of a 6th Form the same year. The Academic year under review was the third year of the 6th form being open. Following the opening of the sixth form the Academy now serves and supports Students, young people of both genders in the 11-18 age range.

The 'A' level results have ensured that 82% of students are on track to be accepted for their first choice university, and 15% of those students have got into Russell Group universities. The A Level Value Added achieved is 0.04, which is positive for the first time for A Level, and achieves one of the main aims given to the Academy by OFSTED.

During the summer term of the year under review, the Academy constructed two additional modular science labs in order to meet the space needs of a growing number of students and to provide sufficient resource for additional practical experiments. The appointment of the successful contractor, Portakabin, followed a selective tender process.

Going Concern

At 31 August 2018 the Academy held general reserves of £584,017. This fulfils the Governors stated policy to have sufficient reserves to cover one months' fixed costs. The Academy submitted a three year forecast to the ESFA for the years ended 31 August 2019, 31 August 2020 and 31 August 2021. Surpluses were forecast for each year.

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

Key Financial Performance Indicators (KPIs)

The Academy has been operated within the terms and conditions set down within its Academy Funding Agreement to which the Secretary of State for Education is the other party. Compliance with the provisions of this agreement is independently assessed and reported upon by the Internal Auditor (a Firm of Registered Auditors separate from the external Auditor) appointed by the Governing Body. The Internal Auditor's Reports are considered, in detail, by the Resources Committee of the Governing Body following scrutiny by its Finance Monitoring Group. The last review took place on 12 July 2018.

Operational KPIs (that cover the range of education provision within the Academy) are agreed with the Committees of the Governing Body. These are embedded within the Academy Development Plan which is scrutinised by each Governing Body Committee and overseen by the Governing Body. The evidence underpinning the judgments made reporting progress against KPIs are independently tested by an Academy

GOVERNORS' REPORT (continued)

Improvement Partner who is a qualified educational professional supported by other independent lead professionals. A continuous programme of review has been agreed and takes place to provide independent assurance.

Staffing Costs as a % of Public/GAG Income

%	2017/18	2016/17
Teaching Staff	63.3	58.3
Supply & Educational Support Staff	14.4	12.3
Administrative Staff	5.4	5.2
Site Staff	3.0	3.8
Total	86.1	79.6
Staffing costs for 2017/18 are 76.5% of total income. This is in line with the ESFA expectation that staff costs should not exceed 80% of total income.		

Admissions for Year 7 Main School Entry

2018		2017	
Applications	Accepted	Applications	Accepted
671	215	685	210

Governors' Indemnity

The Academy Trust has purchased Governors' Liability insurance (£5,000,000) and Fidelity Guarantee cover (£2,500,000) from Zurich Insurance as part of a risk pooling scheme. Under this scheme the Academy is charged an amount per pupil, which more than halved the insurance costs of the Academy in comparison with the 2014/15 cost.

Financial Review

Financial and Risk Management Objectives and Policies

At 31 August 2018 the Academy had net current assets of £584,017 (2016/17: £760,622), and total assets less current liabilities of £18,215,546 (2016/17: £18,342,513). At the start of the year the Academy held GAG reserves of £548,149, unrestricted reserves of £206,122 and fixed asset reserves of £17,581,891. During the year under review, the Academy constructed two modular science laboratories at a total cost of £405,479 including architects' fees. As in past years the Academy has kept costs to a minimum in order to fund planned capital expenditure and build the GAG reserve to its current level of £341,912, the unrestricted reserve to its current level of £237,241 and the fixed asset reserve to its current level of £17,631,529.

In 2018/19 GAG income will be higher by 3% per main school student following the introduction of the National Funding Formula, and higher by 6.4% per sixth form student. The change in sixth form funding is due partly to improvements in the way sixth form data is reported, resulting in the retention adjustment moving from 89% to 96.9%. Governors have taken this into account in the budget planning process, and are satisfied that the Academy will be able to maintain its current level of reserves going forward.

GOVERNORS' REPORT (continued)

A review of the Academy Trust's exposure to financial risks including credit, cash flow and liquidity risks, has been undertaken, noting that the principal financial instruments that the Academy deals with are largely bank balances, cash and trade creditors, with limited trade (and other) debtors. The Governors have therefore determined that, taking into account the budgetary decisions taken by Governors for 2018/19, the Academy's financial situation is robust and stable with no significant exposure to uncertain financial risks.

The Accounts show that the main incoming resources were from educational funding totaling £5,782,653 (2016/17: £5,654,020). Additionally, income from activities for generating funds was £9,778 (2016/17: £65,780) and income from donations and private sources was £556 (2016/17: £6,288). Income from generating funds was lower in 2017/18 due to there having been no lettings income during the year. Lettings activities ceased following the restructuring of the Facilities team. The main expenditure was on staff salaries totaling £4,992,232 (2016/17: £4,590,861). Other significant expenditure was £58,439 (2016/17: £53,626) on educational supplies, £72,029 (2016/17: £71,444) on examination fees and £149,000 (2016/17: £133,964) on ICT costs. Operational income exceeded resources expended on the operational activities of the Academy by £360,815.

The principal sources of funding were from the Education and Skills Funding Agency and grant payments from the local authority and have supported the key objectives of the Academy Trust.

Principal Risks and Uncertainties

As reported within the Risk Management Statement earlier in this Report, the major risks to which the Academy Trust is exposed, as identified by the Governors, the Academy Leadership Team and others, have been reviewed, and systems or procedures have been established to manage those risks. Internal control systems and the exposure to risks are considered on a regular basis by the Governors and the Academy Leadership Team at their routine meetings. The full Risk Register was reviewed by Governors during the Spring term 2018. Principal risks and uncertainties identified as part of this process are:

- Risk: Reducing income stream due to government austerity measures. Mitigation: Robust budgeting process and cost control measures. Monthly financial reporting to Governors throughout the academic year.

- Risk: That GAG is overstated in the budget due to being based on estimates, if pupil numbers on census date are lower than the 2.5% threshold. Mitigation: Weekly update of pupil numbers and impact on GAG from the date the budget is approved until the autumn census figures are known. Two stage budget was introduced for the year under review - draft budget for ESFA and final budget after Autumn census.

- Risk: That an unsuitable staff member will be recruited who puts the children at risk. Mitigation: Robust recruitment process following safer recruitment guidelines, with enhanced DBS checks in place. Up to date single central register in place. Child protection training for all staff and governors twice a year.

- Risk: ICT risk of loss of data or damage to systems arising from malicious software. Mitigation: Network security was increased as part of an ongoing ICT strategy. Anti-virus software is in place.

