

**Specialist Learning Trust**

**(A company limited by guarantee)**

**Directors' Report and Financial Statements**

**For the Period Ended 31 August 2018**

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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Reference and administrative details of the Academy, its trustees and advisers**  
**For the period ended 31 August 2018**

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<b>Members</b>	J Plummer S Colquhoun V Hemmings <sup>1</sup>
<b>Trustees</b>	S Colquhoun, Chair of Trustees K Seed, Headteacher and Accounting Officer <sup>1</sup> B Hart, Chair of Finance & Audit Committee <sup>1</sup> K Himid-Wilson M Paddon <sup>1</sup> R St. Louis (resigned 31 August 2018) S McKale T Gillen  <sup>1</sup> Members of the Finance and Audit Committee
<b>Company registered number</b>	10877352
<b>Company name</b>	Specialist Learning Trust
<b>Registered office</b>	Hawes Lane West Wickham Kent BR4 9AE
<b>Senior leadership team</b>	K Seed - Headteacher, CEO and Accounting Officer K Parrett - Deputy Headteacher C Collins - Deputy Headteacher L Exford - Development Manager/Chief Financial Officer
<b>Bankers</b>	Lloyds Bank plc 6-8 Market Square Bromley Kent BR1 1NA
<b>Auditors</b>	UHY Kent LLP trading as UHY Hacker Young Thames House Roman Square Sittingbourne Kent. ME10 4BJ

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**Specialist Learning Trust**  
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**Trustees' report**  
**For the period ended 31 August 2018**

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The Trustees present their annual report and auditors' report of the Academy Trust for the period ended 31 August 2018.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity, and its memorandum and articles of association are the primary governing documents of the trust.

The Trustees are also the Directors for the purposes of company law.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

**Principal activities**

The Academy Trust took over the operation of Glebe School on the school's conversion to academy status on 1 September 2017. Since then the Academy Trust's principal object and activity has been to deliver special educational provision to pupils between the ages of 11 and 19 with special educational need.

**Members' liability**

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

**Trustees' indemnities**

The Academy Trust maintains trustees, governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees and governors. The Academy Trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the Academy Trust.

Details of the insurance cover are provided in note 11 to the financial statements.

**Method of recruitment and appointment or election of trustees**

Under the terms of its Articles, the Academy Trust shall have the following trustees:

- Up to 12 trustees appointed by the members, including the Chief Executive Officer providing that he agrees so to act;
- A minimum of two parent trustees;
- The Academy Trust may also have any co-opted trustee appointed by the Trustees who have not themselves been so appointed;
- The total number of trustees, including the Chief Executive Officer, who are employees of the Academy Trust shall not exceed one third of the total number of trustees.

The Trustees who were in office at 31 August 2018 and served throughout the period, except where shown, are listed on page 1.

**Policies and procedures adopted for the induction and training of trustees**

During the year under review the full Board met four times and there were six Finance and Audit Committee meetings. The training and induction provided for new trustees depends on their previous experience. All new trustees are given a tour of the school and the chance to meet with staff and students. In addition a mentor from the existing Board is allocated to support and inform their new role.

All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. New trustees are invited to attend an induction course provided by The Octavo Partnership and have access to a full programme of courses which they will choose to attend, based on their role and experience. Trustees are also provided with Gold subscription membership to the National Governors' Association and The School Bus that provide an extensive range of resources to facilitate them in their role.

**Organisation structure**

The organisational structure within the Academy consists of two levels: the Trustees and the Senior Leadership Team, supported by a Middle Management Team which includes heads of years and heads of departments. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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**Specialist Learning Trust**  
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**Trustees' report (continued)**  
**For the period ended 31 August 2018**

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**Organisation structure – continued**

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

The Headteacher of Glebe School undertakes the role of Chief Executive Officer and Accounting Officer for the Academy Trust.

The Senior Leadership Team comprises the Headteacher and two Deputy Headteachers. These managers control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them.

As a group the Senior Leadership Team is responsible for the authorisation of spending up to a level delegated to them within agreed limits and for the appointment of staff. The appointment board for posts in the senior leadership team always contains a trustee.

The Senior Leadership Team and the Middle Management Team are responsible for the day to day operation of the Academy, in particular organising the teaching and support staff, facilities and students.

**Arrangements for setting pay and remuneration of key management personnel**

The key management personnel of the Academy Trust comprise the Trustees and Senior Leadership Team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board of Trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies. The Headteacher was not involved in setting his own remuneration package.

The Headteacher is the only remunerated trustee and only receives remuneration in respect of services he provides under his contract of employment. Specific disclosures concerning his remuneration is included in note 10.

The day to day running of the remuneration policy is delegated to the Headteacher and monitored by the Finance and Audit Committee. All details for setting pay and remuneration of key management personnel are set out in the Pay Policy and Teacher Appraisal Policy, which is reviewed annually by the Board of Trustees.

Remuneration of key management personnel is set at an individual level, and where possible the Trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked closely to nationally agreed pay spines, helping Trustees to ensure staff remuneration is kept at an appropriate level. Total remuneration packages include employer pension contribution rates at specific approved rates.

The Board is always aware of the charitable status of the Academy Trust, recognising the commitments of the funding agreement with the Secretary of State for Education. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 9.

**Risk management**

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching requirements, provision of facilities and other operational areas of the Academy Trust, and its finances. The Board has adopted a Risk Management Policy and a comprehensive Risk Register is in place that is reviewed at each Board Meeting.

