

Company Registration No. 8249884 (England and Wales)

ORCHARD ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

ORCHARD ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 14
Statement on regularity, propriety and compliance	15
Statement of trustees' responsibilities	16
Independent auditor's report on the financial statements	17 - 19
Independent reporting accountant's report on regularity	20 - 21
Statement of financial activities including income and expenditure account	22 - 23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements including accounting policies	26 - 44

ORCHARD ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Dr N Smetham Miss J Dolton Mrs J Hayes	Chairman
Trustees	Dr N Smetham (Trust Chairman) Mrs H Crittall Mrs J Young (Executive Headteacher) Mrs A Mailing (Deputy Chairman) Mrs M Smith (Business Manager) Mr G Razey (Resigned 19 July 2017) Mr A Moffatt (Resigned 12 July 2017) Mr P Robertson (Finance Chair) (Appointed 1 November 2016) Mrs H Crampton	
Senior leadership team	Mrs J Young Miss H Rootes	(Executive Headteacher and Accounting Officer) Director of School Improvement
Allington Primary School	Mrs C Howson Mrs S Monks Mrs L Abbasi Miss N Flisher Mrs A Jones	Head of School Inclusions Manager KS2 Lead EYFS and KS1 Lead KS1 Co-ordinator
Barming Primary School	Mr C Laker Mrs B Rathbone Mrs V Ingram Mrs S Appleby	Head of School KS2 Lead EYFS and KS1 Lead EYFS and KS1 Lead
Company secretary	Schofield Sweeney LLP 76 Wellington Street West Yorkshire Leeds LS1 2AY	
Company registration number	8249884 (England and Wales)	
Registered office	Allington Primary School Hildenborough Crescent Maidstone Kent ME16 0PG	
Academies operated	Location	Principal
Allington Primary School	Kent	Mrs C Howson
Barming Primary School	Kent	Mr C Laker

ORCHARD ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Independent auditor

Wilkins Kennedy LLP
Globe House, Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

Bankers

Lloyds Bank Plc
25 Monument Street
London
EC3R 8BR

ORCHARD ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

Since the 1 July 2016 Allington Primary School became a Multi Academy Trust (MAT) sponsoring Barming Primary School. Allington Primary School is for pupils aged 4 to 11 serving a catchment area in Allington. It serves a pupil capacity of 420 and has a roll of 429 in the school census in October 2017. Barming Primary School has a pupil capacity of 420 and a roll of 394 in the school census in October 2017.

Assessment of pupil's performance is used as the primary means to measure and deliver successful outcomes as they apply to maintained schools.

Both schools seek to be at the heart of the local community, promoting community cohesion and sharing their facilities and resources with other schools and the wider community.

During the year the schools have worked in collaboration with the Maidstone West Consortium. The Trust has explored the MATs future and has a five year plan to develop the MAT and is actively engaging in seeking academy converters, to ensure it has a financially sustainable future.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The charitable company, Orchard Academy Trust, was established on 11 October 2012.

The Trustees of Orchard Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

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

Orchard Academy Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 for Trustees' liability on any one occurrence.

Method of recruitment and appointment or election of Trustees

The members of the Academy Trust shall comprise:

- a. the signatories to the Memorandum; and
- b. any members appointed by special resolution by the existing members.

Provided that at any time the remaining number of members shall not be less than three.

The term of office for Governors is four years.

ORCHARD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Since May 2016, when Orchard Academy Trust was established, governance arrangements comprise:

- a. A Board of Members
- b. A Trust Board, comprising:
 - One Trustee who is appointed by the Members and is also a Member.
 - Seven Trustees who are appointed by the Members, including the Executive Head and Trust Business Manager are both *ex officio*.
 - Up to three co-opted Trustees, this will include the Chairs of the Local Governing Bodies.

The Secretary of State may give a warning notice to the Trust Board and appoint Trustees under circumstances laid out in the Articles of Association.

- a. Local Governing Bodies for each School, comprising:
 - Six co-opted Governors appointed by the Trust Board
 - One staff elected Governor
 - Two Parent elected Governors
 - The Head of School for the Academy

Parent Local Governors are elected to the Local Governing Bodies by parents of registered pupils at the School. A Parent Local Governor must be a parent of a pupil at the School at the time of them being elected.

Any election of Parent Governors which is contested will be held by secret ballot. If the number of parents standing for election is less than the number of vacancies then the Governing Body will appoint Parent Governor (s) to make the number up to the required level. In appointing a Parent Governor the Governing Body will appoint a person who is the parent of a registered pupil at the School but where this is not reasonably practicable, a person who is the parent of a child of compulsory school age will be appointed.

The Governing Body may appoint up to three co-opted Governors. Co-opted Local Governors are appointed by Governors who are not themselves co-opted. Employees of the School are not eligible to be a co-opted Local Governor if the number of Governors who are employees would exceed one third of the total number of Local Governors. When seeking new co-opted Local Governor, the Chair of the Local Governing Body assesses the skill-set of the current Local Governors and considers, in consultation with the Local Governing Body, what qualities and experience would enhance the team for the benefit of the School. One co-opted Local Governors was appointed to Allington Local Governing Body during the year.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees and Local Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees and Local Governors are given a tour of the School and the chance to meet with staff and pupils. All Trustees and Local Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees and Local Governors.