- Risk: ignorance of legislative requirements in place leading to damaging legal action against academy. Mitigation: Legal and Core HR SLA in place with academy solicitors giving academy staff access to legal advice and guidance.

- Risk: Academy suffers a data breach with possible penalties / civil action under GDPR, or in some other

GOVERNORS' REPORT (continued)

way is non-compliant with the new General Data Protection Regulations which came into effect on 25 May 2018. Mitigation: an external cyber security company Satswana has been appointed as the Academy's Data Protection Officer, Academy leaders and governors have been briefed on the requirements of GDPR, and a lot of work has been done to ensure the Academy is compliant with the new regulations. The Academy has taken out Cyber Insurance.

Reserves Policy

The Academy does not plan to hold large reserves. It is intended that its grant funding should, in general terms, be expended each year to support the delivery of education provision to its Students. Governors aim to secure an outturn that will result in a surplus of around 5% of the grant awarded. This allows sensible future planning of resources as the Academy expands and allows it to cope with the lag in funding provision for increased Student numbers. The Reserves Policy states that the academy reserves should be sufficient to cover one month's fixed costs. As at 31 August 2018 the academy had generated a surplus of 7.1% of the grant awarded with the intention of funding expenditure on improving the Academy's ICT infrastructure, to enhance the education of children, and funding building work to increase capacity for growing student numbers. This expenditure has resulted in a transfer from the GAG reserve to the fixed assets reserve of £537,420. Planned building work on two modular science laboratories was completed during the summer term of the year under review, at a total cost of £405,479 including architects' fees, and forms the majority of this capital transfer.

At 31 August 2018 the Academy held unrestricted reserves of £237k, restricted Donations reserves of £5k and restricted GAG reserves of £342k.

The reserves at 31 August 2018 include a fixed assets reserve of £17,632k, which represents grant funded fixed assets. During the year under review the Academy has generated sufficient reserves to fund in year capital expenditure, and to fund the planned erection of two modular science laboratories.

The reserves at 31 August 2018 include a pension reserve deficit of £2,533k. In order to manage the pension fund deficit, contributions are set every three years by the administering authority (Dorset County Council) as a result of the actuarial valuation of the Fund. The governors are confident that the cash flow implications of this can be managed.

The Reserves Policy states that the academy reserves should be sufficient to cover one month's fixed costs. As at 31 August 2018 the academy is in that position.

Investment Policy

The Articles of Association list the powers that the Academy Trust has with regards to investments. The Finance Monitoring Group reviews this matter at its monthly meetings to ensure that returns are maximised within prudent parameters and in accordance with the adopted Governors' Investment Policy.

At 31 August 2018 the net assets of the Academy include cash at bank and in hand of £886,601. Included within this figure is £503,591 held in a 32 day notice account also with the Academy's bankers.

Fundraising Practices

The Academy seeks to raise funds from parents to contribute to Academy activities. The Academy's approach to fundraising is very discrete, and does not involve the use of commercial participators or professional fundraisers.

Curriculum leaders raise funds from parents to contribute to extra-curricular activities where they can. Each

GOVERNORS' REPORT (continued)

year parents are also invited to donate to Academy activities through the Academy's Friends' Association, The Friends of the Bishop of Winchester Academy.

Funds raised by these means are minimal, forming about 0.11% of total income.

Some funds are also raised through ancillary activities such as school productions. Again these are minimal, and are all used to fund the educational activities of the Academy.

At various times during the year the Academy raises funds for other charities, for example on Red Nose Day, or mufti days, when the children donate to support a good cause. These funds are all paid out to the charities for which they were raised.

Plans for Future Periods

As indicated earlier, the Academy Funding Agreement anticipated that the Academy would increase its Published Admission Number from 150 to 210 Students per year group (Years 7 to 11) by September 2014 and include the creation of a new 6th Form (Years 12 and 13) by the same date. The first year 7 intake of 210 students was in September 2014, and the first year 12 intake was in September 2014. A year 12 intake of 50 pupils in September 2017 has been confirmed, with 57 pupils in year 13. The final year 7 intake of 210 students was in September 2018.

Development of teaching and learning and raising of standards will be pursued in accordance with the targets set within the Academy Development Plan, produced by the Academy Leadership Team in consultation with Governing Body Committees and Working Group and that has been adopted by Governors.

Significant targets for 2018/19 outlined in the Academy Development Plan are:

- Each pupil to achieve a positive P8 score. Each cohort to achieve an average P8 score of at least 0.7.
- Strive to stretch the High Prior Attainment Band so that they have progress above the national average.
- Continue to raise standards of attainment in all subjects across the curriculum so that all are above the national average.
- Remove the in school gap in progress between disadvantaged and non-disadvantaged pupils.
- Ensure those entering the Academy who have not met the expected standard are supported effectively through the Year 7 Catch Up programme to achieve in line with national standards by the end of Year 7.
- Set stretching targets for KS5 – A*-B. Progress in line with/exceeding ALPS 25 predictions.
- Higher proportions of pupils and of disadvantaged pupils, progress on to a range of higher and further education establishments, apprenticeships, employment or training.
- All levels of leadership develop and robustly monitor the quality of T, L & A embedding leader – leader culture.
- Growth mind-set behaviours are embedded and developed with staff, students and parents to further enhance culture of learning how to learn expressed in the Lapps.
- British values are integrated.
- SPAG and literacy development are a key focus of all lessons.
- Data, T, L & A CSEF processes are rigorous and robust and staff are supported and held accountable for the actions outlined. The progress of Pupil Premium and High PAB students in KS3 and KS4 and disadvantaged students in KS5 to be a key focus.

GOVERNORS' REPORT (continued)

- Give opportunities for all pupils to be confident, self-assured learners who are proud of their academy, evaluating and leading on the development of the curriculum and quality of teaching and learning through the appointment of student subject specific leaders.
- Further develop peer mentoring within and between year groups to allow pupils to discuss and debate issues in a considered way showing respect for others' ideas and points of view.
- Encourage parents to engage more fully in all aspects of Academy life.
- Maintain the very high standards of behaviour and attendance.
- Maintain high standards of effective safeguarding taking into account new advice on extremism and radicalisation, CSE etc.
- Pupils have excellent understanding of how to stay safe on line.
- Enhance the embedded culture of 'Sapere Aude', 'Live Life to the Full' and 'High Expectations- No Excuses'.
- Support staff training to be put in place to support HENE culture.
- All leaders, including governors, to demonstrate an uncompromising drive for strong improvement in all areas through rigorous PM (Blue Sky), CAR, CSEF, PSEF and RSEF processes.
- Staff trained to ensure GDPR compliance.
- Leaders work to protect pupils from radicalisation and extremism is exemplary.

