

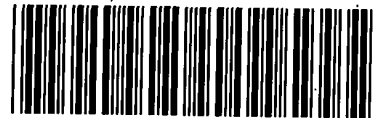
REGISTERED COMPANY NUMBER: 10084743 (England and Wales)

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

SATURDAY



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16/12/2017

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COMPANIES HOUSE

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

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

<b>Members</b>	G R Davies	- from 24.3.16 to 15.11.17
	Prof C R Lygo	- from 24.3.16 to 7.6.16
	Dame S E John	- from 24.3.16 to 7.6.16
	C Kirker	- from 7.6.16
	J Mackenzie	- from 7.6.16
	D Perrett	- from 7.6.16
	V Stock	- from 7.6.16
	E Pellumbi	- from 1.12.17

<b>Trustees</b>	<b>Appointment at Companies House</b>	<b>Resignation at Companies House</b>
G R Davies	- appointed 24.3.16	- resigned 15.11.17
J H Booth-Clibborn	- appointed 24.3.16	
S L Collins	- appointed 24.3.16	
Dr J Saxton	- appointed 24.3.16	
Dame S E John	- appointed 24.3.16	
Prof C R Lygo (Chair of the Strategic Board)	- appointed 24.3.16	
J M Borrett	- appointed 7.6.16	- resigned 7.3.17
W J Etchell*	- appointed 24.3.16	- resigned 2.3.17
R D Johnson*	- appointed 17.3.17	
M Johal*	- appointed 17.3.17	

\*members of the finance, audit and risk committee

**Senior Management Team:**

- **Chief Executive Officer** Dr J Saxton
- **Consultant Director of Finance** H Watchorn (from 1.1.2017 to 31.5.2017)  
D Upad (from 1.5.2017 to present)
- **Executive Principal Primary** S Wakefield (from 1.1.2017 to 31.8.2017)  
J King (from 1.6.2017 to present)

**Company Name** Turner Schools

**Principal and Registered Office** Martello Primary, Warren Way,  
Folkestone, Kent, CT19 6DT

**Registered Company Number** 10084743 (England and Wales)

**Independent Auditor** Clair Rayner FCA DChA (Senior Statutory Auditor)  
McCabe Ford Williams  
Statutory Auditors and Chartered Accountants  
Bank Chambers, 1 Central Avenue  
Sittingbourne, Kent, ME10 4AE

**Bankers** Lloyds Bank Plc  
1<sup>st</sup> Floor, Threadneedle Street  
London, EC1M 6HR

**Solicitors** Stone King  
Boundary House, 91 Charterhouse Street  
Clerkenwell, London, EC1M 6HR

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 24 March 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law. The charitable company has a long period of account as it was incorporated on 24 March 2016 but only took control of Martello Primary and Morehall Primary on 1 January 2017.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The trustees of Turner Schools are also the directors of the charitable company for the purposes of company law, and known as Directors. The charitable company is known as Turner Schools (company number 10084743). The charitable company operates Martello Primary and Morehall Primary, and there is a Free School in the pre-opening phase, Turner Free School.

The principal activity of Martello Primary and Morehall Primary is to provide for the public benefit education by establishing, maintaining, carrying on, managing and developing a broad and balanced curriculum to pupils between the ages of 4 – 11.

Details of the trustees who served throughout the period are included in the 'Reference and Administrative Details' on page 1.

**Members' Liability**

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

**Trustees' Indemnities**

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

**Method of Recruitment and Appointment or Election of Trustees**

The Trust's Articles of Association set out the constitution and method of appointment of the Trustees including Parent Governors who are elected in accordance with Department for Education Guidelines. Suitability of Trustees is determined by their interest in the work of an Educational Charity, eligibility and personal competence and to ensure the Board of Trustees has the breadth of skills and knowledge necessary to advance the Trust in all areas. In accordance with the Trust's Articles Members appoint and remove Directors (Trustees).

As an Academy Sponsor approved by the Department for Education, the Members and Directors of the Trust during this initial period of operation were presented to and approved by the Office of the Regional Schools Commissioner and the SESL Headteacher board, and further screened by the Department for Education in respect of the Trust's successful Wave 12 Free School bid.

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**STRUCTURE, GOVERNANCE AND MANAGEMENT - continued**

**Policies and Procedures Adopted for the Induction and Training of Trustees**

The Board of Trustees looks to ensure a mix of skills and appoint Trustees on the basis of background, experience and specialist skills. The training and induction provided for the Trustees depends on existing experience and is tailored individually for each Trustee, including legal, charitable and educational induction. Annual Training on student safeguarding and the prevent duty is provided, as is annual Governance and Academies Financial Handbook updating. From time to time, the Trust arranges technical updates on topical matters for the Trustees.

**Organisational Structure**

The Board of Trustees normally meet at least three times a year to set the strategic direction and policies of the Trust, review performance, take key decisions including adopting the Annual Report and Financial Statements, Budget, and make Senior appointments. It has formed a Finance, Audit & Risk Committee which meets three times a year in order to take a more detailed look at these areas and advise the Board of Trustees in its decision making. In addition, it has formed a Local Governing Body, advisory in capacity, to provide local governance and feedback to the board about the progress, attainment, safeguarding and well-being of pupils at Morehall and Martello primaries and other committees may be formed from time to time as required.