All Trustees and Local Governors are encouraged to attend training provided by Kent County Council Governor Services.

Organisational structure

The organisational structure exists at three levels: the Board of Members, the Trust Board and Local Governing Bodies, and the Senior Leadership Team. The Members will maintain a strategic overview of Orchard Academy Trust's performance and adherence to the terms within the Funding Agreement. The Trust Board, supported by the Local Governing Bodies, is responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust and each School by the use of budgets and making major decisions about the direction of the Trust and Schools, capital expenditure and senior staff appointments. The Senior Leadership Team is responsible for the day-to-day running of the Schools.

A Trust Finance and Premises Committee is established, which considers budget and premises matters in detail and makes decisions, according to an agreed Scheme of Delegation and Terms of Reference. The Trust Finance and Premises Committee also undertakes the role of Audit Committee to provide scrutiny over the financial systems and control. A Trust Pay and Personnel Committee is established, which considers pay and personnel matters in detail and makes decisions according to an agreed Scheme of Delegation and Terms of Reference.

ORCHARD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

A Staff Discipline Committee and an Appeals Committee are formed by the Governing Bodies from the pool of Local Governors as the need arises. The Trust and Local Governing Bodies will also establish ad-hoc working groups to address specific matters and report back to Trust Board and Local Governing Body as relevant.

The Local Governing Bodies operate under the "Circle" Model. All matters, including teaching and learning, curriculum, personnel, pupils and pupil welfare, finance, premises, resources, ICT, and new developments and projects, are considered and discussed at meetings of the Local Governing Body.

The Head of School and Senior Leaders at each School control their School at an executive level implementing the policies laid down by the Trustees and Local Governors and reporting back to them. As a group the Head of School and Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. They are responsible for the day to day operation of the School, in particular organising the teaching staff, facilities and pupils. The Executive Headteacher is the Principal and the Accounting Officer for the Multi Academy Trust. The Trust agreed delegated financial authority to the Heads of School up to £8K; spending in excess of £8K and up to £25K is delegated to the Executive Headteacher; spending in excess of £25K and up to £50K is delegated to the Executive Headteacher and the Trust Finance and Premises Committee. All higher spending must be referred to the Trust Board.

Arrangements for setting pay and remuneration of key management personnel

The trust has retained responsibility for setting the pay and remuneration of the Accounting Officer. The trust has delegated the responsibility of setting the pay and remuneration of the other members of the senior leadership team to the Accounting Officer.

Related parties and other connected charities and organisations

Allington Primary School and Barming Primary School are members of the Maidstone West Consortium which includes Palace Wood Primary School, Brunswick House Primary School, St Michael's Infant and Junior Schools, Westborough Primary School, St Francis Primary School, the Jubilee School and Bower Grove Special School. The Consortium works in collaboration with the Local Authority to share good practice and raise standards in all of its schools. The School's Specialist Leaders of Education (SLE) have supported at Foundation stage; The Keystage 1 leader has supported at Keystage one level and staff from Barming have visited Allington to observe outstanding teaching. Together, with support from County, standards have begun to raise and results achieved at the end of the year were broadly in line with, or just above national.

As a Teaching School, Allington Primary School commits to working with universities and once again has sponsored a School's Direct placement as well as other work placements and students from local universities. The Trust commits to CPD and has invested in training this year that links to the schools' development plans. The Trust will continue to strengthen existing collaborations and seek further opportunities to work with other schools as part of our strategy to provide outstanding education.

Objectives and activities

Objects and aims

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

Our aim is for our schools to be in the top 10% of schools nationally and we continue to strive to meet the aims and objectives of the schools by providing a safe, caring, fun and exciting environment for learning. We believe that we have a very talented and committed staff who are dedicated to making this happen.

ORCHARD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Trust's Vision:

We inspire families in and around our schools to thrive and lead fulfilling lives.

As a Multi Academy Trust we currently support two schools on this journey.

Our schools act as beacons of learning – for children and adults alike - inspiring self-development and nurturing growth with fun and enjoyment along the way.

We have an incredibly strong sense of togetherness. We all work together as staff, parents, governors, relatives and members of the local community, to nurture a truly creative and supportive learning environment for our children to thrive.

Our focus is on developing the whole child, giving them the best possible chance of realising their true potential. We support our children in being healthy and happy, with a keen sense of who they are and where they might go in life.

As we grow we are looking to partner with other local schools to ensure we maintain our unique family and community feel.

Objectives, strategies and activities

Our objectives, strategies and activities are outlined in each school's development plan, which lays out our aspirations for the future development of each school.

Our aims are to:

- Ensure all teaching is at least good and all teachers deliver outstanding lessons on a regular basis, conducting rigorous and robust monitoring of standards.
- Address all areas of concern identified through rigorous analysis of performance data, target setting.
- Design a curriculum that builds upon local and national research and utilises the best possible resources, both human and physical.
- Make best use of those resources available beyond each school's grounds through community links and school-to-school support.
- For Allington Primary School to carry out its work as a Teaching School, raising standards in the sponsored schools, whilst continuing to deliver the best possible education for its children.
- Carry out accurate and honest self-evaluation

Each school is at the heart of their local communities and enjoy strong links with local groups including Football Clubs, Scout Groups, and Brownie/Guide groups who use the facilities on a regular basis. The schools also maintain links with their local churches and playgroups.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The criteria used to admit pupils to the school:

- Looked after children
- Siblings
- Proximity to the school

In September 2016 the furthest offer made at Allington Primary School was 1.372 miles from the school. The furthest offer made at Barming Primary School was 2.594 miles from the school.