The Trustees' vision for the future of the Academy is that all students leave having made outstanding progress, and equipped with the appropriate skills for the further education and careers they move on to. We aim for all our young people to live out our mission statement 'Sapere Aude' – Have the Courage to be Wise. It is our mission to ensure that all young people do have the courage of their own well-founded convictions, to make wise decisions that will allow them to celebrate their talents, fulfil their God-given potential and live life to the full.

Applying past experience to our expectations for the future, as a Governing Body we are fully aware of the challenges that lie ahead, and the need for wise stewardship of resources. We aim to continue our existing practices of careful planning and oversight in order to ensure that the Academy achieves the best possible outcomes from the resources available, while continuing to encourage all pupils and staff to 'Know life in all its fullness' (John 10.10).

Following another year where a healthy surplus has been generated, the Governors agreed a plan to launch a selective tender to appoint a contractor for the construction of a block for four modular classrooms. At present these plans are in their early stages, and a final decision has been delayed until various unknowns affecting 2019/20 and beyond are clearer. The main unknown is the extent of the forthcoming rise in the employer contribution rate for Teachers Pensions. It is now known it could be as high as 23.68%, and the extent to which both this and the teachers' pay rise will be funded by the DofE is currently not clear.

Funds held as Custodian Trustee on behalf of others

The Academy does not hold assets in safe custody or act as custodian trustee for any other organisation.

GOVERNORS' REPORT (continued)

Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the Academy Trust's Auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Appointment of auditors

At the Annual General Meeting the Members will be advised that a tender process will take place for the appointment of the auditors for the ensuing year in January 2019. After the Resources Committee have selected a firm through the tender process, they will be approved at the Full Governing Body Meeting in March 2019, which according to our Memorandum and Articles they have the power to do. The current auditors will be invited to submit a tender and will continue to hold office until the decision has been made.

Approved by order of the Governing Body on 4 December 2018 and signed on its behalf by:

Alan Hogg
Chair of the Governing Body and Academy Trust

GOVERNANCE STATEMENT

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Bishop of Winchester 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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Bishop of Winchester 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.

Review of Value for Money

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

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

- Robust governance and oversight of Academy Trust finances – The Academy benefits from the provision by Richard Dunford of a suitably qualified Internal Auditor. Reviews take place of key financial policies, systems and procedures, including the use of tenders and reports presented on compliance to the Finance Monitoring Group and the Resources Committee. The Finance Monitoring Group receives and scrutinises the monthly budget monitoring reports and ensures compliance with the Academy Trust's policies.
- Rigorous budget reporting and control – Reports of actual spend against budget are sent to budget holders on a monthly basis, enabling budget holders to track their expenditure and keep control.
- Use of approved suppliers – An approved suppliers list has been compiled of suppliers offering the best value for money. Before a supplier can be added to the list a form must be completed verifying that the supplier offers the best value for money in comparison with existing suppliers.
- Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources - Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive. Three quotes are required for purchases above £5,000 but below the tender limit of £40,000.

GOVERNANCE STATEMENT (continued)

A system of robust performance management reviews has been operated during the year under review to ensure that staff only progress where their performance merits progression. Increments have not been automatically awarded to teaching staff. A review of support staff has also been undertaken to ensure the Academy is achieving good value for money in all areas of staffing. Staff who have left have not been automatically replaced, and a redistribution of responsibilities in the leadership of the Academy has meant that staff costs have been significantly reduced.

The Purpose of the System of Internal Control

The Academy Trust's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. A system of internal control has been developed at The Bishop of Winchester Academy Trust and robustly followed during the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. Specifically, the Academy has a Finance Monitoring Group which meets twice each term and includes four Governors from various backgrounds, including a Chartered Accountant, as well as the Accounting Officer. This Group is responsible to the Resources Committee which meets termly which in turn reports to the Governing Body. The Finance Monitoring Group has responsibility for the cash position of the Academy, financial aspects of risk management and the system of internal control.

Capacity to Handle Risk

The Governing Body reviews the key risks to which the Academy Trust is exposed, on a termly basis, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body with aspects of detailed scrutiny undertaken, on a termly basis, by the Resources Committee of the Governing Body and, on a monthly basis, by the Governors' Finance Monitoring Group.

The Risk and Control Framework

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

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

GOVERNANCE STATEMENT (continued)

The Governing Body has considered the need for a specific internal audit function and has appointed an internal auditor to support the discharge of its responsibilities. During the year under review the Governors have appointed Richard Dunford, of Richard Dunford & Co, Chartered Accountants and Registered Auditors, as Internal Auditor (Responsible Officer (RO)). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Governing Body and its appropriate Committees and Working Groups on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The Academy Trust confirms that the RO function has been fully delivered in line with the Education and Skills Funding Agency's (ESFA's) requirements. There have been no material control issues arising as a result of the RO's work. Any issues arising have resulted in the production of an Action Plan to ensure that they are addressed. Such issues have been monitored by Governors with supporting evidence of delivery as may be required.

Review of Effectiveness

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

- the work of the Internal Auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and,
- the work of the Academy Leadership Team which has 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 Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

GOVERNANCE STATEMENT (continued)

Governance

The Governing Body has met formally 23 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mr Neil Baker	8	10
Mr Alistair Brien	3	6
Ms Beth Du Lieu	4	8
Mrs Janice Grey	9	9
Mr Alan Hogg (Chair)	21	23
Mrs Wendy Irvine (appointed 10th July)	0	0
Mr Paul McKeown (Principal and Accounting Officer)	19	21
Mr Simon Moore	11	13
Dr Karen Pendlebury	6	8
Mrs Val Powis	11	16
Mrs Elizabeth Spreadbury	12	16
Mrs Mary O'Sullivan	9	11

There have been no significant changes to the Governing Body that have led to particular challenges arising. The composition of the Governing Body has been reviewed with the Sponsors to ensure that it remains fit for purpose.

The Governor Body delegates responsibility for functions set out in approved Terms of Reference to a number of Governing Body appointed Committees and Working Groups. The key ones are the Resources Committee and the Student Experience Committee. Formal reports are presented to the routine Governing Body meetings that take place towards the end of each term. Details of the business undertaken and attendance are contained within the related minutes.

Approved by order of the Governing Body on 4 December 2018 and signed on its behalf by:

Paul McKeown
Academy Principal and Accounting Officer

Alan Hogg
Chair of the Governing Body and Academy Trust

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of the Bishop of Winchester Academy I have considered my responsibility to notify the Academy Trust Governing Body 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Governing Body 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 2017.