The Chief Executive Officer, Executive Principal and Heads of School are supported on a day to day basis by the wider central team, implementing policies, guidelines and targets agreed by the Trustees and reporting back to them on progress. The Chief Executive Officer has the role of Accounting Officer.

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

The Trust appoints teaching staff with reference to the Standard Teachers Pay and Conditions Document pay scales, and support staff with reference to the Kent Ranges for non-teaching staff. Where these scales are not suitable, in the case of a minority of staff, the Trust can appoint on spot salaries in accordance with benchmarked terms via information sharing with other equivalent Trusts or to independent benchmarking evidence.

**Related Parties and other Connected Charities and Organisations**

There was a related party transaction during the period, arising when Director Dame Sue John took-up the post of Executive Director of Challenge Partners LLP, a school partnership and improvement charity. The Department for Education recommends schools in coastal isolation to work with Challenge Partners and so the Board considered the matter without Dame Sue in attendance, and with Challenge Partners agreeing to work with the Trust's primary schools on non-profit terms in accordance with the Academies Financial Handbook.

Towards the end of the period Professor Lygo and Mr Booth-Clibborn took up governance roles at The Folkestone Academy, and Dr J Saxton undertook the executive leadership of the Academy. This relationship was at the invitation of the Trustees of The Folkestone Academy and latterly is formalised with Department for Education's approval to re-broker the Folkestone Academy to Turner Schools taking effect from December 1, 2017.

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and activity of the charitable company is the operation of two schools - Martello Primary and Morehall Primary, and to open Turner Free School, to provide education for pupils of different abilities between the ages of 4 – 18. The objects as specified in the Trust's articles of association are as follows:

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

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

**Objectives, Strategies and Activities**

The Trust has a distinctive ethos of inclusion and excellence, encapsulated in our HEART model, which guides the work and education of our students. The Trust's aim is to lay the foundation for students to fulfil their potential and be citizens that the community can be proud of through an education that supports becoming knowledgeable and skilled. The main objectives are as follow:

- To provide schools which are places where children thrive and knowledge matters;
- To operate according to the HEART ethos, having high expectations, energy in our activity, an academic subject-based curriculum, enabling reading for all and exhibiting trust in relationships;
- To act with respect towards each other and our environment;
- To have high expectations which will be reflected in the targets set for staff and students alike so that children reach their potential working towards exceeding national expectations;
- Harness the energies of students, staff, parents and the community to establish a genuine partnership for the benefit of all;
- Provide opportunities for the spiritual, moral, social and cultural as well as physical development of students;
- Ensure the effectiveness of all staff is maintained through continuous professional development;
- To recruit and develop new staff who are similarly committed to eradicating educational under-performance;
- To overcome the effects of coastal isolation through sharing practice with high performing inner-city schools and applying the lessons of high performing jurisdictions;
- To contribute to regeneration through education.

**TURNER SCHOOLS**  
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**REPORT OF THE TRUSTEES**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**OBJECTIVES AND ACTIVITIES - continued**

**Public Benefit**

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

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

The main activity of the charitable company is the operation of the Trust's schools and educational activity. The purpose is to provide education for pupils of different abilities with an emphasis on a cumulative knowledge-led curriculum, which enables all children thrive.

In setting the schools' objectives and planning their activities the Trustees have given careful consideration to the charity commission general guidance on public benefit.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

Progress towards the achievement of objectives is regularly monitored at regular intervals. At the 1<sup>st</sup> of January 2017 the Trust took control of two schools, enabling educational provision to continue despite the collapse of Lilac Sky Schools Academies Trust. The Trust was also successful in bidding for a new Free School for Folkestone planned to open with Year 7 in 2018. When open, Turner Free School will be the first new school in Folkestone in a decade. In terms of performance Key Stage 2 results at Morehall Primary increased under the Trust in the combined measure during the part year of Trust leadership, and at Martello Primary Phonics Screening Check results exceed the National Average, despite the high mobility of Martello's population. Attendance improved at both schools under the Trust's management. Significant premises works were undertaken at Morehall and Martello was moved in to its permanent site on Warren Way. In financial terms, robust action by the Trust meant that the structural deficits at both Morehall and Martello Primaries were reversed.

**Key Performance Indicators**

	Period ended 31 August 2017
Staff costs as a percentage of income from educational operations	63.4%
Staff costs as a percentage of General Annual Grant income	104.8%

**Going Concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the 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.

**FINANCIAL REVIEW**

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

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

**TURNER SCHOOLS**  
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**REPORT OF THE TRUSTEES**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**FINANCIAL REVIEW – continued**

Expenditure for the period covered by this report was covered by the GAG received from the DfE and other income, such as voluntary income, activities for generating funds and investment income.

The combined General Restricted Fund and Unrestricted Fund show an operating deficit, before accounting for actuarial losses on the defined benefit pension scheme, of £654,000. This includes the £803,000 net deficit on the defined benefit pension scheme at 1 January 2017 when Turner Schools acquired control of Martello and Morehall Primaries.

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	31.08.17 Total funds £'000
Net income / (expenditure)	14	(668)	6,480	5,826
Transfer of pension liability	-	803	-	803
Transfer of fixed assets	-	-	(5,894)	(5,894)
<b>Net income excluding transfer of academies</b>	<b>14</b>	<b>135</b>	<b>586</b>	<b>735</b>

**Reserves Policy**

The Trust aims to maintain a level of reserves sufficient to provide a buffer against future funding uncertainties and provide a fund for future fixed assets replenishment.