The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. These include operational procedures such as vetting of new staff and visitors, supervision of school grounds and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

**Connected organisations, including related parties**

Glebe School is currently the only school operating with the Trust. There are no related party transactions to report within the period.

There are no connected PTA or separate Voluntary Funds.

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**Specialist Learning Trust**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2018**

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**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The Specialist Learning Trust currently supports one school, Glebe School, which is a secondary special school for students aged 11-19. Our students have Educational and Healthcare Plans with many diverse needs. The Trust's current objectives are to advance education for the public benefit, by establishing, maintaining and developing schools specially organised to make special educational provision for children and young people with special educational need.

**Objective, strategies and activities**

The main objectives of the Trust during the year to 31 August 2018 are summarised below:

- To help our students to achieve and succeed in dealing effectively with any obstacles to learning in a secondary school setting.
- To provide our young people with the skills they need to lead as independent a life as possible once they have completed their education.
- To maintain our "Outstanding" Ofsted status, building on this success by using all our expertise to enable each student to have a healthy, happy and safe environment within the school and a personalised approach to their learning needs.
- To maintain and develop our thriving 6th Form where many of our more vulnerable students study for up to three years in preparation for their next steps in Education, Training or Employment.
- To continue working collaboratively with the Specialist Learning Partnership, a group of like-minded special schools across South East London to exchange knowledge, skills and experience to enhance teaching and learning within the Partnership.
- To expand our thriving work experience programme for students in Year 11 and 6th Form, which is an important part of the all-embracing approach to the education of our students.
- Promote the use of high quality and robust data to analyse the progress and personal development of our students allowing personalised interventions which will achieve the best possible outcomes.

The school provides a broad and balanced secondary curriculum providing to all students a diverse programme of activities to develop the student's skills including:

- Development of independent living skills (Wood Lodge)
- Educational trips and visit that increase the independence of students
- Active sports participation
- Entrepreneurial and social skills e.g. farmers' market, afternoon teas etc.
- A comprehensive work experience programme

**Public benefit**

The Specialist Learning Trust is an academy converter catering for students with special education need aged 11 to 19.

The Trust strives to promote and support the advancement of education for students within Bromley and across neighbouring boroughs. Glebe School continues to support teaching and learning across a growing number of schools through a published programme of moderation, support and planning meetings through the Specialist Learning Partnership. In addition to this, the Specialist Learning Partnership has this year created a support and innovation fund, to which all schools involved have been invited to contribute. The purpose of this fund is to innovate new approaches to support students with EHCP's across all the schools and to further develop school improvement strategies. The SLP worked with 14 special schools last year, and continues to develop its remit to support and share good practice.

Wherever possible the school also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities. The school has for a number of years supported a theatre school on Saturdays which is open to children from the wider community. The training helps children's self-confidence and provides a great way to help them discover new ways of expressing themselves and making new friends.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

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Trustees' report (continued)  
For the period ended 31 August 2018

**STRATEGIC REPORT**

**Achievements and performance**

**Overall GCSE Results**

Total Passes A-G	2013	2014	2015	2016	2017	2018
English	15	10	9	11	8	9
Maths	15	4	3	8	10	10
Science	17	18	14	23	19	17*
<b>Total</b>	<b>47</b>	<b>32</b>	<b>26</b>	<b>42</b>	<b>37</b>	<b>36</b>

\* Double Science awards + Bio + Astro

Year 11	Number Candidates	Total passes A* - G (Eng+Maths+ Sci)	Average per Candidate	Total passes A* - G (All GCSE+ Equiv)	Average per Candidate
2013	26	47	1.8	141	5.4
2014	23	32	1.4	101.5	4.4
2015	24	26	1.1	76	3.2
2016	26	42	1.6	141	5.4
2017	26	37	1.4	134	5.2
2018	25	36	1.4	117*	4.7

\* Some results still pending

**Progress 8 Measure**

2016	-1.19
2017	-1.10
2018	Pending

\* Change of metrics – APS calculated with restricted subject list

**Entry Level Results**

Entry Level	2013	2014	2015	2016	2017	2018
Level 1	17	13	26	30	35	18
Level 2	61	45	45	46	62	51
Level 3	113	108	87	73	45	45
<b>Total</b>	<b>191</b>	<b>166</b>	<b>158</b>	<b>149</b>	<b>142</b>	<b>114</b>
Number of Candidates	26	23	24	26	26	25
<b>Average/Candidate</b>	<b>7.3</b>	<b>7.2</b>	<b>6.6</b>	<b>5.7</b>	<b>5.5</b>	<b>4.6</b>

**Pupil Premium achievement**

Pupil Premium Strategy is reviewed annually as part of the school's ongoing review, planning and development procedures. The Trust is proud that Glebe School was the only secondary school in the Borough, with reference to the KS4 disadvantage gap, that is having a positive outcome on disadvantage.

- 97% of all students made expected or better than expected progress in literacy.
- 95% of the pupil premium students achieved the same measure.
- 100% of all students made expected or better than expected progress in numeracy.
- 100% of the pupil premium students achieved the same measure.