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

Paul McKeown
Academy Principal and Accounting Officer

Date: 4 December 2018

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Governors (who act as Trustees for the charitable activities of The Bishop of Winchester Academy Trust (an exempt charity) and are also the Directors of the Academy Trust for the purposes of company law) are responsible for preparing the Governors' Report and the Financial Statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Academy Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017/18;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy Trust will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy Trust 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 Academy Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that, in its conduct and operation, the Academy Trust 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 the ESFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Academy Trust'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 Governing Body on 4 December 2018 and signed on its behalf by:

Alan Hogg

Chair of the Governing Body and Academy Trust

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE BISHOP OF WINCHESTER ACADEMY

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE BISHOP OF WINCHESTER ACADEMY (CONTINUED)

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 requirement of 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 and the incorporated Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 21, Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE BISHOP OF WINCHESTER ACADEMY (CONTINUED)

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 http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Kevin Barwick (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate, Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Date 6 December 2018

THE BISHOP OF WINCHESTER ACADEMY TRUST
(A company limited by guarantee company registration number 07034121)
Year Ended 31 August 2018

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

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017/18	2016/17
Income and endowments from:		£	£	£	£	£
Donations and capital grants	3	-	556	-	**556**	*6,288*
Charitable activities:						
Funding for the academy trust's educational operations	4	141,598	5,860,896	21,719	**6,024,213**	*5,785,063*
Other trading activities	5	9,778	-	-	**9,778**	*65,780*
Investments	6	3,210	-	-	**3,210**	*2,333*
Total		154,586	5,861,452	21,719	**6,037,757**	*5,859,464*
Expenditure on:						
Raising funds	7	2,596	-	-	**2,596**	*17,178*
Charitable activities:						
Academy trust educational operations	7,8	120,871	5,825,756	509,501	**6,456,128**	*6,051,459*
Other		-	-	-	**-**	
Total		123,467	5,825,756	509,501	**6,458,724**	*6,068,637*
Net income / (expenditure)		31,119	35,696	(487,782)	**(420,967)**	*(209,173)*
Transfers between funds	18	-	(537,420)	537,420	**-**	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	18,27		**535,000**		**535,000**	*383,000*
Net movement in funds		31,119	33,276	49,638	**114,033**	*173,827*
Reconciliation of funds:						
Total funds brought forward	18	206,122	(2,219,500)	17,581,891	**15,568,513**	*15,394,686*
Total funds carried forward		237,241	(2,186,224)	17,631,529	**15,682,546**	*15,568,513*

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

An analysis of the comparative figures by fund type is included at note 12.

THE BISHOP OF WINCHESTER ACADEMY TRUST
(A company limited by guarantee company registration number 07034121)

BALANCE SHEET
AS AT 31 AUGUST 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	13		**12,632**		*20,945*
Tangible assets	14		**17,618,897**		*17,560,946*
			17,631,529		*17,581,891*
Current assets					
Stock	15	**13,022**		*13,928*	
Debtors	16	**264,351**		*200,693*	
Cash at bank and in hand		**886,601**		*1,158,150*	
		1,163,974		*1,372,771*	
Liabilities					
Creditors: Amounts falling due within one year	17	**(579,957)**		*(612,149)*	
Net current assets			**584,017**		*760,622*
Total assets less current liabilities			**18,215,546**		*18,342,513*
Net assets excluding pension liability			**18,215,546**		*18,342,513*
Defined benefit pension scheme liability	27		**(2,533,000)**		*(2,774,000)*
Total net assets			**15,682,546**		*15,568,513*
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	18	**17,631,529**		*17,581,891*	
. Restricted income funds	18	**346,776**		*554,500*	
. Pension reserve	18	**(2,533,000)**		*(2,774,000)*	
Total restricted funds			**15,445,305**		*15,362,391*
Unrestricted income funds	18		**237,241**		*206,122*
Total funds			**15,682,546**		*15,568,513*

The financial statements on pages 25-55 were approved by the trustees, and authorised for issue on 4 December 2018 and are signed on their behalf by:

Mary O'Sullivan
Trustee

THE BISHOP OF WINCHESTER ACADEMY TRUST
(A company limited by guarantee company registration number 07034121)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018	2017
		£	£
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	**262,661**	861,092
Cash flows from investing activities	23	**(534,210)**	(180,693)
Change in cash and cash equivalents in the reporting period	24	**(271,549)**	680,399
Cash and cash equivalents at 1 September 2017		**1,158,150**	**477,751**
Cash and cash equivalents at 31 August 2018		**886,601**	**1,158,150**

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

1. Statement of accounting policies

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

Basis of Preparation

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

Going Concern

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

During the year under review the academy has generated sufficient reserves to fund necessary capital expenditure, as well as maintaining reserves at a sufficient level to cover one month's fixed costs, as stated in its Reserves Policy. Despite the sector's expectations of reducing income flows over the coming years, the Trustees' forecasting indicates that the academy will be able to at least balance its books each year for the foreseeable future.

Income

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

- **Grants**

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

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

  Other grant income, which consists mainly of the Pupil Premium Grant from the ESFA, and SEND and High Needs related income from the local authority, is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

1. Statement of accounting policies (continued)

- **Grants** (continued)

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

- **Sponsorship Income**

  Sponsorship income provided to the academy trust 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**

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

Expenditure

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

- **Expenditure on Raising Funds**

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

1. Statement of accounting policies (continued)

- **Charitable Activities**

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

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

• Purchased computer software	33.3%

Tangible Fixed Assets

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

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

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

• Leasehold buildings	2%	straight line basis
• Improvements to property	15%	reducing balance basis
• Fixtures, fittings and equipment	25%	reducing balance basis
• ICT equipment	33.3%	straight line basis
• Motor vehicles	20%	reducing balance basis

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

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

1. Statement of accounting policies (continued)

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Unsold uniforms, revision books, student stationery for resale, and catering stocks, are valued at the lower of cost or net realisable value.

Consumable items held in store by the facilities team, the print shop and curriculum areas are valued at cost at the year end and carried forward to the next year, in order to match income against expenditure.

Liabilities

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

Provisions

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

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

Leased Assets

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

Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256

1. Statement of accounting policies (continued)

of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Short-term employee benefits

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Examples include wages, salaries, profit-sharing and bonuses and non-monetary benefits paid to current employees.

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognised in that period. The expected cost of short-term compensated absences is recognised as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts an entity expects to pay as a result of unused entitlements at the end of the period.

Pensions Benefits

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

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

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

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

Fund Accounting

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

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

1. Statement of accounting policies (continued)

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The Trustees do not consider there are any other critical judgements or sources of estimation uncertainty requiring disclosure.