The Academy had a defined benefit pension fund liability of £901,000 as at 31 August 2017. The liability is included in restricted reserves as the Trust will have to meet any long term liability out of restricted reserves. It should be noted however that this deficit will not crystallise in the foreseeable future and that the Trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. This level of contributions has been taken into account when preparing the Trust's budgets for the year ending 31 August 2018.

As at 31 August 2017, the Trust had a balance of £14,000 of unrestricted funds, a fixed asset fund of £6,480,000, general restricted funds of £211,000 and a pension deficit of (£901,000). Total reserves were £5,804,000.

**Investment Policy**

The Trust's policy is to invest surplus funds in low-risk short term bank deposits.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Key risks for the Trust are:

- Stabilising Morehall and Martello Primary schools through increasing pupil numbers;
- The absorption of The Folkestone Academy given its Coasting Status;
- Health and Safety risks in the schools related to historic neglect.

**Risk Management**

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

**TURNER SCHOOLS**  
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**REPORT OF THE TRUSTEES**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**Risk Management - continued**

The future financial and risk management objectives for the Trust include:

- Ensuring that the impact from the current tightening of funding in the public sector is fully taken in to consideration when decisions about future spending are taken.
- Ensuring that student recruitment remains strong through word of mouth in the community as the Trust's work with pupils becomes known.
- Ensuring that the school staffing is stabilised following the collapse of Lilac Sky.
- Expansion of the Trust via Turner Free School and the Folkestone Academy.

**PLANS FOR FUTURE PERIODS**

The Trust does not have plans to expand in the 2017-18 year beyond the absorption of the Folkestone Academy and opening of Turner Free School previously noted.

Its focus, beyond stability, is improving the quality of teaching and learning in its schools so that pupils reach their potential meeting and in time exceeds National Expectations.

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

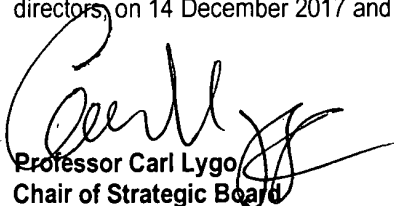
During the period covered by this report neither the Trust nor its trustees held any funds as a custodian trustee on behalf of any other charitable organisation.

**AUDITOR**

In so far as the trustees are aware:

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

Report of the Trustees, incorporating a Strategic Report, was approved by order of the board of trustees, as the company directors, on 14 December 2017 and signed on the board's behalf by:

  
**Professor Carl Lygo**  
**Chair of Strategic Board**

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**Scope of Responsibility**

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

**Governance**

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees' Responsibilities. The board of trustees as the Strategic Board of the MAT formally met 4 times during the period 24 March 2016 to 31 August 2017. Attendance during this period at meetings of the board of trustees was as follows:

<b>Trustee Meetings</b>	<b>Meetings attended</b>	<b>out of a possible</b>
<i>Member – AGM Meetings</i>		
G Davies	1	2
C Kirker	2	2
J Mackenzie	2	2
D Perrett	1	2
V Stock	2	2
<i>Director – Board Meetings</i>		
J H Booth-Clibborn	4	4
S L Collins	3	4
Dr J Saxton	4	4
G R Davies	4	4
Dame S E John	4	4
Prof C R Lygo	4	4
J M Borrett	0	2
W J Etchell	2	2
R D Johnson	3	3
M Johal	3	3

The purpose of governance at the Trust is to ensure the Trust complies with its Articles and all relevant statutory guidance. The purpose of the Local Governing Body is to assist the main Trust Board in driving up and reviewing the progress, attainment, safeguarding and well-being of the pupils in the constituent Academies as well as ensuring value for money.

**TURNER SCHOOLS**  
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**GOVERNANCE STATEMENT**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**Governance Reviews**

During the period the Trust was founded and the initial signatories to the memorandum save Mr Davies became Directors rather than Members. Mr Etchell and Mr Borrett left the board due to changes in their employment and thus availability, and Mr Johnson and Ms Johal joined bringing representation of an additional Folkestone resident, as well as insurance and children's charity trustee and accountancy expertise with education knowledge respectively. Some of these changes were the result of review undertaken with advisement from the Office of the Regional Schools Commissioner and also driven by the Chairman, Professor Lygo. The Trust's structure and board was again reviewed by the Department for Education in September 2017, and found to be appropriate. Given the operation of all the Trust's academies in one area, it is planned that in the Spring of 2018 a review to ensure adequate and available local membership and at the same time a wider review reflecting the adoption of Folkestone Academy is undertaken.

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

With regard to the Finance, Audit and Risk Committee, membership during the year comprised a minimum of three members. The Committee will be quorate with two members and the accounting officer or director of finance and operations in attendance or where greater any one third. Its purpose is to oversee funding, cash flow, risk including systems and internal control, and report on such to the full board of trustees. This committee meets three times per year, but only met twice in the period ended 31 August 2017 as the Trust only took control of the primary academies in January 2017. During the period ended 31 August 2017 the attendance was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>out of a possible</b>
M Johal (Chair)	2	2
W Etchell	2	2
H Watchorn	2	2

**TURNER SCHOOLS**  
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**GOVERNANCE STATEMENT**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**Review of Value for Money**

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

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

Turner Schools' central principles of HEART have been embedded throughout the organisation and at every level. The schools place pupils at the centre of everything they do, with a focus on maintaining a culture of success, a positive climate for learning and pupil attainment, achievement and social and emotional development. In raising standards for its own pupils the Trust contributes to the raising of educational standards and achievement generally across the communities we serve through the mutual sharing of knowledge, expertise and resources.