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**Trustees' report (continued)**  
**For the period ended 31 August 2018**

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**Going concern**

After making appropriate enquiries, the Trustees have 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**

The trustees consider that the following are key performance indicators for the Academy for the period ended 31 August 2018:

<b>Key Performance Indicators</b>	<b>2017 - 18</b>
Student Numbers (Years 7-14)	195
Total Staff Costs	£2,829,007
Total Staff Costs to ESFA/LA Revenue Income (%)	78%
Total Staff Costs to Total Income (%)	73%
Total Staff Costs as Proportion of Total Expense (%)	83%
Average number of FTE Teaching Staff	28.27
Average number of FTE Support Staff	38.66
Total Full Time Equivalent staff	66.93
Average Teacher Cost (inc. employee on-costs)	£58,508
Proportion of budget spent on the Leadership team (%)	7%
Spend per student for non-pay expenditure lines	£3,059
Student Teacher Ratio (Exc. Leadership Team)	7.7

**Financial review and position**

Most of the Academy Trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA"). Core grant income has been supplemented by capital funding, and other income.

Total incoming resources for the year, per the SoFA, stand at £10.2m. This figure is heavily influenced by inclusion of a donation, as income, to reflect the net value of all assets less liabilities transferred into the trust when the Glebe School converted to academy status. The net donation of £5.99m is shown on the face of the SoFA as a transfer from the local authority. The majority of this transfer relates to the value of the school buildings, but it does include revenue funds of £171k. Full details are provided in note 19 to the financial statements.

This period the core grant income has been supplemented by significant capital funding of £480k, reflected within the restricted fixed asset fund. Most of this capital income relates to a Condition Improvement Funding grant from the ESFA in relation to important fire safety works undertaken at the Academy. This work was in progress at 31 August 2018.

Total expenditure for the year amounted to £3.7m and as a result the SoFA reports a net income of £6.5m, largely as a result of the two amounts reflected within income, explained above. The overall net movement in funds also includes an actuarial gain of £367k, leaving the Academy Trust with total funds of £6.8m at 31 August 2018.

The more useful operating revenue result, arising from the day to day management of the Academy, is not immediately clear from the SoFA as a result of the necessary presentation, and the impact of the matters such as the donation on conversion, depreciation, and pension movements. In addition to the actuarial movement on the LGPS pension scheme, an additional charge of £122k is included within the expenditure on charitable activities line on the SoFA in accordance with accounting policy 1.13.

Revenue income for period amounted to £3.7m and after revenue expenditure of £3.4m the Academy Trust was left with an operating revenue outturn of £273k. Of this total £13k was used to fund capital purchases and a further £4k was used to fund a capital finance lease which the trust inherited on The Glebe School's conversion – these are shown as a combined transfer of £17k into the restricted fixed asset fund on the SoFA, and so revenue funds have increased by £256k during the period. Adding this to the £171k revenue funds inherited at the point of conversion, the Academy Trust carries revenue funds of £427k into 2018/19.



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**Trustees' report (continued)**  
**For the period ended 31 August 2018**

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**Financial review and position – continued**

As explained in accounting policy 1.13 the LGPS is a funded defined benefit pension scheme and a provision for estimated pension liabilities is included in the Academy Trust's Balance Sheet. The Academy Trust inherited a deficit of £1.35m when the Glebe School converted and joined the trust; the pension charges and actuarial movements explained earlier in this review mean that the carried deficit has fallen by £245k during the course of the year to £1.1m. This deficit does not mean that an immediate liability crystallises; it is an accounting deficit, calculated by actuaries who provide these figures to all academy trusts. The deficit has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions. The pension reserve is the only fund in deficit.

In addition to revenue funds and the pension reserve, the Academy Trust carried restricted fixed asset funds of £7.5m at 31 August. Most of this represents the net book value of fixed assets, £7.3m, mainly the school buildings, the details of which are included in note 12. The restricted fixed asset fund also include the element of capital grant funding that has been recognised in the SoFA but which has not yet been spent. As shown by note 16 cash funds of £427k relating to capital were held within cash at bank (current assets) and the fixed asset fund also takes into account capital liabilities of £152k included within creditors relating to purchase invoices awaiting settlement and the £7k finance lease liability.

**Reserves policy**

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how these will be used to benefit the pupils.

The cumulative target range for restricted and unrestricted reserves has been established at between 6% and 10% of total income for the financial year ending 31 August 2018. These figures exclude the impact of the pension deficit. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The Board has been particularly cautious this year to ensure that the Trust is well placed to cover any unforeseen expenditure in its first year of operation. This is alongside the knowledge that a new headteacher has been appointed to take up post in January 2019 with a new development plan to implement and the possibility of a new free school proposal to prepare for in 2019-20.

Trustees will monitor the level of reserves to ensure that they are maintained at an acceptable level and will review the reserves policy as the Trust develops. In the event that they are partly used the trust will strive to rebuild reserves up to the level needed.

**PRINCIPAL RISK AND UNCERTAINTIES**

Following conversion to academy status in September 2017, the Trustees approved a Risk Management Policy and a comprehensive Risk Register, which is reviewed at each Board Meeting. This ensures that Trustees remain focused on principal risks and uncertainties that the Trust is exposed to, and that steps are taken to mitigate against those risks.

This is done through the work of the Finance and Audit Committee that ensures that there are robust systems in place, including operational procedures and internal financial controls to minimise risk. The Committee has identified the key risks faced by the Trust in the current period as:

- Changes to key personnel with the impending retirement of existing long standing members of the Leadership Team;
- An Ofsted inspection at a time of change in key leadership personnel;
- Identifying potential new Trustees and Members with the relevant business acumen that will be required by the Board to develop the Trust;
- Increasing staff on-costs with rising pay increases, pension contributions that may impact on the financial stability of the Trust;
- The uncertainties that the possible proposal of a primary special free school being put forward by the Local Authority will bring; and
- The possibility that legislative requirements are not known or complied with.