ORCHARD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

Children across the Trust have performed well against their key targets in statutory and non-statutory tests. Data indicates that the children continue to make good and outstanding progress from Key Stage 1 to Key Stage 2 in both English and Mathematics. Results across the Trust in Key Stage 2 in reading and maths were much stronger this year due to the many intervention groups which ran throughout the year and a focus on maths. The Trust average scores for expected and above across the key stages are above or significantly above the national average except for writing at greater depth which is a focus across the Trust in the School Development Plans (SDP).

The following tables compare each schools data to National figures:

	Allington	Barming	Trust Average	National
KS2				
Reading	97%	80.4%	88.7%	71%
Writing	98%	67.9%	83%	76%
Maths	97%	71.4%	84.2%	75%
SPAG	98%	76.8%	87.4%	77%
Combined	93.3%	58.7%	76%	61%
Reading High Score	41.6%	25%	33.3%	24%
Writing Greater Depth	18%	14.2%	16.1%	18%
Maths High Score	45%	21.4%	33.2%	22%
SPAG High Score	55%	35.7%	45.4%	33.5%
KS1				
Reading	78.3%	76.7%	77.5%	76%
Writing	71.7%	71.7%	72%	68%
Maths	78.3	80%	79.2%	75%
Year 1				
Phonics	82%	92%	87%	81%
EYFS				
GLD	81%	82.7%	82%	71%

Progress Key Stage 1 to Key Stage 2

Progress:

The schools' level progress scores are presented as positive and negative numbers either side of zero. 0 represents the national average. A positive score means pupils on average do better at key stage 2 than those with similar prior attainment nationally. A negative score means pupils, on average do worse at key stage 2 than those with similar prior attainment nationally. A negative score does not necessarily mean a school is below the floor.

	Allington	Barming	National
Reading	3.9	-0.53	0
Writing	1.9	-1.52	0
Maths	3.8	-1.41	0

ORCHARD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Children across the schools embrace all aspects of school life and the schools are proud of their achievements in Music, Drama and Sport as well as their academic successes. This year 48% of Year 6 gained selective school places at Allington and 21% at Barming.

Key performance indicators

The success of the Trust is dependent on maintaining the current level of income in order to provide a sound financial base to develop and improve. The main source of income is the grant funding which is dependent on the number of pupils who choose to join each school. Maintaining Allington Primary School as "Outstanding" by keeping to its values and delivering its aims and objectives should ensure the school can retain the current numbers of pupils at the school and remain in a sound financial position. The governors took the decision to increase the number of pupils per class in KS2 to 32. Unfortunately the 2017/18 reception intake for Barming Primary School dropped to 41 out of a possible 60 this year, as KCC introduced a bubble year at a nearby school. The Trust has implemented strategies to raise the profile of the school and increase interest for September 2018. Numbers have already reached 400 following a recruitment drive. Improved standards at Barming Primary School should also help ensure an increased roll. The Governors and Trustees recognise that a satisfactory roll-over from year-to-year is important to ensure we are resilient to unforeseen circumstances.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Trustees 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

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy has also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed assets fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Allington Primary School is full and has maximised the level of grant funding available with an income of £1,514k (2016: £1,663k) revenue grant funding. Barming Primary School has capacity to increase its' pupil numbers and therefore grant funding, receiving income of £1,513 for the year (2016: £282k).

In agreeing the budget for Allington Primary School for the year, a roll-over of £126k was forecast by the Trustees. As a result of savings made and additional trading income received the roll over produced was £164k. Barming's outturn was reduced drastically during the year due to the restructure that was necessary. However due to additional Pupil Premium, UIFSM and Higher Needs Funding received during the year, this school managed to turn the year end position into a surplus of £17k.

The Kent County Council Pension Fund in which the Academy participates showed a deficit of £1,296k (2016: £1,095k) at 31 August 2017.

The main source of income is funding from the ESFA that is paid monthly to the school throughout the year. Given this and the planned reserves at the school the Trust Board does not consider they have a cash flow or liquidity risk.

ORCHARD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be approximately four weeks of working capital (approximately £265k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's level of free reserves is £130k (2016: £197k) (total funds less the amount held in fixed assets and restricted funds) as at 31 August 2017. Based on the 2017/18 forecasts, updated November 2017, the level of reserves is expected to increase to £210k by the end of August 2018.

Investment policy and powers

The Trust maximises the total return on investments whilst containing the risk to an acceptable level. Trustees note the current low level of return on investments and insignificant reserves available for long-term investment at the present time. A bank account has been set up to earn interest on all balances and surplus funds are transferred to a higher earning savings account. The Trustees have agreed that the Executive Head, in liaison with the Chief Financial Officer will have the authority to move temporary cash surpluses on a monthly basis by transfer to a saving account, if it was appropriate to do so at any given time. The Trustees will consider medium term investment when considering the budget in future years and update the policy accordingly. Periodical reports are submitted to the Trustees on the performance of investments.