The Trust operates with a single finance system that operates across our schools and we integrate as much administration as possible into this system.

The schools share the finance staff which facilitates greater savings by achieving economies of scale in for example procurement and staffing costs. The Trust actively bids for additional funds, and is meticulous in checking entitlements thus ensuring that our schools receive the maximum funding available to ensure that we can raise standards and bridge the attainment and isolation gap.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Turner Schools for the period 24 March 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 24 March 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**TURNER SCHOOLS**  
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**GOVERNANCE STATEMENT**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**The Risk and Control Framework**

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

Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;

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

The board of trustees has considered the need for a specific internal audit function, due to small scale and use of contracted internal audit, informal RO visits were performed as below. However the board of trustees have appointed McCabe Ford Williams, the external auditor, to perform additional checks for the period commencing 1 September 2017.

In terms of the period from 24 March 2016 to 31 August 2017, Buzzacott were appointed as the initial advisors and were consulted over founding practice.

Due to the financial recovery from LSSAT, Turner Schools reported often to the ESFA, who reviewed the Trust's monthly cash flow forecasts.

In addition, Dafydd Gough from Silica Associates, was involved with financial planning and internal processes and is also an advisor at Finance, Audit and Risk Committee meetings.

Manjinder Johal, who at the time was Finance Director at Future Academies, attended the schools in February 2017 to undertake a review of our financial practices looking in detail at practice and processes and made recommendations. Manjinder Johal later became the Chair of our Finance, Audit and Risk Committee.

The Trust has had two consultant Finance Directors. Firstly Hugh Watchorn from January to May 2017, and then Dinesh Upad, from June 2017 to present. Both Finance Directors have provided advice on many aspects of the finance function within the Trust including internal controls, segregation of duties and other areas where a risk was perceived.

**Review of Effectiveness**

As Accounting Officer, the Chief Executive Officer 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 external professional advisors;
- the work of the external auditor;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 14 December 2017 and signed on its behalf by:

  
Professor Carl Lygo  
Chair of Strategic Board

  
Dr J Saxton  
Chief Executive and Accounting Officer

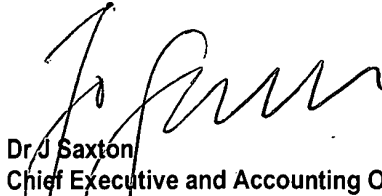
**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

As accounting officer of Turner Schools I have considered my responsibility to notify the Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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



**Dr. J. Saxton**  
**Chief Executive and Accounting Officer**

Date: 14 December 2017

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

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

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

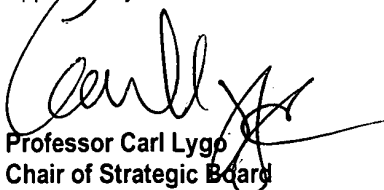
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the members of the board of trustees on 14 December 2017 and signed on its behalf by:

  
Professor Carl Lygo  
Chair of Strategic Board

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF**  
**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**Opinion**

We have audited the financial statements of Turner Schools for the period 24 March 2016 to 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

We have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF**  
**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

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

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

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

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

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the 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 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 Trust or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Clair Rayner FCA DChA (Senior Statutory Auditor)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and Chartered Accountants  
Bank Chambers  
1 Central Avenue  
SITTINGBOURNE  
ME10 4AE



Date: 14 December 2017

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TURNER SCHOOLS AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 17 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Turner Schools during the period 24 March 2016 to 31 August 2017 have been applied to the purpose identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Turner Schools' accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Turner Schools' funding agreement with the Secretary of State for Education dated 21 December 2016 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purpose intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 24 March 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure. The work undertaken to draw to our conclusion includes:

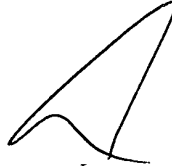
- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the external auditor performing additional system checks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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
TURNER SCHOOLS AND THE EDUCATION AND SKILLS FUNDING AGENCY**

**Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 24 March 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clair Rayner FCA DChA (Reporting Accountant)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and Chartered Accountants  
Bank Chambers  
1 Central Avenue  
Sittingbourne  
Kent  
ME10 4AE



Date: 14 December 2017

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	24.3.16 to 31.8.17 Total Funds £'000
<b>Income from:</b>					
Donations and capital grants	2	-	50	776	826
Transfer of existing academies into trust	2 & 25	-	(803)	5,894	5,091
<i>Charitable activities:</i>					
Funding for the Trust's educational operations	3	8	1,596	-	1,604
Other trading activities	4	7	-	-	7
<b>Total income</b>		<u>15</u>	<u>843</u>	<u>6,670</u>	<u>7,528</u>
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Trust's educational operations	6	1	1,511	190	1,702
<b>Total expenditure</b>	5	<u>1</u>	<u>1,511</u>	<u>190</u>	<u>1,702</u>
<b>Net income / (expenditure) for the year before other recognised gains and losses</b>		14	(668)	6,480	5,826
<b>Other recognised gains and losses</b>					
Remeasurement losses on defined benefit pension schemes	18 & 22	-	(22)	-	(22)
<b>Net movement in funds</b>		14	(690)	6,480	5,804
<b>Reconciliation of funds</b>	18				
<b>Total funds brought forward</b>		-	-	-	-
<b>Total funds carried forward</b>		<u>14</u>	<u>(690)</u>	<u>6,480</u>	<u>5,804</u>

All of the Trust's activities derive from continuing operations during the period.