Some significant risks such as public and employer liability are covered by the Trust's insurance policy.

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**Trustees' report (continued)**  
**For the period ended 31 August 2018**

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**Investment policy**

The Specialist Learning Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice as and when circumstances allow. Good financial returns mean that more money can be spent on educating pupils. The main aims are:

- to ensure adequate cash balances are maintained in the school current accounts to cover day to day working requirements;
- to ensure there is no risk of loss in capital value of any cash funds invested; and
- to protect the capital value of any invested funds against inflation.

Currently the Trustees only give approval for the school to place surplus funds on 32 day deposit with its principal bankers.

**PLANS FOR FUTURE PERIODS**

The Trustees' main plans for future periods are detailed below:

- To successfully appoint, support and develop the new Headteacher/CEO/Accounting Officer and new Deputy Headteacher following the retirement of the existing post holders;
- To work alongside the Local Authority to plan for the provision of a primary special free school within the scope of the Trust;
- For the new Leadership Team to work towards retaining an outstanding Ofsted rating;
- To develop the relationship with the Specialist Learning Partnership to provide initial teacher training for special needs teachers;
- To develop further opportunities for the Academy's students in respect of independent living, employment skills and apprenticeships;
- Preparation for a more diverse student group as numbers increase; and
- To maintain the past achievement of no permanent student exclusions.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy Trust holds no funds as custodian trustee on behalf of others.

**DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the trustees are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the trustees have taken all the steps 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.

**AUDITORS**

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report, incorporating the Strategic report, was approved by order of the Board of Trustees on 5 December 2018 and signed on the Board of Trustees' behalf by:

S Colquhoun  
Chair of Trustees



K Seed  
Head Teacher and Accounting Officer



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**Governance Statement**

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**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Specialist Learning 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 Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Specialist Learning Trust and the Secretary of State for Education. The Accounting Officer is responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met four times during the year. Attendance during the year at meetings of the Board of Trustees was as follows.

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
S Colquhoun, Chair of Trustees	4	4
T Gillen	4	4
B Hart	4	4
K Himid-Wilson	2	4
S McKale	4	4
M Paddon	3	4
R St. Louis (resigned 31 August 2018)	3	4
K Seed, Headteacher and Accounting Officer	4	4

The Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to consider and advise the Board of Trustees on all aspects of the Trust's finances, financial policies, financial regulations, controls and strategy in accordance with the Articles of Association, Academies Financial Handbook and Funding Agreement. The Finance and Audit Committee's remit also includes the functions of an audit committee.

This year the Committee has focused on the following major issues:

- Embedding a strong financial framework and implementing the financial policies required to launch the newly formed Trust with strong foundations from which to grow;
- Reviewing and addressing the principal risks that the Trust may be exposed to;
- Expanding the school to accommodate an additional cohort of pupils with specialist need;
- Applying for and winning a grant to upgrade the building to meet current fire compliance requirements;
- The appointment of a new Headteacher and Accounting Officer for Glebe School and the Trust; and
- Engaging in discussion with the Local Authority to support the opening of a free school for primary special need pupils

Attendance at Finance & Resources Committee meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
B Hart, Chair	6	6
V Hemmings (Co-opted member)	4	6
M Paddon	5	6
K Seed, Headteacher and Accounting Officer	6	6

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**Governance Statement (continued)**

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**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Specialist Learning Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. The system of internal control will be reviewed annually with particular regard to any changes in the ESFA Academies Financial Handbook.

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

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

The Board of Trustees has decided to appoint UHY Hacker Young, the external auditors, to conduct a supplementary programme of checks in the form of an internal audit function.

In their capacity providing this service UHY Hacker Young have conducted termly visits to review the operation of the trust's key controls, with each visit additionally checking a specific theme or topic. Following each visit the Board of Trustees receives a detailed report setting out any findings and recommendations.

This internal audit role has been fully delivered in line with ESFA requirements and there have been no material control issues requiring urgent attention. All other matters brought to the Board's attention during the year have been followed up appropriately in a timely manner.

**Review of Value for money**

As Accounting Officer the Headteacher of Glebe School has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Proactively following up SEND funding with local authorities to ensure timely agreement and payment of due income;
- Careful targeting of Pupil Premium funding to achieve excellent outcomes for disadvantaged students;
- Arranging for all the contracts in school to be reviewed which has resulted in a number of significant financial savings. Key contracts for cleaning, catering, payroll and HR services have all been re-tendered during the year. The new contracts have provided value for money as well as improved service delivery creating efficiencies for school staff;
- Gaining approval from the ESFA for a significant capital grant to upgrade the school buildings in line with current fire compliance requirements, ultimately providing a safer learning environment for our students;

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**Governance Statement (continued)**

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**Review of Value for money – continued**

- Arranging insurance for the Academy Trust via a framework that provides comprehensive cover for all the major risks for the Academy realising significant savings overall; and
- Reviewing clerking practices in school, appointing a specialist company that is able to provide efficient, knowledgeable staff at a competitive rate to support the Board of Trustees, particularly during the transition to academy status.