Principal risks and uncertainties

The Trustees considers the principle risks and uncertainties are: the retention of the number of pupils on roll and changes in funding levels. The retention of pupil numbers is not considered a significant risk currently as Allington Primary School has been oversubscribed for the last ten years; Barming Primary School has strategies in place to increase its roll. Maintaining the outstanding education at Allington Primary School and raising standards at Barming Primary School to at least 'Good' in the immediate future, should ensure pupil numbers remain healthy. The Trustees consider potential changes in the future level of funding when agreeing the three year budget and ensure appropriate contingencies are included in forward plans. The Trust's strategic plan for the financial viability is to increase the size of the MAT and is actively engaging with local schools considering conversion.

The Trustees recognise that there is a risk arising from the lack of schools wishing to convert to academy status. The Trustees are mitigating the risk through adopting a flexible and collaborative model of working with converter academies.

The Trustees also recognise that there is a risk arising from the need to use the general fund to complete capital work to maintain the Trust's premises development if we are unsuccessful in capital funding bids.

Plans for future periods

Orchard Academy Trust plans for the future are:

- To achieve the targets for Key Stage 1 and Key Stage 2 performance for 2017/18

ORCHARD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Allington:
Key Stage 1

Subject	Target %
Expected Reading	90
Exceeding Reading	35
Expected Writing	90
Exceeding Writing	20
Expected Maths	90
Exceeding Maths	25

Key Stage 2

Subject	Target %
Expected Reading	96
Expected Writing	96
Expected Maths	96
Expected SPAG	96
Expected R/W/M	96
Exceeding Reading	45
Exceeding Writing	20
Exceeding Maths	45
Exceeding SPAG	55
Exceeding R/W/M	20

Barming:
Key Stage 1

Subject	Target %
Expected Reading	85
Exceeding Reading	35
Expected Writing	83
Exceeding Writing	20
Expected Maths	85
Exceeding Maths	25

Key Stage 2

Subject	Target %
Expected Reading	82.2
Expected Writing	80
Expected Maths	80
Expected SPAG	80
Expected R/W/M	80
Exceeding Reading	35
Exceeding Writing	35
Exceeding Maths	35
Exceeding SPAG	40
Exceeding R/W/M	35

- To advance Outstanding Teaching and Inclusion in each School.
- To raise the attainment and progress for all groups of children.
- To Consolidate a 'good' judgement at Barming
- To increase the size of the MAT through Sponsor schools, Free School Bids and Converters.

ORCHARD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Funds held as custodian trustee on behalf of others

There were no funds held on behalf of others.

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.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13 December 2017 and signed on its behalf by:

Dr N Smetham
Trust Chairman

Mrs J Young
Executive Headteacher

ORCHARD ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Orchard Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Orchard Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
Dr N Smetham (Trust Chairman)	7	7
Mrs H Crittall	6	7
Mrs J Young (Executive Headteacher)	7	7
Mrs A Mailing (Deputy Chairman)	7	7
Mrs M Smith (Business Manager)	7	7
Mr G Razey (Resigned 19 July 2017)	5	7
Mr A Moffatt (Resigned 12 July 2017)	4	7
Mr P Robertson (Finance Chair) (Appointed 1 November 2016)	6	7
Mrs H Crampton	6	7

The focus of the Trustees over the period covered by the report has been to ensure Allington Primary School maintains its' outstanding results and Barming Primary School achieves good results. During this time, the Trust Board have carried out their key strategic functions including holding the Executive Headteacher and Senior Leadership Team to account. Trust committees and Local Governing Bodies have carried out the tasks delegated to them, including monitoring performance data and challenging senior leaders.

At the end of the year, the board completed an internal review of effectiveness across the Trust, the associated committees and Local Governing Bodies. The findings of this review were discussed at a board meeting. The Board have considered the key skills that need to be considered as part of the recruitment of new Trustees to vacancies that have arisen during the year. The Board will be undertaking a further self-evaluation and have commissioned an external review of governance by a National Leader of Governance which will be completed in January 2018.

ORCHARD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Finance and Premises Committee, which includes the role of Audit Committee, met on five occasions during the year.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Dr N Smetham (Trust Chairman)	5	5
Mrs H Crittall	3	5
Mrs J Young (Executive Headteacher)	5	5
Mrs M Smith (Business Manager)	5	5
Mr G Razey (Resigned 19 July 2017)	3	5
Mr P Robertson (Finance Chair) (Appointed 1 November 2016)	5	5

Review of value for money

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

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

- reviewing staffing structures and re-structuring to meet the needs of the schools;
- ensuring the needs of all pupils are identified and results in effective allocation of resources;
- ensure High Needs Funding bids are made for pupils who need additional support;
- ensuring effective teaching;
- ensuring the schools actively secure sponsorships from local business;
- ensuring the schools secure bids from the Condition Improvement Fund (CIF); and
- ensuring the schools continue to work collaboratively with the Maidstone West Consortium to share good practice and drive up standards for least cost.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Orchard Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy 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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

ORCHARD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Wilkins Kennedy LLP to complete the internal audit function.

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

- testing of payroll systems; and
- testing of purchase systems;

Wilkins Kennedy LLP reports to the Board of Trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Trustees. The role is carried out by a separate office at Wilkins Kennedy LLP with no connection to the audit team. This is to ensure the reviews are carried out independently.

Wilkins Kennedy LLP has delivered their schedule of work as planned and no material control issues were identified.