Agency Arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in the Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts deferred to the next year, or repayable to the ESFA if unspent.

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

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes. The academy trust has not exceeded these limits during the year ended 31 August 2018.

3 Donations and capital grants

	Unrestricted funds	Restricted funds	Restricted Donations funds	Total 2017/18	*Total 2016/17*
	£	£	£	£	*£*
Other Donations	-	-	556	**556**	*6,288*
	-	-	556	**556**	*6,288*

An analysis of the comparative figures by fund type is included at note 12.

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted funds	Restricted Donations funds	Total 2017/18	*Total 2016/17*
	£	£	£	£	*£*
DfE/ESFA grants					*As restated*
- General Annual Grant (GAG) note 2	-	5,090,481	-	**5,090,481**	*5,050,273*
- Capital grants	-	21,719	-	**21,719**	*20,853*
- Other DfE/EFA Grants	-	250,404	-	**250,404**	*239,955*
	-	5,362,604	-	**5,362,604**	*5,311,081*
Other Government grants					
- Local authority grants	-	420,049	-	**420,049**	*342,939*
	-	420,049	-	**420,049**	*342,939*
Other income from the academy trust's educational operations	141,598	87,082	12,880	**241,560**	*131,043*
	141,598	5,869,735	12,880	**6,024,213**	*5,785,063*

An analysis of the comparative figures by fund type is included at note 12.

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

5 Other Trading activities

	Unrestricted funds	Restricted funds	Total 2017/18	*Total 2016/17*
	£	£	£	*£*
Hire of Facilities	4,660	-	**4,660**	*60,863*
Catering income	1,995	-	**1,995**	*4,838*
Other income	3,123	-	**3,123**	*79*
	9,778	-	**9,778**	*65,780*

6 Investment Income

	Unrestricted funds	Restricted funds	Total 2017/18	*Total 2016/17*
	£	£	£	*£*
Short term deposits	3,210	-	**3,210**	*2,333*
	3,210	-	**3,210**	*2,333*

7 Expenditure

	Non Pay Expenditure				
	Staff Costs	Premises	Other	Total 2017/18	*Total 2016/17*
	£	£	£	£	*£*
Expenditure on raising funds	1,871	-	725	**2,596**	*17,178*
Academy's educational operations:					
- Direct costs	4,665,990	440,768	376,193	**5,482,951**	*5,117,926*
- Allocated support costs	324,371	264,706	384,100	**973,177**	*933,533*
	4,992,232	705,474	761,018	**6,458,724**	*6,068,637*

	2018	*2017*
	£	*£*
Net income/(expenditure) for the period includes:		
Operating lease rentals	**8,370**	*10,485*
Depreciation	**501,188**	*508,175*
Amortisation	**8,313**	*3,556*
Fees payable to auditor - audit	**15,545**	*15,120*
- other services	**2,925**	*2,820*

7 Resources Expended (continued)

Included within expenditure are the following transactions.

	Total £	Individual items above £5,000	
		Amount £	Reason
Irrecoverable debts	915	-	Invoices to parents unpaid

8 Charitable activities

	Unrestricted funds	Restricted funds	Restricted Donations funds	Total 2017/18	*Total 2016/17*
	£	£	£	£	£
Direct costs - educational operations	-	5,469,896	13,055	**5,482,951**	*5,117,926*
Support costs - educational operations	120,871	850,438	1,868	**973,177**	*933,533*
	120,871	6,320,334	14,923	**6,456,128**	*6,051,459*

Analysis of support costs	Educational operations £	Total 2017/18 £	*Total 2016/17 £*
Support staff costs	324,371	**324,371**	*334,522*
Depreciation	60,420	**60,420**	*63,900*
Premises costs	197,269	**197,269**	*184,385*
Other support costs	346,386	**346,386**	*288,985*
Governance costs	44,731	**44,731**	*61,741*
	973,177	**973,177**	*933,533*

9 Staff

a. Staff costs

Staff costs during the period were:	2017/18	2016/17
	£	£
Wages and salaries	**3,680,013**	*3,411,033*
Social security costs	**338,461**	*313,260*
Operating costs of defined benefit pension schemes	**823,348**	*747,103*
Apprenticeship levy	**3,377**	*851.00*
	4,845,199	*4,472,247*
Supply staff costs	**121,233**	*112,709*
Staff restructuring costs	**25,800**	*5,905*
	4,992,232	*4,590,861*
Staff restructuring costs comprise:		
Redundancy payments	**-**	*4,705*
Severance payments	**25,800**	*1,200*
	25,800	*5,905*

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £25,800. Individually, the payments were: Compensation for loss of office paid to two employees: £10,800 paid on 1 November 2017 and £15,000 paid on 1 May 2018.

c. Staff numbers

The average number of persons (including senior management team) employed by the Academy during the period was as follows:

	2018 Average headcount	2017 Average headcount
Charitable Activities		
Teachers	**71**	*66*
Administration and support	**68**	*73*
Management	**8**	*8*
	147	*147*

For the purposes of declaring the salaries of key management personnel, the Management category includes all members of the Academic Leadership Team and the Senior Leadership Team.

9 **Staff costs (continued)**

c. Staff numbers (continued)

Staff numbers using Average FTE	2018 Average FTE	*2017 Average FTE*
Charitable Activities		
Teachers	**69**	*63*
Administration and support	**46**	*48*
Management	**8**	*8*
	123	*119*

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2018 No	*2017 No*
£60,001 - £70,000	**-**	*1*
£70,001 - £80,000	**1**	*1*
£140,001 - £150,000	**1**	*1*

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £36,212 (2017: £43,026). None of the above employees participated in the Local Government Pension Scheme.

e Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £608,191 (2017: £588,521).

10 **Related Party Transactions - Trustees' remuneration and expenses**

Principal and Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration was as follows:

P McKeown (principal and trustee)
Remuneration £145,000 - £150,000 (2017: £125,000 - £130,000)
Employer's pension contributions: £20,000 - £25,000 (2017: £20,000 - £25,000)

During the year ended 31 August 2018, expenses of £304 were paid to Governors. (2017: £19.30). All expenses paid were with regard to Governor CPD.

Related party transactions involving the Governors are set out in Note 28.

11 Trustees and officers insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors 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 and the total cost of insurance for the year ended 31 August 2018 was £455 (2017: £488). The cost of this insurance is included in the total insurance cost, and is an estimate as the Academy is now insured under a risk pooling scheme similar to the RPA, provided by Zurich Insurance. The premium for this insurance is calculated on a per pupil basis.