**Review of Effectiveness**

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

- the work of the independent reviewer;
- work of the external auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

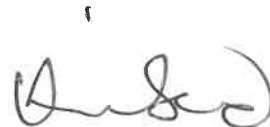
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5 December 2018 and signed on their behalf, by:

S Colquhoun  
Chair of Trustees



K Seed  
Head Teacher and Accounting Officer



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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Statement on Regularity, Propriety and Compliance**

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As Accounting Officer of Specialist Learning Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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



Mr. K. Seed, Accounting Officer

Date: 5 December 2018

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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Statement of Trustee's Responsibilities**  
**For the Period Ended 31 August 2018**

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 5 December 2018 and signed on its behalf by:

S. Colquhoun  
Chair of Trustees



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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Independent Auditors' Report on the Financial Statements to the Members of Specialist Learning Trust**

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**Opinion**

We have audited the financial statements of Specialist Learning Trust (the 'Academy Trust') for the period ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustee's Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustee's Report and the Strategic Report have been prepared in accordance with applicable legal requirements.



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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Independent Auditors' Report on the Financial Statements to the Members of Specialist Learning Trust**

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**Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustee's 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 Trustee's responsibilities, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

**Use of our report**

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



Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

**UHY Kent LLP**

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 11 December 2018

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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Independent Reporting Accountants' Assurance Report on Regularity to Specialist Learning Trust and the Education & Skills Funding Agency**

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In accordance with the terms of our engagement letter dated 26 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Specialist Learning Trust during the period 21 July 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.

This report is made solely to Specialist Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Specialist Learning 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 Specialist Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Specialist Learning Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Specialist Learning Trust's funding agreement with the Secretary of State for Education dated 21 July 2017, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 21 July 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Specialist Learning Trust for the period ended 31 August 2018 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes;
- examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Independent Reporting Accountants' Assurance Report on Regularity to Specialist Learning Trust and the Education & Skills Funding Agency (continued)**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 21 July 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*UHY Kent LLP*

**UHY Kent LLP**  
Chartered Accountants  
Statutory Auditors

Date: *11 December 2018*

**Specialist Learning Trust**  
(A company limited by guarantee)

**Statement of Financial Activities incorporating Income and Expenditure Account**  
**For the Period Ended 31 August 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
<b>Income from:</b>					
Donations & capital grants:					
Transfer from local authority on conversion (see note 19)	2	169,084	(1,352,250)	7,173,857	5,990,691
Other donations and capital grants	2	1,363	-	479,601	480,964
Charitable activities	3	24,528	3,611,032	-	3,635,560
Other trading activities	4	62,404	-	-	62,404
Investments	5	422	-	-	422
<b>Total income</b>		<b>257,801</b>	<b>2,258,782</b>	<b>7,653,458</b>	<b>10,170,041</b>
<b>Expenditure on:</b>					
Charitable activities		99,000	3,449,741	145,804	3,694,545
<b>Total expenditure</b>	6	<b>99,000</b>	<b>3,449,741</b>	<b>145,804</b>	<b>3,694,545</b>
<b>Net income / (expenditure) before transfers</b>		<b>158,801</b>	<b>(1,190,959)</b>	<b>7,507,654</b>	<b>6,475,496</b>
Transfers between Funds	15	(3,797)	(13,091)	16,888	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>155,004</b>	<b>(1,204,050)</b>	<b>7,524,542</b>	<b>6,475,496</b>
Actuarial gains on defined benefit pension schemes	21	-	367,000	-	367,000
<b>Net movement in funds</b>		<b>155,004</b>	<b>(837,050)</b>	<b>7,524,542</b>	<b>6,842,496</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		-	-	-	-
<b>Total funds carried forward</b>		<b>155,004</b>	<b>(837,050)</b>	<b>7,524,542</b>	<b>6,842,496</b>

All of the Academy Trust's activities derive from acquisitions in the current financial period.

The notes on pages 21 to 37 form part of these financial statements.

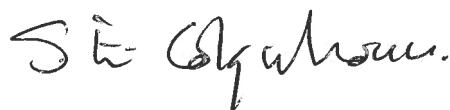
**Specialist Learning Trust**  
**(A company limited by guarantee)**  
**Registered number: 10877352**

**Balance Sheet**  
**As at 31 August 2018**

	Note	£	2018 £
<b>Fixed assets</b>			
Tangible assets	12		7,256,578
<b>Current assets</b>			
Debtors	13	111,211	
Cash at bank and in hand		862,117	
		<u>973,328</u>	
<b>Creditors: amounts falling due within one year</b>	14	(278,410)	
<b>Net current assets</b>			<u>694,918</u>
<b>Total assets less current liabilities</b>			<u>7,951,496</u>
Defined benefit pension scheme liability	21		(1,109,000)
<b>Net assets including pension scheme liabilities</b>			<u><u>6,842,496</u></u>
<b>Funds of the academy</b>			
Restricted funds :			
Restricted income funds	15	271,950	
Restricted fixed asset funds	15	7,524,542	
Restricted income funds excluding pension liability		7,796,492	
Pension reserve		(1,109,000)	
Total restricted funds			<u>6,687,492</u>
Unrestricted income funds	15		<u>155,004</u>
<b>Total funds</b>			<u><u>6,842,496</u></u>

The financial statements on pages 18 to 37 were approved by the Trustee, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:

S. Colquhoun  
Chair of Trustees



The notes on pages 21 to 37 form part of these financial statements.