Review of effectiveness

As accounting officer the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal audit check;
- the work of the external auditor;
- the financial management and governance self-assessment process [if relevant];
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the board of trustees on 13 December 2017 and signed on its behalf by:

Dr N Smetham
Trust Chairman

Mrs J Young
Executive Headteacher

ORCHARD ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

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

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

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

Mrs J Young
Accounting Officer

13 December 2017

ORCHARD ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

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

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

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on 13 December 2017 and signed on its behalf by:

Dr N Smetham
Trust Chairman

Mrs J Young
Executive Headteacher

ORCHARD ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD ACADEMY TRUST

Opinion

We have audited the financial statements of Orchard Academy Trust (the 'Academy Trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy 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 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.

ORCHARD ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD ACADEMY TRUST (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

ORCHARD ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD ACADEMY TRUST (CONTINUED)

Use of our report

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

**Michelle Wilkes (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP**

18 December 2017

**Statutory Auditor
Chartered Accountants**

Globe House, Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

ORCHARD ACADEMY TRUST

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

In accordance with the terms of our engagement letter dated 3 November 2016 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 Orchard Academy Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Orchard Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Orchard Academy Trust's funding agreement with the Secretary of State for Education dated 31 August 2012 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

ORCHARD ACADEMY TRUST

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
ORCHARD ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY
(CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.

Reporting Accountant

Wilkins Kennedy LLP

Dated: 18 December 2017

ORCHARD ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	3	118	-	17	135	321
Donations - transfer from local authority on conversion		-	-	-	-	2,812
Charitable activities:						
- Funding for educational operations	4	-	3,027	-	3,027	1,924
Other trading activities	5	83	-	-	83	37
Investments	6	1	-	-	1	2
Total income and endowments		<u>202</u>	<u>3,027</u>	<u>17</u>	<u>3,246</u>	<u>5,096</u>
Expenditure on:						
Raising funds	7	3	-	-	3	5
Charitable activities:						
- Educational operations	8	115	3,352	153	3,620	2,087
Total expenditure	7	<u>118</u>	<u>3,352</u>	<u>153</u>	<u>3,623</u>	<u>2,092</u>
Net income/(expenditure)		84	(325)	(136)	(377)	3,004
Transfers between funds		(151)	115	36	-	-
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	19	-	(59)	-	(59)	(346)
Net movement in funds		<u>(67)</u>	<u>(269)</u>	<u>(100)</u>	<u>(436)</u>	<u>2,658</u>
Reconciliation of funds						
Total funds brought forward		197	(976)	7,175	6,396	3,738
Total funds carried forward		<u>130</u>	<u>(1,245)</u>	<u>7,075</u>	<u>5,960</u>	<u>6,396</u>

ORCHARD ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2016		Funds	General	Fixed asset	2016
	Notes	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	3	37	-	284	321
Donations - transfer from local authority on conversion		164	(359)	3,007	2,812
Charitable activities:					
- Funding for educational operations	4	-	1,924	-	1,924
Other trading activities	5	37	-	-	37
Investments	6	2	-	-	2
Total income and endowments		<u>240</u>	<u>1,565</u>	<u>3,291</u>	<u>5,096</u>
Expenditure on:					
Raising funds	7	5	-	-	5
Charitable activities:					
- Educational operations	8	36	1,930	121	2,087
Total expenditure	7	<u>41</u>	<u>1,930</u>	<u>121</u>	<u>2,092</u>
Net income/(expenditure)		199	(365)	3,170	3,004
Transfers between funds		(57)	(3)	60	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(346)	-	(346)
Net movement in funds		142	(714)	3,230	2,658
Reconciliation of funds					
Total funds brought forward		55	(262)	3,945	3,738
Total funds carried forward		<u>197</u>	<u>(976)</u>	<u>7,175</u>	<u>6,396</u>

ORCHARD ACADEMY TRUST**BALANCE SHEET****AS AT 31 AUGUST 2017**

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		7,061		7,197
Current assets					
Stocks		-		3	
Debtors	13	57		153	
Cash at bank and in hand		291		379	
		<u>348</u>		<u>535</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(153)		(241)	
Net current assets			195		294
Net assets excluding pension liability			<u>7,256</u>		<u>7,491</u>
Defined benefit pension liability	19		(1,296)		(1,095)
Net assets			<u>5,960</u>		<u>6,396</u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			7,075		7,175
- Restricted income funds			51		119
- Pension reserve			(1,296)		(1,095)
Total restricted funds			<u>5,830</u>		<u>6,199</u>
Unrestricted income funds	17		130		197
Total funds			<u>5,960</u>		<u>6,396</u>

The financial statements set out on pages 22 to 44 were approved by the board of trustees and authorised for issue on 13 December 2017 and are signed on its behalf by:

Dr N Smetham
Trust Chairman

Mrs J Young
Executive Headteacher

Company Number 8249884

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

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	20		(56)		(85)
Cash flows from investing activities					
Dividends, interest and rents from investments		1		2	
Capital grants from DfE and EFA		17		284	
Payments to acquire tangible fixed assets		(17)		(283)	
		—	1	—	3
Cash flows from financing activities					
Repayment of other loan		(33)		(34)	
		—	(33)	—	(34)
Change in cash and cash equivalents in the reporting period					
			(88)		(116)
Cash and cash equivalents at 1 September 2016			379		495
Cash and cash equivalents at 31 August 2017			<u>291</u>		<u>379</u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

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

Orchard Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

Grants receivable

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 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 academy trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

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

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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 that require 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.