12 a. Analysis by Fund for Comparative Statement of Financial Activities

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017
	£	£	£	£
Income and endowments from:				
Donations and capital grants	-	6,288	-	**6,288**
Charitable activities:				
Funding for the academy trust's educational operations	48,184	5,716,026	20,853	**5,785,063**
Other trading activities	65,780	-	-	**65,780**
Investments	2,333	-	-	**2,333**
Total	116,297	5,722,314	20,853	**5,859,464**
Expenditure on:				
Raising funds	17,178	-	-	**17,178**
Charitable activities:				
Academy trust educational operations	51,109	5,488,619	511,731	**6,051,459**
Other				-
Total	68,287	5,488,619	511,731	**6,068,637**
Net income / (expenditure)	48,010	233,695	(490,878)	**(209,173)**
Transfers between funds	-	(183,026)	183,026	-
Other recognised gains / (losses):				-
Actuarial (losses) / gains on defined benefit pension schemes	-	383,000	-	**383,000**
Net movement in funds	48,010	433,669	(307,852)	**173,827**
Reconciliation of funds:				
Total funds brought forward	158,112	(2,653,169)	17,889,743	**15,394,686**
Total funds carried forward	206,122	(2,219,500)	17,581,891	**15,568,513**

12 b. **Analysis by Fund for Comparative Donations and capital grants**

	Unrestricted Funds	Restricted funds	Restricted Donations funds	Total 2017
	£	£	£	£
Other Donations	-	-	6,288	**6,288**
	-	-	6,288	**6,288**

c. **Analysis by Fund for Comparative Funding for the Academy Trust's Educational Operations**

	Unrestricted Funds	Restricted funds	Restricted Donations funds	Total 2017
	£	£	£	£
DfE/EFA grants				
- General Annual Grant (GAG)	-	5,050,273	-	**5,050,273**
- Capital grants	-	20,853	-	**20,853**
- Other DfE/EFA Grants	-	225,733	-	**225,733**
	-	5,296,859	-	**5,296,859**
Other Government grants				
- Local authority grants	-	357,161	-	**357,161**
	-	357,161	-	**357,161**
trust's educational operations	48,184	80,308	2,551	**131,043**
	48,184	5,734,328	2,551	**5,785,063**

12 d. **Analysis by Fund for Comparative Funding for Other Trading activities**

	Unrestricted funds	Restricted funds	Total 2017
	£	£	£
Hire of Facilities	60,863	-	**60,863**
Catering income	4,838	-	**4,838**
Other income	79	-	**79**
	65,780	-	**65,780**

e. **Analysis by Fund for Comparative Funding for Investment Income**

	Unrestricted funds	Restricted funds	Total 2017
	£	£	£
Short term deposits	2,333	-	**2,333**
	2,333	-	**2,333**

f. **Analysis by Fund for Comparative Funding for Expenditure**

		Non Pay Expenditure		
	Staff Costs	Premises	Other	Total 2017
	£	£	£	£
Expenditure on raising funds	10,196	3,996	2,986	**17,178**
Academy's educational operations:				
- Direct costs	4,246,143	444,275	427,508	**5,117,926**
- Allocated support costs	334,522	248,285	350,726	**933,533**
	4,590,861	696,556	781,221	**6,068,637**

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

12 g. Analysis by Fund for Comparative Funding for Charitable Expenditure

	Unrestricted Funds	Restricted funds	Restricted Donations funds	Total 2017
	£	£	£	£
Direct costs - educational operations	-	5,111,212	6,714	**5,117,926**
Support costs - educational operations	51,109	880,338	2,086	**933,533**
	51,109	5,991,550	8,800	**6,051,459**

Analysis of support costs	Educational operations	Total 2017
	£	£
Support staff costs	334,522	**334,522**
Depreciation	63,900	**63,900**
Premises costs	184,385	**184,385**
Other support costs	288,985	**288,985**
Governance costs	61,741	**61,741**
	933,533	**933,533**

13 Intangible Fixed Assets

	Computer Software	Total
Cost	£	£
At 1 September 2017	66,453	**66,453**
Additions	-	-
Disposals	-	-
At 31 August 2018	66,453	**66,453**
Depreciation		
At 1 September 2017	45,508	**45,508**
Charged in year	8,313	**8,313**
Disposals	-	-
At 31 August 2018	53,821	**53,821**
Net book values		
At 31 August 2018	**12,632**	**12,632**
At 31 August 2017	**20,945**	**20,945**

14 Tangible Fixed Assets

	Leasehold buildings	Improvement to buildings	Furniture and equipment	Motor vehicles	Plant and machinery	Computer equipment	Total
	£	£	£	£	£	£	£
Cost							
At 1 September 2017	18,100,000	542,581	198,190	47,100	76,887	725,904	**19,690,662**
Additions	405,479	19,700	18,998	-	4,154	110,808	**559,139**
Disposals	-	-	-	-	-	(95,468)	**(95,468)**
At 31 August 2018	18,505,479	562,281	217,188	47,100	81,041	741,244	**20,154,333**
Depreciation							
At 1 September 2017	1,050,000	322,562	131,773	34,752	54,057	536,572	**2,129,716**
Charged in year	350,000	33,417	17,936	2,469	5,990	91,376	**501,188**
Disposals	-	-	-	-	-	(95,468)	**(95,468)**
At 31 August 2018	1,400,000	355,979	149,709	37,221	60,047	532,480	**2,535,436**
Net book values							
At 31 August 2018	**17,105,479**	**206,302**	**67,479**	**9,879**	**20,994**	**208,764**	**17,618,897**
At 31 August 2017	*17,050,000*	*220,019*	*66,417*	*12,348*	*22,830*	*189,332*	*17,560,946*

A valuation of the buildings was undertaken on 19 December 2014 on a Depreciated Replacement Cost (DRC) basis by Bournemouth Borough Council. This was adopted by the Trustees in the accounts for the year ended 31 August 2014, on the basis of capacity available at each year end. The value of the buildings for depreciation purposes was identified as £17,500,000, excluding land of £600,000. The property is owned by Bournemouth Borough Council and leased to the Academy on a 125 year lease at a peppercorn rent.