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED COMPANY NUMBER: 10084743**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Notes	31.8.17 £'000	31.8.17 £'000
<b>Fixed assets</b>			
Tangible assets	12		6,480
<b>Current assets</b>			
Stocks	13	10	
Debtors	14	204	
Cash at bank and in hand		<u>738</u>	
		952	
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	15	<u>(470)</u>	
<b>Net current assets</b>			<u>482</u>
<b>Total assets less current liabilities</b>			6,962
<b>Creditors</b>			
Amounts falling due after more than one year	16		<u>(257)</u>
<b>Net assets excluding pension liability</b>			6,705
Pension scheme liability	22		<u>(901)</u>
<b>Net assets including pension liability</b>			<u>5,804</u>
<b>FUNDS OF THE TRUST:</b>			
<b>RESTRICTED FUNDS</b>			
Fixed asset funds	18	6,480	
General funds	18	211	
Pension reserve	18	<u>(901)</u>	
<b>TOTAL RESTRICTED FUNDS</b>			5,790
<b>UNRESTRICTED FUNDS</b>			
General funds	18	<u>14</u>	
<b>TOTAL UNRESTRICTED FUNDS</b>			<u>14</u>
<b>TOTAL FUNDS</b>			<u>5,804</u>

The financial statements on pages 18 to 39 were approved by the trustees, and authorised for issue on 14 December 2017 and are signed on their behalf by:

  
 Professor Carl Lygo  
 Chair of Strategic Board

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

	Notes	24.3.16 to 31.8.17 £'000
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	1	421
<b>Cash flows from investing activities</b>	2	-
<b>Cash flows from financing activities</b>	3	317
<b>Change in cash and cash equivalents in the reporting period</b>		<u>738</u>
<b>Cash and cash equivalents at 24 March 2016</b>		<u>-</u>
<b>Cash and cash equivalents at 31 August 2017</b>	4	<u>738</u>

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

<b>1. Reconciliation of net income to net cash flow from operating activities</b>	24.3.16 to 31.8.17 £'000
Net income for the period (as per the Statement of Financial Activities)	5,826
<i>Adjusted for:</i>	
Depreciation charges (note 12)	190
Capital grants from DfE/ESFA and other capital income (note 2)	(776)
Fixed asset donations on transfer into Trust	(5,894)
Defined benefit pension liability on transfer into Trust	803
Defined benefit pension cost less contributions payable (note 22)	62
Defined benefit pension finance cost (note 22)	14
Increase in stocks	(10)
Increase in debtors	(204)
Increase in creditors	410
<b>Net cash provided by operating activities</b>	<u>421</u>
<b>2. Cash flows from investing activities</b>	24.3.16 to 31.8.17 £'000
Purchase of tangible fixed assets	(776)
Capital grants from DfE/ESFA	776
<b>Net cash provided by investing activities</b>	<u>-</u>
<b>3. Cash flows from financing activities</b>	24.3.16 to 31.8.17 £'000
Cash inflows from new borrowing	317
<b>Net cash provided by financing activities</b>	<u>317</u>
<b>4. Analysis of cash and cash equivalents</b>	31.8.17 £'000
Cash in hand and at bank	738
<b>Total cash and cash equivalents</b>	<u>738</u>

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES**

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

**Basis of preparation**

The financial statements of the Trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency, the Charities Act 2011 and the Companies Act 2006.

Turner Schools meets the definition of a public benefit entity under FRS102. The academy trust presents its results rounded to the nearest thousand pound sterling.

**Going concern**

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

**Income**

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

- **Donations**  
Donations are recognised on a receivable basis (where there are no performance related conditions) where the receipt is probable and the amount can be reliably measured.
- **Grants receivable**  
Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Details of specific grants received can be found in note 18.

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES - continued**

- **Other income**

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

- **Donated goods, facilities and services**

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

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

- **Transfer of existing academies into the Trust**

Where assets are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust, which is on signing of the transfer agreement with the transferring Trust. An equal amount of income is recognised for the Transfer of an existing academy into the Trust within Donations and capital grant income.

**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. All resources expended are inclusive of irrecoverable VAT.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

**Stocks**

Unsold uniforms stocks are valued at the lower of cost or net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**Tangible Fixed Assets**

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

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

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

Leasehold land	- Over the term of the lease 125 years straight line
Buildings	- 50 years straight line
Improvements to property	- 20 years straight line
Fixtures and fittings	- 5 years straight line
Computer equipment	- 3 years 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.

**Liabilities**

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

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**Leased Assets**

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

**Taxation**

The 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 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.

**Financial Instruments**

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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 14. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. 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.

**Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 22, 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 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 the scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**Fund Accounting**

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

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

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

**Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions

The 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of leasehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of leasehold property which relates to land is depreciated over the 125 year term of the lease. The element of leasehold property which does not relate to land is depreciated on a straight line basis of 50 years, being the estimated useful economic life and it is assumed that the asset has no residual value on the basis of its specialised nature. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

**2. DONATIONS AND CAPITAL GRANTS**

	24.3.16 to		
	31.8.17		
	Unrestricted	Restricted	Total
	Funds	Funds	Funds
	£'000	£'000	£'000
Capital grants	-	776	776
Donation on transfer of academies	-	5,091	5,091
Other donations	-	50	50
	<u>-</u>	<u>5,917</u>	<u>5,917</u>

Donation income on transfer of academies relates to the trust taking control of Martello and Morehall Primaries from the 1<sup>st</sup> of January 2017, and includes tangible fixed assets and defined benefit pension schemes. A detailed breakdown of the balances transferred into the trust at that date can be found in note 24.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
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**3. FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted Funds £'000	Restricted Funds £'000	24.3.16 to 31.8.17 Total Funds £'000
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	971	971
Other DfE/ESFA grants	-	410	410
	<u>-</u>	<u>1,381</u>	<u>1,381</u>
<b>Other Government grants</b>			
Local authority grants	-	206	206
	<u>-</u>	<u>206</u>	<u>206</u>
Other income from the Trust's educational operations	8	9	17
	<u>8</u>	<u>1,596</u>	<u>1,604</u>

**4. OTHER TRADING INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	24.3.16 to 31.8.17 Total Funds £'000
Student resales	1	-	1
Other income	6	-	6
	<u>7</u>	<u>-</u>	<u>7</u>

**5. EXPENDITURE**

	Staff Costs £'000	Premises Costs £'000	Other Costs £'000	24.3.16 to 31.8.17 Total £'000
Expenditure on raising funds	-	-	-	-
Academy's educational operations				
Direct costs	740	-	308	1,048
Allocated support costs	277	33	344	654
	<u>1,017</u>	<u>33</u>	<u>652</u>	<u>1,702</u>

Net income / (expenditure) for the period includes:

	24.3.16 to 31.8.17 £'000
Depreciation	190
- Fees payable to auditor for:	
- audit	7
- other services	4
	<u>190</u>

**TURNER SCHOOLS**  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**6. CHARITABLE ACTIVITIES – TRUST'S EDUCATIONAL OPERATIONS**

	24.3.16 to 31.8.17		
	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
<b>Direct costs</b>			
Teaching and educational support staff costs	-	740	740
Depreciation	-	147	147
Technology costs	-	7	7
Educational supplies	-	61	61
Staff development and other staff costs	-	29	29
Educational consultancy	-	35	35
Other direct costs	1	28	29
	<u>1</u>	<u>1,047</u>	<u>1,048</u>
<b>Allocated support costs</b>			
Support staff costs	-	277	277
Depreciation	-	43	43
Technology costs	-	14	14
Recruitment and support	-	8	8
Maintenance of premises and equipment	-	11	11
Cleaning	-	3	3
Rent, rates and water	-	4	4
Energy costs	-	13	13
Insurance	-	5	5
Security and transport	-	1	1
Bank interest and charges	-	1	1
Governance costs	-	11	11
Professional services	-	215	215
Defined benefit pension net interest cost	-	14	14
Other support costs	-	34	34
	<u>-</u>	<u>654</u>	<u>654</u>
	<u>1</u>	<u>1,701</u>	<u>1,702</u>

Educational consultancy costs during the period reflect the Trust providing capacity to the former Lilac Sky Primary Schools.

Professional services during this extended accounting period reflect the formation of the Trust and the complexity of the Lilac Sky rebrokerage.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**7. GOVERNANCE COSTS**

	Unrestricted Funds £'000	Restricted Funds £'000	24.3.16 to 31.8.17 Total Funds £'000
Auditor's remuneration			
Audit of financial statements	-	7	7
Non audit services	-	4	4
	<u>-</u>	<u>11</u>	<u>11</u>

**8. STAFF**

**a) Staff costs**

Staff costs during the period were:

	24.3.16 to 31.8.17 £'000
Wages and salaries	695
Social security costs	57
Operating costs on pension scheme	183
	<u>935</u>
Supply teacher costs	61
Staff restructuring costs	21
	<u>1,017</u>

**b) Non statutory/non contractual staff severance payments**

There was one non-statutory settlement agreement payment made in the period ended 31 August 2017 for £20,950.

**c) Staff numbers**

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

	24.3.16 to 31.8.17
<b>Charitable activities</b>	
Teachers and educational support	36
Administration and support	23
Management	4
	<u>63</u>

**d) Higher paid staff**

No employees received employee benefits (excluding employer pension costs) in the period in excess of £60,000.

**e) Key management personnel**

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £78,244.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**9. CENTRAL SERVICES**

The Trust has provided central services in the form of strategic and operational management, legal and professional support services (including educational support and fundraising) to its academies during the period. The Trust charges for these services on the basis of income, with a 5% Top Slice charge being made on income that is not ring fenced in each school. The actual amounts charged during the period were as follows:

	24.3.16 to 31.8.17 £'000
Morehall Primary School	40
Martello Primary School	35
	<u>75</u>

**10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES**

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

Dr J Saxton	Chief Executive and trustee
	Remuneration - £35,000 - £40,000 (1 January 2017 onwards)
	Employer's pension contributions - £nil - £5,000 (1 January 2017 onwards)

During the period ended 31 August 2017, travel and subsistence expenses totalling £70 were reimbursed to one trustee. Other related party transactions involving the trustees are set out in note 23.