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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Statement of Cash Flows**  
**For the Period Ended 31 August 2018**

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	Note	2018 £
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	17	425,307
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments		422
Purchase of tangible fixed assets		(210,309)
Capital grants from DfE Group		470,130
Capital funding received from sponsors and others		9,471
Cash funds transferred on conversion		170,834
<b>Net cash provided by investing activities</b>		440,548
<b>Cash flows from financing activities:</b>		
Repayments of borrowings		(3,738)
<b>Net cash used in financing activities</b>		(3,738)
<b>Change in cash and cash equivalents in the period</b>		862,117
Cash and cash equivalents brought forward		-
<b>Cash and cash equivalents carried forward</b>	18	862,117

The notes on pages 21 to 37 form part of these financial statements.

All of the cash flows are derived from acquisitions in the current financial period.

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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

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**1. Accounting Policies**

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

**1.1 Basis of preparation of financial statements**

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

Specialist Learning Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

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

**1.3 Income**

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

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**1. Accounting Policies (continued)**

**1.4 Expenditure**

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

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

**1.5 Tangible fixed assets and depreciation**

Single asset purchases of more than £2,500, and any cumulative bulk purchases on one order exceeding £5,000, are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	2% straight line
Furniture and fixtures	-	10% straight line
Motor vehicles	-	12.5% straight line
Computer equipment	-	25% straight line

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 incorporating income and expenditure account.

**1.6 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Academy Trust. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities incorporating income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.7 Operating leases**

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



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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

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**1. Accounting Policies (continued)**

**1.8 Debtors**

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

**1.9 Cash at Bank and in hand**

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

**1.10 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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 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.

**1.11 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 13. Prepayments are not financial instruments. Amounts due to the Academy Trust'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 costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

**1.12 Taxation**

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

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**Specialist Learning Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

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**1. Accounting Policies (continued)**

**1.13 Pensions**

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

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

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

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

**1.14 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Glebe School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 19.

**1.15 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 Trustee.

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

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

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

**1. Accounting Policies (continued)**

**1.16 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

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

**2. Income from donations and capital grants**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Restricted fixed asset funds 2018 £</b>	<b>Total funds 2018 £</b>
Transfer from local authority on conversion (see note 19)	169,084	(1,352,250)	7,173,857	5,990,691
Donations	1,363	-	-	1,363
Capital grants	-	-	479,601	479,601
	<u>1,363</u>	<u>-</u>	<u>479,601</u>	<u>480,964</u>
	<u>170,447</u>	<u>(1,352,250)</u>	<u>7,653,458</u>	<u>6,471,655</u>

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**3. Funding for Academy's educational operations**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	1,640,000	1,640,000
Other DfE/ESFA grants	-	88,409	88,409
	<u>-</u>	<u>1,728,409</u>	<u>1,728,409</u>
<b>Other government grants</b>			
Local authority grants	-	1,872,163	1,872,163
Other government grants	-	6,960	6,960
	<u>-</u>	<u>1,879,123</u>	<u>1,879,123</u>
<b>Other income from the academy trust's educational operations</b>			
Educational visits income	4,273	-	4,273
Catering income	19,298	-	19,298
Other income	957	3,500	4,457
	<u>24,528</u>	<u>3,500</u>	<u>28,028</u>
	<u>24,528</u>	<u>3,611,032</u>	<u>3,635,560</u>

**4. Trading activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
<b>Charity trading income</b>			
Hire of facilities	7,640	-	7,640
Supply teacher insurance claims	51,040	-	51,040
Other income	3,724	-	3,724
	<u>62,404</u>	<u>-</u>	<u>62,404</u>
Net income from trading activities	<u>62,404</u>	<u>-</u>	<u>62,404</u>

**5. Investment income**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Bank interest	422	-	422

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

**6. Expenditure**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £
Funding for the academy trust's educational operations:				
Direct costs	1,947,610	100,432	237,316	2,285,358
Support costs	1,003,309	271,848	134,030	1,409,187
	<u>2,950,919</u>	<u>372,280</u>	<u>371,346</u>	<u>3,694,545</u>
<i>Total 2017</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**7. Analysis of expenditure by activities**

	Direct costs 2018 £	Support costs 2018 £	Total 2018 £
Funding for the academy trust's educational operations	<u>2,285,358</u>	<u>1,409,187</u>	<u>3,694,545</u>

**Analysis of support costs**

	Total 2018 £
Staff costs	1,003,309
Premises costs	271,848
Technology costs	14,466
Governance costs	10,790
Other support costs	108,774
	<u>1,409,187</u>

**8. Net income/(expenditure)**

This is stated after charging:

	2018 £
Depreciation of tangible fixed assets:	
- owned by the charity	145,804
Auditors' remuneration - audit	8,450
Auditors' remuneration - other services	4,325
	<u>158,579</u>

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

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**9. Staff**

**a. Staff costs**

Staff costs were as follows:

	<b>2018</b>
	<b>£</b>
Wages and salaries	2,202,163
Social security costs	213,376
Pension costs	535,380
	<hr/>
	2,950,919
Agency staff costs	-
	<hr/>
	<u>2,950,919</u>

**b. Staff numbers**

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

	<b>2018</b>
	<b>No.</b>
Management	3
Teachers	26
Administration and support	52
	<hr/>
	81
	<hr/>

Average headcount expressed as a full time equivalent:

	<b>2018</b>
	<b>No.</b>
Management	3
Teachers	25
Administration and support	39
	<hr/>
	67
	<hr/>

**c. Higher paid staff**

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

	<b>2018</b>
	<b>No.</b>
In the band £ 60,001 - £ 70,000	2
In the band £ 80,001 - £ 90,000	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these employees amounted to £36,510.