15 Stock

	2018	2017
	£	£
Curriculum	**2,956**	*6,191*
Premises	**4,192**	*3,252*
Printing	**2,195**	*1,401*
Uniform	**1,232**	*1,474*
Catering	**1,342**	*1,303*
Other	**1,105**	*307*
	13,022	*13,928*

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

16 Debtors

	2018	2017
	£	£
Trade debtors	**16,411**	*8,538*
VAT recoverable	**45,279**	*11,782*
Prepayments	**188,589**	*171,210*
Other debtors	**14,072**	*9,163*
	264,351	*200,693*

17 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	**135,446**	*84,316*
Taxation and social security	**88,458**	*80,887*
ESFA creditor: abatement of GAG	**-**	*188,036*
Other creditors	**99,782**	*85,392*
Accruals and deferred income	**256,271**	*173,518*
	579,957	*612,149*

	2018	2017
	£	£
Deferred income		
Deferred Income at 1 September 2016	**91,887**	*15,862*
Resources deferred in the year	**30,453**	*91,887*
Amounts released from previous years	**(91,887)**	*(15,862)*
Deferred Income at 31 August 2017	**30,453**	*91,887*
Deferred income relates to:		
School trips	**19,184**	*58,458*
High needs income in advance (new funding model from 1st September spread over 12 months)	**-**	*21,471*
Other fees and deposits	**11,269**	*11,958*
	30,453	*91,887*

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

18 Funds

a.	Balance at 31 August 2017	Incoming resources	Resources expended	Gains, Losses and transfer	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	*548,149*	5,090,481	(4,759,298)	(537,420)	**341,912**
Pupil Premium	-	250,404	(250,404)	-	**-**
Other grants	-	507,131	(507,131)	-	**-**
Donations reserve	*6,351*	13,436	(14,923)	-	**4,864**
Pension reserve	*(2,774,000)*	-	(294,000)	535,000	**(2,533,000)**
	(2,219,500)	5,861,452	(5,825,756)	(2,420)	**(2,186,224)**
Restricted fixed asset funds					
DfE/EFA capital grants	*140,822*	21,719	(51,558)	-	**110,983**
Capital expenditure from GAG	*316,630*	-	(74,942)	537,420	**779,108**
Local authority capital grant	*74,439*	-	(33,001)	-	**41,438**
Local Authority transfer	*17,050,000*	-	(350,000)	-	**16,700,000**
	17,581,891	21,719	(509,501)	537,420	**17,631,529**
Total restricted funds	*15,362,391*	5,883,171	(6,335,257)	535,000	**15,445,305**
Unrestricted funds					
Unrestricted funds	*206,122*	154,586	(123,467)	-	**237,241**
Total unrestricted funds	*206,122*	154,586	(123,467)	-	**237,241**
Total funds	*15,568,513*	6,037,757	(6,458,724)	535,000	**15,682,546**

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

The general annual grant can be used for the furtherance of the Academy's educational activities.

The fixed asset funds have been used to buy capital assets in the Academy.

Unrestricted general funds may be used at the governors' discretion for the purposes of the Academy.

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG it could carry forward at 31 August 2017. Note 2 disclosed whether the limit was exceeded.

18 Funds (continued)

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

	Balance at 31 August 2016	Incoming resources	Resources expended	Gains, Losses and transfer	Balance at 31 August 2017
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	*237,519*	5,050,273	(4,556,617)	(183,026)	**548,149**
Pupil Premium	-	225,733	(225,733)	-	**-**
Other grants	-	437,469	(437,469)	-	**-**
Donations reserve	*6,312*	8,839	(8,800)	-	**6,351**
Pension reserve	*(2,897,000)*	-	(260,000)	383,000	**(2,774,000)**
	(2,653,169)	5,722,314	(5,488,619)	199,974	**(2,219,500)**
Restricted fixed asset funds					
DfE/EFA capital grants	*177,055*	20,853	(57,086)	-	**140,822**
Capital expenditure from GAG	*198,009*	-	(64,405)	183,026	**316,630**
Local authority capital grant	*114,679*	-	(40,240)	-	**74,439**
Local Authority transfer	*17,400,000*	-	(350,000)	-	**17,050,000**
	17,889,743	20,853	(511,731)	183,026	**17,581,891**
Total restricted funds	*15,236,574*	5,743,167	(6,000,350)	383,000	**15,362,391**
Unrestricted funds					
Unrestricted funds	*158,112*	116,297	(68,287)	-	**206,122**
Total unrestricted funds	*158,112*	116,297	(68,287)	-	**206,122**
Total funds	*15,394,686*	5,859,464	(6,068,637)	383,000	**15,568,513**

18 Funds (continued)

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

	Balance at 31 August 2016	Incoming resources	Resources expended	Gains, Losses and transfer	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	*237,519*	10,140,754	(9,315,916)	(720,446)	**341,912**
Pupil Premium	-	476,137	(476,137)	-	**-**
Other grants	-	944,600	(944,600)	-	**-**
Donations reserve	*6,312*	22,275	(23,723)	-	**4,864**
Pension reserve	*(2,897,000)*	-	(554,000)	918,000	**(2,533,000)**
	(2,653,169)	11,583,766	(11,314,376)	197,554	**(2,186,224)**
Restricted fixed asset funds					
DfE/EFA capital grants	*177,055*	42,572	(108,644)	-	**110,983**
Capital expenditure from GAG	*198,009*	-	(139,347)	720,446	**779,108**
Local authority capital grant	*114,679*	-	(73,241)	-	**41,438**
Local Authority transfer	*17,400,000*	-	(700,000)	-	**16,700,000**
	17,889,743	42,572	(1,021,232)	720,446	**17,631,529**
Total restricted funds	*15,236,574*	11,626,338	(12,335,607)	918,000	**15,445,305**
Unrestricted funds					
Unrestricted funds	*158,112*	270,883	(191,754)	-	**237,241**
Total unrestricted funds	*158,112*	270,883	(191,754)	-	**237,241**
Total funds	*15,394,686*	11,897,221	(12,527,361)	918,000	**15,682,546**

19 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2018
	£	£	£	£
Intangible fixed assets	-	-	12,632	**12,632**
Tangible fixed assets	-	-	17,618,897	**17,618,897**
Current assets	237,241	926,733	-	**1,163,974**
Current liabilities	-	(579,957)	-	**(579,957)**
Pension scheme liability	-	(2,533,000)	-	**(2,533,000)**
Total net assets 2018	237,241	(2,186,224)	17,631,529	**15,682,546**

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

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2018
	£	£	£	£
Intangible fixed assets	-	-	20,945	**20,945**
Tangible fixed assets	-	-	17,560,946	**17,560,946**
Current assets	206,122	1,166,649	-	**1,372,771**
Current liabilities	-	(612,149)	-	**(612,149)**
Pension scheme liability	-	(2,774,000)	-	**(2,774,000)**
Total net assets 2017	206,122	(2,219,500)	17,581,891	**15,568,513**

20 Capital commitments

There are no capital commitments at the year end.