**11. TRUSTEES' AND OFFICERS' INSURANCE**

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

**12. TANGIBLE FIXED ASSETS**

	Long leasehold land and buildings £'000	Improvements to property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
<b>COST</b>					
Additions	<u>5,488</u>	<u>767</u>	<u>309</u>	<u>106</u>	<u>6,670</u>
At 31 August 2017	<u>5,488</u>	<u>767</u>	<u>309</u>	<u>106</u>	<u>6,670</u>
<b>DEPRECIATION</b>					
Charge for year	<u>107</u>	<u>13</u>	<u>54</u>	<u>16</u>	<u>190</u>
At 31 August 2017	<u>107</u>	<u>13</u>	<u>54</u>	<u>16</u>	<u>190</u>
<b>NET BOOK VALUE</b>					
At 31 August 2017	<u>5,381</u>	<u>754</u>	<u>255</u>	<u>90</u>	<u>6,480</u>

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

<b>13. STOCKS</b>		31.8.17
		£'000
Uniforms		<u>10</u>
<b>14. DEBTORS</b>		31.8.17
		£'000
VAT recoverable		1
Prepayments and accrued income		<u>203</u>
		<u>204</u>
<b>15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		31.8.17
		£'000
Trade creditors		248
Other taxation and social security		54
Other creditors		60
Accruals and deferred income		<u>108</u>
		<u>470</u>
<b>16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		31.8.17
		£'000
Other creditors		<u>257</u>
		<u>257</u>

Included within other creditors are loans from ESFA, with £60,000 being repayable in the year ending 31 August 2018, and £256,618 falling due for repayment in stages with the first repayment scheduled for September 2019.

The loans are from the ESFA and are provided on the following terms:

	Original loan	Duration	Term remaining	Due < 1 year	Due > 1 year
	£'000			£'000	£'000
ESFA	84	4 years	3 years	-	84
ESFA	173	5 years	4 years	-	173
ESFA	60	1 year	Less than 1 year	<u>60</u>	-
Total				<u>60</u>	<u>257</u>

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**17. DEFERRED INCOME**

	31.8.17
	£'000
Deferred income at 24 March 2016	-
Resources deferred in the year	<u>34</u>
Deferred income at 31 August 2017	<u><u>34</u></u>

Deferred income at 31 August 2017 represents rates relief income and free school meals income received in advance from the Education and Skills Funding Agency but which the Trust is entitled to for the period 1 September 2017 to 31 March 2018.

**18. FUNDS**

	Balance at 24 March 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	971	(788)	(11)	172
Other government grants	-	206	(206)	-	-
Other DfE/ESFA grants	-	410	(394)	11	27
Other restricted funding	-	59	(47)	-	12
Pension reserve	-	(803)	(76)	(22)	(901)
	<u>-</u>	<u>843</u>	<u>(1,511)</u>	<u>(22)</u>	<u>(690)</u>
<b>Restricted fixed asset funds</b>					
Transfer of property	-	5,488	(107)	-	5,381
Donations of other assets	-	406	(71)	-	335
DfE/ESFA capital grants	-	776	(12)	-	764
	<u>-</u>	<u>6,670</u>	<u>(190)</u>	<u>-</u>	<u>6,480</u>
<b>Total restricted funds</b>	<u>-</u>	<u>7,513</u>	<u>(1,701)</u>	<u>(22)</u>	<u>5,790</u>
<b>Unrestricted funds</b>					
Unrestricted funds	-	15	(1)	-	14
<b>Total unrestricted funds</b>	<u>-</u>	<u>15</u>	<u>(1)</u>	<u>-</u>	<u>14</u>
<b>Total funds</b>	<u>-</u>	<u>7,528</u>	<u>(1,702)</u>	<u>(22)</u>	<u>5,804</u>

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

**General Annual Grant (GAG)**

Funds must be used for the normal running costs of the Trust. Under the master funding agreement with the Secretary of State, the Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2017.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**18. FUNDS - continued**

**Other restricted general funds**

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

**Restricted fixed asset funds**

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

**Unrestricted funds**

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

**Transfers**

A transfer of £11,000 was made in the period from GAG funds to other DfE/ESFA grant funds for overspend on DfE/ESFA revenue grants received in the period.

**Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	£'000
Martello Primary School	94
Morehall Primary School	35
Turner Schools MAT	96
	<hr/>
Total before fixed assets and pension reserve	225
Restricted fixed asset fund	6,480
Pension reserve	(901)
	<hr/>
Total	<u>5,804</u>

**Total cost analysis by academy**

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

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding Depreciation) £'000	Total £'000
Martello Primary School	272	116	25	83	496
Morehall Primary School	468	114	24	98	704
Turner Schools MAT	-	61	13	238	312
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	740	291	62	419	1,512
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	6,480	6,480
Current assets	14	709	228	951
Current liabilities	-	(241)	(228)	(469)
Non-current liabilities	-	(257)	-	(257)
Pension scheme liability	-	(901)	-	(901)
Total net assets	<u>14</u>	<u>(690)</u>	<u>6,480</u>	<u>5,804</u>

**20. CAPITAL COMMITMENTS**

The academy trust has no capital commitments to declare as at 31<sup>st</sup> of August 2017.