**d. Key management personnel**

The key management personnel of the Academy Trust comprise of the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £331,156.

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**Notes to the Financial Statements**  
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**10. Trustee's remuneration and expenses**

The only Trustee who has received remuneration from an employment with the Academy Trust is the Headteacher. The Headteacher only receive remuneration in respect of services he provides undertaking the Headteacher role under his contract of employment, and not in respect of his role as a Trustee. The value of his remuneration was as follows:

		<b>2018</b>
		<b>£</b>
K. Seed, Accounting Officer	Remuneration	85,000-90,000
	Pension contributions paid	10,000-15,000

During the period, no Trustees received any benefits in kind.

During the year ended 31 August 2018 one trustee was reimbursed a total of £151 for travel costs and expenses paid for on behalf of the trust.

**11. Trustee's and Officers' Insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the insurance policy.

**12. Tangible fixed assets**

	<b>Freehold property</b>	<b>Furniture and fixtures</b>	<b>Motor vehicles</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
Additions	184,782	5,732	-	26,795	217,309
Acquisition on conversion	7,000,000	62,331	39,958	82,784	7,185,073
At 31 August 2018	<u>7,184,782</u>	<u>68,063</u>	<u>39,958</u>	<u>109,579</u>	<u>7,402,382</u>
<b>Depreciation</b>					
Charge for the period	100,432	5,800	6,697	32,875	145,804
At 31 August 2018	<u>100,432</u>	<u>5,800</u>	<u>6,697</u>	<u>32,875</u>	<u>145,804</u>
<b>Net book value</b>					
At 31 August 2018	<u><u>7,084,350</u></u>	<u><u>62,263</u></u>	<u><u>33,261</u></u>	<u><u>76,704</u></u>	<u><u>7,256,578</u></u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2018</b>
	<b>£</b>
Furniture, fittings and equipment	<u><u>11,216</u></u>

An Academy Trust would not usually have assets with associated finance lease contracts, please see note 14 for details.

The Academy Trust's transactions relating to land and buildings included the acquisition of the freehold on the land and school buildings which were transferred to the Academy Trust on conversion at a value of £7,000,000.

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

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**13. Debtors**

	<b>2018</b>
	<b>£</b>
Trade debtors	15,436
VAT recoverable	13,940
Prepayments and accrued income	81,835
	<hr/>
	111,211
	<hr/> <hr/>

**14. Creditors: Amounts falling due within one year**

	<b>2018</b>
	<b>£</b>
Net obligations under finance leases and hire purchase contracts	7,478
Other taxation and social security	52,221
Accruals and deferred income	218,711
	<hr/>
	278,410
	<hr/> <hr/>

At the balance sheet date the Academy Trust was not holding any funds received in advance.

Creditors include a finance lease contract which would not usually appear in an Academy Trust's financial statements because of the borrowing restriction clauses of the Academies Financial Handbook. The finance lease contract included was in place prior to the trust's sole academy's conversion to academy status, and special permission was received from the ESFA for the Trust to inherit a finance lease agreement on the basis that it was not financially viable to cancel the existing arrangement.



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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

**15. Statement of funds**

	Balance at 21 July 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>General funds</b>						
Unrestricted funds	-	257,801	(99,000)	(3,797)	-	155,004
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	1,640,000	(1,356,876)	(13,091)	-	270,033
Other DfE/ESFA grants	-	88,409	(88,409)	-	-	-
Other government grants	-	1,879,123	(1,879,123)	-	-	-
Other restricted funds	-	5,250	(3,333)	-	-	1,917
Pension reserve	-	(1,354,000)	(122,000)	-	367,000	(1,109,000)
	-	2,258,782	(3,449,741)	(13,091)	367,000	(837,050)
<b>Restricted fixed asset funds</b>						
Restricted fixed assets	-	7,185,073	(145,804)	217,309	-	7,256,578
DfE/ESFA capital grants	-	470,130	-	(194,688)	-	275,442
Other capital income	-	9,471	-	(9,471)	-	-
Finance lease liability	-	(11,216)	-	3,738	-	(7,478)
	-	7,653,458	(145,804)	16,888	-	7,524,542
Total restricted funds	-	9,912,240	(3,595,545)	3,797	367,000	6,687,492
Total of funds	-	10,170,041	(3,694,545)	-	367,000	6,842,496

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

General Annual Grants ('GAG') must be used for the normal running costs of the school.

The other DfE/ESFA grants fund is used to track grants provided by the DfE and related bodies, and includes Pupil Premium. The pupil grants have been used to enhance the learning of disadvantaged pupils by subsidising school trips, purchasing uniform and providing staffing for learning support.

The other government grants fund is used to track grants provided by government departments other than the DfE/ESFA and includes grants received from the London Borough of Bromley.

The other restricted income fund has been used to track other streams of restricted income which cannot be included in the funds noted above.