21 Financial commitments

Operating leases

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

	2018	*2017*
	£	*£*
Other		
Amounts due within one year	**8,683**	*7,437*
Amounts due between one and five years	**31,143**	*27,830*
	39,826	*35,267*

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

22 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2018	2017
	£	£
Net (expenditure) for the reporting period (as per the statement of financial activities)	**(420,967)**	*(209,173)*
Adjusted for:		
Amortisation (Note 13)	**8,313**	*3,556*
Depreciation (Note 14)	**501,188**	*508,175*
Capital grants from DfE and other capital income (note 4)	**(21,719)**	*(20,853)*
Interest receivable (Note 6)	**(3,210)**	*(2,333)*
Defined benefit pension scheme cost less contributions payable (Note 27)	**222,000**	*198,000*
Defined benefit pension scheme finance cost (Note 27)	**72,000**	*62,000*
(Increase) in debtors	**(63,658)**	*34,068*
Increase/(decrease) in creditors	**(32,192)**	*287,075*
Decrease in stock	**906**	*577*
Net cash provided by operating activities	**262,661**	*861,092*

23 Cash Flows from Investing Activities

	2018	2017
	£	£
Dividends, interest and rents from investments	**3,210**	*2,333*
Purchase of tangible and intangible fixed assets	**(559,139)**	*(203,879)*
Capital grants from DFE/EFA	**21,719**	*20,853*
Net cash (used in) investing activities	**(534,210)**	*(180,693)*

24 Analysis cash and cash equivalents

	At 1 September 2017	Cash flows	At 31 August 2018
	£	£	£
Cash in hand and at bank	*1,158,150*	(271,549)	**886,601**
	1,158,150	(271,549)	**886,601**

25 Contingent Liabilities

During the period of the Academy Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds or the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Academy Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

(a) the value at the time of the Academy's site and premises and other assets held for the purpose of the Academy; and,

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

26 Members' Liability

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

27 Pension and similar obligations

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

Total pension cost for the year		**2018**	*2017*
		£	*£*
TPS: Contributions paid		**427,944**	*383,142*
LGPS:			
Contributions paid	**170,273**		*165,961*
FRS102 adjustment	**222,000**		*198,000*
		392,273	*363,961*
		820,217	*747,103*

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

27 Pension and similar obligations (continued)

There were no outstanding or prepaid contributions at the beginning of the financial year. Contributions amounting to £72,598 (2017: £69,659) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.48% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £666,574 (2017: £595,400).

27 **Pension and similar obligations (continued)**

Teachers' Pension Scheme (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £223,498 of which employer's contributions totalled £170,001 (2017: £165,938) and employees' contributions totalled £53,497 (2017: £54,205). The agreed contribution rates for future years are 18.8% for employers and 5.5-12.5% for employees.

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

Principal Actuarial Assumptions	**At 31 August 2018**	*At 31 August 2017*
Rate of increase in salaries	**3.80%**	*4.20%*
Rate of increase for pensions in payment / inflation	**2.30%**	*2.70%*
Discount rate for scheme liabilities	**2.65%**	*2.60%*
Inflation assumption (CPI)	**2.30%**	*2.70%*
Commutation of pensions to lump sums	**50.00%**	*50.00%*

Sensitivity Analysis

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

Change in assumptions at 31 August 2018	£'000	£'000	£'000
Adjustment to discount rate	0.10%	0.00%	-0.10%
Present value of total obligation	4,789	4,897	5,007
Projected service cost	426	436	446
Adjustment to mortality age rating assumption	+ 1 year	None	-1 year
Present value of total obligation	5,066	4,897	4,734
Projected service cost	450	436	423

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	At 31 August 2018	*At 31 August 2017*
Retiring today		
Males	**24**	*23.9*
Females	**26.1**	*26*
Retiring in 20 years		
Males	**26.3**	*26.2*
Females	**28.5**	*28.3*

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2018	*Fair value at 31 August 2017*
	£'000	*£'000*
Equities	**1,292**	*1174*
Diversified Growth Fund	**141**	*93*
Gilts	**296**	*284*
Property	**240**	*188*
Cash	**22**	*57*
Other bonds	**163**	*241*
Infrastructure	**101**	*94*
Multi Asset Credit	**109**	*n/a*
Total market value of assets	**2,364**	*2,131*

The actual return on scheme assets was £51,000 (2017: £268,000).

27 **Pension and similar obligations (continued)**

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2018 £'000	2017 £'000
Current service cost (net of employee contributions)	(394)	(366)
Net interest cost	(70)	(61)
Administration expenses	(2)	(1)
Total operating charge	(466)	(428)

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

	2018 £'000	2017 £'000
At 1 September	4,905	4,690
Current service cost	394	366
Interest cost	128	103
Change in financial assumptions	(542)	(60)
Change in democratic assumptions	-	75
Experience loss/(gain) on defined benefit obligations	-	(289)
Employee contributions	54	55
Benefits paid	(42)	(35)
At 31 August	4,897	4,905

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

	2018 £000	2017 £000
At 1 September	2,131	1,793
Interest income	58	42
Return on plan assets (excluding net interest on the net defined pension liability)	(7)	226
Other actuarial gains/(losses)	-	(117)
Administration expenses	(2)	(1)
Employer contributions	172	168
Employee contributions	54	55
Benefits paid	(42)	(35)
At 31 August	2,364	2,131

The estimated value of employer contributions for the year ended 31 August 2019 is £215,000.

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

28 Related Party Transactions

Owing to the nature of the Academy Trust's and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the 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 10.

29 Agency Arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the Trust received £12,123 (2017: £14,268), and disbursed £10,904 (2017: £9,512) from the fund, which includes 5% administration costs. Also during the year under review the Trust returned a vulnerable bursary of £1,200 to the ESFA which had remained unused. An amount of £14,185 (2017: £14,166) is included in sundry creditors relating to undistributed funds carried forward.

THE BISHOP OF WINCHESTER ACADEMY TRUST

(A company limited by guarantee company registration number 07034121)
31 AUGUST 2018

Independent Reporting Accountant's Assurance Report on Regularity to Bishop of Winchester Academy Trust and the Education and Skills Funding Agency

Conclusion

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

In the course of our work, [except for the matters listed below] nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies: Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of Bishop of Winchester Academy Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of Bishop of Winchester Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Bishop of Winchester Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Bishop of Winchester Academy Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2017 to 2018.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

Independent Reporting Accountant's Assurance Report on Regularity to Bishop of Winchester Academy Trust and the Education and Skills Funding Agency (continued)

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion guidance in regularity' in Academies: Accounts Direction 2017 to 2018.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

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

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Highfield Court
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Date 6 December 2018