The freehold property has been included at its donated value as provided by the ESFA when completing their desktop valuation. The Academy has use of the leasehold property under a 125 year lease from conversion from Kent County Council. The leasehold land and buildings comprise the property transferred on the conversion of Barming Primary School and are included at a valuation provided the Kent County Council as at 31 March 2017.

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 life, as follows:

Freehold land and buildings	2% on cost
Leasehold land and buildings	2% on cost
Computer equipment	33% on cost
Fixtures, fittings & equipment	20% on cost
Motor vehicles	20% on cost

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

1.6 Liabilities

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

1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. 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.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

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

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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 are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities 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.

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.12 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	17	17	284
Other donations	118	-	118	37
	<u>118</u>	<u>17</u>	<u>135</u>	<u>321</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	2,698	2,698	1,617
Other DfE / ESFA grants	-	236	236	237
	<u>-</u>	<u>2,934</u>	<u>2,934</u>	<u>1,854</u>
Other government grants				
Local authority grants	-	93	93	70
	<u>-</u>	<u>93</u>	<u>93</u>	<u>70</u>
Total funding	<u>-</u>	<u>3,027</u>	<u>3,027</u>	<u>1,924</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	10	-	10	11
Music tuition	4	-	4	2
Other income	69	-	69	24
	<u>83</u>	<u>-</u>	<u>83</u>	<u>37</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Other investment income	1	-	1	2
	<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Expenditure on raising funds	-	-	3	3	5
Academy's educational operations					
- Direct costs	2,426	141	166	2,733	1,672
- Allocated support costs	390	197	300	887	415
	<u>2,816</u>	<u>338</u>	<u>469</u>	<u>3,623</u>	<u>2,092</u>

Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	7	6
- Other services	3	1
Operating lease rentals	14	8
Depreciation of tangible fixed assets	153	106
Net interest on defined benefit pension liability	14	12
	<u>188</u>	<u>133</u>

Central services

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

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	63	2,670	2,733	1,672
Support costs - educational operations	52	835	887	415
	<u>115</u>	<u>3,505</u>	<u>3,620</u>	<u>2,087</u>

	2017 £'000	2016 £'000
Analysis of support costs		
Support staff costs	390	155
Depreciation and amortisation	12	11
Technology costs	68	4
Premises costs	165	98
Other support costs	224	118
Governance costs	28	29
	<u>887</u>	<u>415</u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	2,045	1,198
Social security costs	173	84
Operating costs of defined benefit pension schemes	471	228
	<hr/>	<hr/>
Staff costs	2,689	1,510
Supply staff costs	46	26
Staff restructuring costs	68	37
Staff development and other staff costs	13	10
	<hr/>	<hr/>
Total staff expenditure	2,816	1,583
	<hr/> <hr/>	<hr/> <hr/>

Staff numbers

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

	2017 Number	2016 Number
Teachers	41	29
Administration and support	66	24
Management	7	4
	<hr/>	<hr/>
	114	57
	<hr/> <hr/>	<hr/> <hr/>

Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£90,001 - £100,000	1	1
	<hr/> <hr/>	<hr/> <hr/>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £42k (2016: £nil). Individually, the payments were: £30k, £9k and £3k.

Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance) received by key management personnel for their services to the academy trust was £695,746 (2016: £311,650).

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of trustees' remuneration and other benefits was as follows:

J Young (Executive Head)

- Remuneration £70k - £75k (2016: £60k - £65k)
- Employer's pension contributions paid £10k - £15k (2016: £5k - £10k)

J Sargeant (Staff Governor until 27 June 2016)

- 2016 Remuneration: £10k - £15k
- 2016 Employer's pension contributions paid: £nil - £5k

C Howson (Head of School Allington Primary, Trustee until 27 June 2016)

- 2016 Remuneration: £45k - £50k
- 2016 Employer's pension contributions paid: £5k - £10k

M Smith (Business Manager)

- Remuneration: £25k - £30k (2016: £nil - £5k)
- Employer's pension contributions paid £nil - £5k (2016: £nil)

11 Trustees and officers insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust 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

	Freehold land and buildings	Leasehold land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2016	4,505	3,007	23	29	4	7,568
Additions	-	-	15	2	-	17
	_____	_____	_____	_____	_____	_____
At 31 August 2017	4,505	3,007	38	31	4	7,585
	_____	_____	_____	_____	_____	_____
Depreciation						
At 1 September 2016	328	-	18	22	3	371
Charge for the year	81	60	5	6	1	153
	_____	_____	_____	_____	_____	_____
At 31 August 2017	409	60	23	28	4	524
	_____	_____	_____	_____	_____	_____
Net book value						
At 31 August 2017	4,096	2,947	15	3	-	7,061
	=====	=====	=====	=====	=====	=====
At 31 August 2016	4,177	3,007	5	7	1	7,197
	=====	=====	=====	=====	=====	=====