The pension reserve relates to the Trust's share of the deficit of the Local Government Pension Scheme overseen by its Local Authority.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The net transfers into the restricted fixed asset fund relate to capital purchases made from other funds and finance lease repayments made from the GAG fund.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

**16. Analysis of net assets between funds**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Restricted fixed asset funds 2018 £</b>	<b>Total funds 2018 £</b>
Tangible fixed assets	-	-	7,256,578	7,256,578
Current assets	155,004	390,882	427,442	973,328
Creditors due within one year	-	(118,932)	(159,478)	(278,410)
Provisions for liabilities and charges	-	(1,109,000)	-	(1,109,000)
	<u>155,004</u>	<u>(837,050)</u>	<u>7,524,542</u>	<u>6,842,496</u>

**17. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2018 £</b>
Net income for the year (as per Statement of Financial Activities)	6,475,496
<b>Adjustment for:</b>	
Depreciation charges	145,804
Dividends, interest and rents from investments	(422)
Increase in debtors	(110,053)
Increase in creditors	262,774
Capital grants from DfE and other capital income	(479,601)
Defined benefit pension scheme obligation inherited	946,000
Defined benefit pension scheme cost less contributions payable	(824,000)
Net surplus on assets and liabilities from local authority on conversion	(5,990,691)
<b>Net cash provided by operating activities</b>	<u>425,307</u>

**18. Analysis of cash and cash equivalents**

	<b>2018 £</b>
Cash in hand	862,117
<b>Total</b>	<u>862,117</u>

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**Notes to the Financial Statements**  
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**19. Conversion to an academy trust**

On 1 September 2017 Glebe School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Specialist Learning Trust from London Borough of Bromley for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	7,000,000	7,000,000
- Other tangible fixed assets	-	-	185,073	185,073
Budget surplus/(deficit) on LA funds	169,084	1,750	-	170,834
LGPS pension surplus/(deficit)	-	(1,354,000)	-	(1,354,000)
Borrowing obligations	-	-	(11,216)	(11,216)
Net assets/(liabilities)	<u>169,084</u>	<u>(1,352,250)</u>	<u>7,173,857</u>	<u>5,990,691</u>

The above net assets include £170,834 that were transferred as cash.

**20. Capital commitments**

At 31 August 2018 the Academy Trust had capital commitments as follows:

	<b>2018</b>
	<b>£</b>
Contracted for but not provided in these financial statements	<u>307,464</u>

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

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**21. Pension commitments**

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

As described in note 19 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year . The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway. based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019. The government has warned of a rise in the employer rate, but has also indicated that any rise will be funded until March 2020 and will be thereafter reviewed.

The employer's pension costs paid to TPS in the period amounted to £213,061.

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

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

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**For the Period Ended 31 August 2018**

**21. Pension commitments (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2018 was £249,000, of which employer's contributions totalled £198,000, and employees' contributions totalled £51,000. The agreed contribution rates for future years are 20% 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:

	<b>2018</b>
Discount rate for scheme liabilities	2.70 %
Rate of increase in salaries	3.70 %
Rate of increase for pensions in payment / inflation	2.30 %
Inflation assumption (CPI)	2.20 %

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

	<b>2018</b>
Retiring today	
Males	23.4
Females	26.1
Retiring in 20 years	
Males	26.0
Females	28.4

	<b>At 31 August</b>
	<b>2018</b>
	<b>£</b>
<b>Sensitivity analysis</b>	
Discount rate +0.1%	68,000
Discount rate -0.1%	-
Mortality assumption - 1 year increase	(46,000)
Mortality assumption - 1 year decrease	-
CPI rate +0.1%	(87,000)

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**Notes to the Financial Statements**  
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**21. Pension commitments (continued)**

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

	<b>Fair value at 31 August 2018 £</b>
Equities	1,012,000
Gilts	98,000
Corporate bonds	98,000
Property	51,000
Cash and other liquid assets	-
Asset backed securities	297,000
Other assets	-
	<hr/>
Total market value of assets	<b>1,556,000</b> <hr/> <hr/>

The actual return on scheme assets was £151,000.

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

	<b>2018 £</b>
Current service cost	(282,000)
Interest income	32,000
Interest cost	(64,000)
Admin expenses	(6,000)
	<hr/>
Total	<b>(320,000)</b> <hr/> <hr/>

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

	<b>2018 £</b>
Opening defined benefit obligation	-
Upon conversion	2,516,000
Transferred out on existing academies leaving the trust	64,000
Current service cost	282,000
Employee contributions	51,000
Actuarial gains	(248,000)
Benefits paid	-
	<hr/>
Closing defined benefit obligation	<b>2,665,000</b> <hr/> <hr/>

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2018**

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**21. Pension commitments (continued)**

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

	<b>2018</b>
	<b>£</b>
Opening fair value of scheme assets	-
Upon conversion	1,162,000
Interest income	32,000
Actuarial losses	119,000
Employer contributions	198,000
Employee contributions	51,000
Benefits paid	-
Administration expenses	(6,000)
	<hr/>
Closing fair value of scheme assets	1,556,000
	<hr/> <hr/>

**22. Operating lease commitments**

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

	<b>2018</b>
	<b>£</b>
<b>Amounts payable:</b>	
Within 1 year	1,956
Between 1 and 5 years	4,687
	<hr/>
Total	6,643
	<hr/> <hr/>

**23. Members' liability**

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

**24. Related party transactions**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

**25. Agency Arrangements**

The Academy Trust administers the distributions of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. During the year the Academy Trust received £3,600 and disbursed £3,600. £Nil was retained to cover administration expenses. A balance of £Nil was repayable to the ESFA at the balance sheet date.

**26. Ultimate controlling party**

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the Trustees. There is no ultimate controlling party.