**21. 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.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**22. PENSION AND SIMILAR OBLIGATIONS**

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

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

Contributions amounting to £23,402 were payable to the schemes at 31 August 2017 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £62,056.

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

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
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**22. PENSION AND SIMILAR OBLIGATIONS - continued**

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £73,160, of which employer's contributions totalled £56,576 and employees' contributions totalled £16,584. The agreed contribution rates for future years are 24.3% for employers and between 5.5% and 12.5% for employees, dependent upon actual pensionable pay.

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**

	24.3.16 to
	31.8.17
Rate of increase in salaries	4.20%
Rate of increase for pensions	2.70%
Discount rate for scheme liabilities	2.60%
Commutation of pension to lump sums	50.00%

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

	24.3.16 to
	31.8.17
<i>Retiring today</i>	
Males	23.0
Females	25.1
<i>Retiring in 20 years</i>	
Males	25.2
Females	27.4

**Sensitivity analysis**

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	1,772	1,824	1,878
Projected service cost	186	191	197
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	1,836	1,824	1,813
Projected service cost	191	191	191
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	1,866	1,824	1,783
Projected service cost	197	191	186
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	1,882	1,824	1,768
Projected service cost	197	191	185

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**22. PENSION AND SIMILAR OBLIGATIONS - continued**

**Local Government Pension Scheme - continued**

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

	Asset allocation	Fair value at 31 August 2017 £'000
Equities	70%	651
Gilts	1%	6
Other bonds	10%	89
Property	12%	113
Cash	3%	29
Absolute return fund	4%	<u>35</u>
<b>Total market value of assets</b>		923
Present value of scheme liabilities		
- Funded		<u>(1,824)</u>
<b>Deficit in the scheme</b>		<u>(901)</u>

The total return on the fund assets for the period to 31 August 2017 is £84,000.

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

	24.3.16 to 31.8.17 £'000
Current service cost	(119)
Net interest cost	<u>(14)</u>
Total operating charge	<u>(133)</u>
Recognised in other gains / losses:	
Re-measurement losses	<u>(22)</u>
Total cost recognised	<u>(155)</u>

The actuarial re-measurements for the current year are recognised in the Statement of Financial Activities.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
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**22. PENSION AND SIMILAR OBLIGATIONS - continued**

**Local Government Pension Scheme – continued**

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

	24.3.16 to
	31.8.17
	£'000
Academy combinations	1,581
Current service cost	119
Employee contributions	14
Interest on pension liabilities	29
Losses on changes in financial assumptions	81
	<hr/>
Defined benefit obligations at 31 August 2017	1,824

Changes in the fair value of the Trust's share of scheme assets were as follows:

	24.3.16 to
	31.8.17
	£'000
Academy combinations	778
Employer contributions	57
Employee contributions	14
Interest on plan assets	15
Re-measurement gains on assets	59
	<hr/>
Share of scheme assets at 31 August 2017	923

The estimated value of employer contributions for the year ending 31 August 2018 is £86,000.

**23. RELATED PARTY TRANSACTIONS**

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

Folkestone Academy is a related party as Dr C Lygo serves on the board of trustees of both Turner Schools and Folkestone Academy, and Dr J Saxton is in a senior management position in both entities. During the period ended 31 August 2017 a charge of £1,193 was made by Folkestone Academy to Turner Schools for a recharge of salary costs incurred. This is included in trade creditors at the period end date.

Challenge Partners LLP is a related party because trustee Dame Sue John commenced the post of Executive Director of Challenge Partners LLP, a school partnership and improvement charity. During the period a subscription charge of £5,800 was made by Challenge Partners to Turner Schools. The Department for Education recommends schools in coastal isolation to work with Challenge Partners and so the Board considered the matter without Dame Sue John in attendance, and with Challenge Partners agreeing to work with the Trust's primary schools on non-profit terms in accordance with the Academies Financial Handbook.

Transactions relating to trustees' remuneration and expenses are disclosed in note 10.

**TURNER SCHOOLS**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE PERIOD 24 MARCH 2016 TO 31 AUGUST 2017**

**24. ACADEMY COMBINATIONS**

Turner Schools took control of Martello Primary School and Morehall Primary School, both existing academies, from the 1<sup>st</sup> of January 2017. On transfer of these academies into Turner Schools the acquired assets and liabilities were as follows:

	Value reported by transferring Trust £'000	Fair value adjustments £'000	Transfer in recognised £'000
<b>Tangible fixed assets</b>			
Leasehold land and buildings	5,488	-	5,488
Leasehold improvements	77	-	77
Fixtures and fittings	262	-	262
Computer equipment	67	-	67
<b>Pensions</b>			
Pensions – pension scheme assets	778	-	778
Pensions – pension scheme liabilities	(1,581)	-	(1,581)
<b>Net assets / (liabilities)</b>	<b>5,091</b>	<b>-</b>	<b>5,091</b>

**25. FREE SCHOOL BUILDING PROGRAMME**

The trust is benefitting from the ESFA's Free School building programme for the construction of Turner Free School. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the trust controls the site where the development is occurring. The trust took control of the freehold site on the 31<sup>st</sup> of August 2017, however funding and the build have not yet been agreed with the DfE and the Trust will bring this into its financial statements in the financial year 2017/18 when it has taken full control of the site and facilities.