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

13 Debtors	2017	2016
	£'000	£'000
Trade debtors	5	-
VAT recoverable	14	30
Prepayments and accrued income	38	123
	<u>57</u>	<u>153</u>
	<u><u>57</u></u>	<u><u>153</u></u>
14 Creditors: amounts falling due within one year	2017	2016
	£'000	£'000
Other loans	-	33
Trade creditors	63	44
Other creditors	-	2
Accruals and deferred income	90	162
	<u>153</u>	<u>241</u>
	<u><u>153</u></u>	<u><u>241</u></u>
At the balance sheet date the Academy Trust was holding funds received in advance for the provision of school meals. In addition, the Academy Trust had received funding relating to 2017/18 for rates.		
15 Deferred income	2017	2016
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	75	77
	<u>75</u>	<u>77</u>
	<u><u>75</u></u>	<u><u>77</u></u>
Deferred income at 1 September 2016	77	318
Released from previous years	(77)	(318)
Amounts deferred in the year	75	77
	<u>75</u>	<u>77</u>
Deferred income at 31 August 2017	<u><u>75</u></u>	<u><u>77</u></u>
16 Financial instruments	2017	2016
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	19	30
	<u>19</u>	<u>30</u>
	<u><u>19</u></u>	<u><u>30</u></u>
Carrying amount of financial liabilities		
Measured at amortised cost	78	131
	<u>78</u>	<u>131</u>
	<u><u>78</u></u>	<u><u>131</u></u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant	48	2,698	(2,845)	123	24
Other DfE / ESFA grants	63	236	(272)	-	27
Other government grants	-	93	(93)	-	-
Other restricted funds	8	-	-	(8)	-
	<u>119</u>	<u>3,027</u>	<u>(3,210)</u>	<u>115</u>	<u>51</u>
Funds excluding pensions					
Pension reserve	(1,095)	-	(142)	(59)	(1,296)
	<u>(976)</u>	<u>3,027</u>	<u>(3,352)</u>	<u>56</u>	<u>(1,245)</u>
Restricted fixed asset funds					
General fixed asset fund	7,197	-	(153)	17	7,061
DfE / ESFA capital grants	11	17	-	(14)	14
Liability adopted on conversion	(33)	-	-	33	-
	<u>7,175</u>	<u>17</u>	<u>(153)</u>	<u>36</u>	<u>7,075</u>
Total restricted funds	<u>6,199</u>	<u>3,044</u>	<u>(3,505)</u>	<u>92</u>	<u>5,830</u>
Unrestricted funds					
General funds	197	202	(118)	(151)	130
	<u>197</u>	<u>202</u>	<u>(118)</u>	<u>(151)</u>	<u>130</u>
Total funds	<u>6,396</u>	<u>3,246</u>	<u>(3,623)</u>	<u>(59)</u>	<u>5,960</u>

The General Annual Grant (GAG) relates to income received to cover the annual running costs of the Academy. Under the funding agreement with the Secretary of State the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA grants relates to pupil premium, rates relief, universal free school meals and the devolved capital grant.

Other local authority grants relate to SEN funding and pupil premium.

The related fixed asset funds relate to income received to finance capital projects.

Other DfE/ESFA capital grants includes devolved formula capital grants.

The transfer of funds relates to the purchase of fixed assets during the year and the excess of expenditure over grant income funded from general reserves.

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	42	1,617	(1,617)	6	48
Other DfE / ESFA grants	12	237	(186)	-	63
Other government grants	-	70	(70)	-	-
Other restricted funds	15	21	(19)	(9)	8
	<u>69</u>	<u>1,945</u>	<u>(1,892)</u>	<u>(3)</u>	<u>119</u>
Funds excluding pensions	(331)	(380)	(38)	(346)	(1,095)
	<u>(262)</u>	<u>1,565</u>	<u>(1,930)</u>	<u>(349)</u>	<u>(976)</u>
Restricted fixed asset funds					
General fixed asset fund	4,012	3,007	(121)	299	7,197
DfE / ESFA capital grants	-	284	-	(273)	11
Liability adopted on conversion	(67)	-	-	34	(33)
	<u>3,945</u>	<u>3,291</u>	<u>(121)</u>	<u>60</u>	<u>7,175</u>
Total restricted funds	<u>3,683</u>	<u>4,856</u>	<u>(2,051)</u>	<u>(289)</u>	<u>6,199</u>
Unrestricted funds					
General funds	55	240	(41)	(57)	197
	<u>55</u>	<u>240</u>	<u>(41)</u>	<u>(57)</u>	<u>197</u>
Total funds	<u>3,738</u>	<u>5,096</u>	<u>(2,092)</u>	<u>(346)</u>	<u>6,396</u>

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total £'000
Allington Primary School	164
Barming Primary School	17
	<u>181</u>
Total before fixed assets fund and pension reserve	181
Restricted fixed asset fund	7,075
Pension reserve	(1,296)
	<u>5,960</u>
Total funds	<u>5,960</u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

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
Allington Primary School	1,156	120	51	246	1,573
Barming Primary School	1,270	144	59	279	1,752
	<u>2,426</u>	<u>264</u>	<u>110</u>	<u>525</u>	<u>3,325</u>

Funds analysis by academy - previous year

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £'000
Allington Primary School	198
Barming Primary School	118
Total before fixed assets fund and pension reserve	<u>316</u>
Restricted fixed asset fund	7,175
Pension reserve	(1,095)
Total funds	<u>6,396</u>

Total cost analysis by academy - previous year

Expenditure incurred by each academy during the previous 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 2016 £'000
Allington Primary School	1,229	140	57	295	1,721
Barming Primary School	189	14	8	55	266
	<u>1,418</u>	<u>154</u>	<u>65</u>	<u>350</u>	<u>1,987</u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	7,061	7,061
Current assets	130	204	14	348
Creditors falling due within one year	-	(153)	-	(153)
Defined benefit pension liability	-	(1,296)	-	(1,296)
	<u>130</u>	<u>(1,245)</u>	<u>7,075</u>	<u>5,960</u>
	<u><u>130</u></u>	<u><u>(1,245)</u></u>	<u><u>7,075</u></u>	<u><u>5,960</u></u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	7,197	7,197
Current assets	197	327	11	535
Creditors falling due within one year	-	(208)	(33)	(241)
Defined benefit pension liability	-	(1,095)	-	(1,095)
	<u>197</u>	<u>(976)</u>	<u>7,175</u>	<u>6,396</u>
	<u><u>197</u></u>	<u><u>(976)</u></u>	<u><u>7,175</u></u>	<u><u>6,396</u></u>

19 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 that of the LGPS related to the period ended 31 March 2016.

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

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.

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £225k (2016: £115K).

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

Under the definitions set out in FRS 102, the TPS is 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 contributions are as noted below. The agreed contribution rates for future years are 20% for employers and 5.5 to 10% for employees.

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

Total contributions made	2017 £'000	2016 £'000
Employer's contributions	125	61
Employees' contributions	33	17
Total contributions	<u>158</u>	<u>78</u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Principal actuarial assumptions	2017	2016
	%	%
Rate of increases in salaries	4.2	4.1
Rate of increase for pensions in payment	2.7	2.3
Discount rate	2.6	2.2
Inflation assumption (CPI)	3.6	2.3
	<u> </u>	<u> </u>

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

	2017	2016
	Years	Years
Retiring today		
- Males	23.0	22.9
- Females	25.1	25.3
Retiring in 20 years		
- Males	25.2	25.2
- Females	27.4	27.7
	<u> </u>	<u> </u>

Scheme liabilities would have been affected by changes in assumptions as follows:

	2017	2016
	£'000	£'000
Discount rate + 0.1%	(66)	(34)
Discount rate - 0.1%	67	34
Mortality assumption + 1 year	(84)	(33)
Mortality assumption - 1 year	81	32
Long term salary increase + 0.1%	13	7
Long term salary increase - 0.1%	(12)	(7)
	<u> </u>	<u> </u>

The academy trust's share of the assets in the scheme

	2017	2016
	Fair value	Fair value
	£'000	£'000
Equities	923	381
Gilts	9	5
Other bonds	126	60
Target return portfolio	50	25
Property	161	79
Other assets	42	14
	<u> </u>	<u> </u>
Total market value of assets	1,311	564
	<u> </u>	<u> </u>
Actual return on scheme assets - gain/(loss)	598	65
	<u> </u>	<u> </u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations	(Continued)	
Amounts recognised in the statement of financial activities	2017	2016
	£'000	£'000
Current service cost	253	87
Interest income	(14)	(18)
Interest cost	28	30
	<u> </u>	<u> </u>
Total operating charge	267	99
	<u> </u>	<u> </u>
Changes in the present value of defined benefit obligations	2017	2016
	£'000	£'000
Obligations at 1 September 2016	1,659	752
Obligations acquired on conversion	-	380
Current service cost	253	87
Interest cost	28	30
Employee contributions	33	17
Actuarial loss	643	393
Benefits paid	(9)	-
	<u> </u>	<u> </u>
At 31 August 2017	2,607	1,659
	<u> </u>	<u> </u>
Changes in the fair value of the academy trust's share of scheme assets	2017	2016
	£'000	£'000
Assets at 1 September 2016	564	421
Interest income	14	18
Actuarial gain	584	47
Employer contributions	125	61
Employee contributions	33	17
Benefits paid	(9)	-
	<u> </u>	<u> </u>
At 31 August 2017	1,311	564
	<u> </u>	<u> </u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

20 Reconciliation of net income/(expenditure) to net cash flows from operating activities	2017	2016
	£'000	£'000
Net (expenditure)/income for the reporting period	(377)	3,004
Adjusted for:		
Net surplus on conversion to academy	-	(2,791)
Capital grants from DfE/ESFA and other capital income	(17)	(284)
Investment income receivable	(1)	(2)
Defined benefit pension costs less contributions payable	128	26
Defined benefit pension net finance cost	14	12
Depreciation of tangible fixed assets	153	105
Decrease/(increase) in stocks	3	(1)
Decrease/(increase) in debtors	96	(119)
(Decrease) in creditors	(55)	(199)
Stocks, debtors and creditors transferred on conversion	-	164
Net cash used in operating activities	(56)	(85)

21 Contingent liabilities

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

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

- the value at that time of the Academy's site and premises and other assets held for the purposes of the Academy;
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

22 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017	2016
	£'000	£'000
Amounts due within one year	9	13
Amounts due in two and five years	11	27
	<u>20</u>	<u>40</u>

ORCHARD ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

23 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it can be inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations should be conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

Apart from salaries paid to Staff Trustees, no related party transactions took place in the period of account.

24 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.