

THE AURIGA ACADEMY TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Mr James De Bass
Ms Jacqui Gerrard
Mr Simon James
Mr David Leeming
Mr Keith Tysoe
Mr Harry James (non-voting)

Trustees

Mr John Kipps	Chief Executive Officer
Mr Harry James	Chair
Dr Joanne Dixon	Vice Chair
Mrs Susan Connor	Finance Director
Ms Charlotte Flack	
Ms Mary Geddes	<i>(resigned 11 March 2018)</i>
Mrs Gaelle Newland	
Mr Ivan Pryce	
Mr Maurice Press	<i>(appointed 7 December 2017)</i>
Mr Paul Roberts	<i>(appointed 7 December 2017)</i>
Ms Anne Timothy	<i>(resigned 23 June 2018)</i>
Mr Ashley Whittaker	

Company Secretary

Mrs Susan Connor

Governors – Clarendon School

Mr Maurice Press (Chair of Governors)
Mrs Gaelle Newland (Vice Chair)
Mr John Kipps (Head Teacher)
Ms Yvonne Coney
Dr Joanne Dixon
Mr Primesh Kalia
Ms Kayleigh Lee
Mr Robert Harvey
Mr Mike Patrick
Mr Keith Tysoe
Ms Rosemary Clarke (*Associate*)
Ms Jayne Gray (*Associate*)
Ms Angela Mason (*Associate*)
Ms Lynn Majakas (*Associate*)
Mrs Andrea Oliver (*Associate*)

Governors - Strathmore School

Mrs Gaelle Newland (Chair of Governors)
Mr Harry James (Vice Chair of Governors)
Mr Ivan Pryce (Head Teacher)
Ms Yolanda Bryant
Ms Lauren Crew
Ms Niki Crookdake
Ms Jane Curzon (*from 14 May 2018*)
Ms Suzan Dormer (*from 30 October 2017*)
Ms Tina Haida
Mr Michael Harlow
Mrs Susan Connor (*Associate*)
Mrs Sarah Hurtado (*Associate*)
Mrs Eleanor Sheehan (*Associate*)

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REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Senior Leadership Team – Clarendon School

Mr John Kipps (Head Teacher)
Ms Lynn Majakas (Deputy Head Teacher)
Ms Rosemary Clarke (Deputy Head Teacher - Head of Secondary Centre)
Ms Angela Mason (Deputy Head Teacher - Head of Primary Centre)
Ms Jayne Gray (Assistant Head teacher - Head of Gateway Centre)
Mr Michael Sinanan (Assistant Head teacher, Secondary)
Mrs Juliet Harrowell (Assistant Head teacher - Primary)
Mrs Andrea Oliver (School Business Manager)

Senior Leadership Team - Strathmore School

Mr Ivan Pryce (Head Teacher)
Mrs Sarah Hurtado (Deputy Head Teacher)
Mrs Eleanor Sheehan (Deputy Head Teacher – Head of Centre)
Ms Yvonne Puttmann (Assistant Head Teacher)
Mrs Susan Connor (School Business Manager)

Company Name

The Auriga Academy Trust

Principal and Registered Office

The Auriga Academy Trust c/o Strathmore School, Station Road, Twickenham, TW1 4DQ

Company Registered Number

10284264 (England & Wales)

Independent Auditor

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

Bankers

Lloyds Bank Group, Lloyds Banking plc, 84 Station Road, Addlestone, Weybridge, Surrey KT15 2AE

Solicitors

Mills & Reeve LLP, 78-84 Colmore Row, Birmingham B3 2AB

THE AURIGA ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Auriga Academy Trust trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates 2 special academies, Clarendon School and Strathmore School, and caters for pupils aged 4 to 19. The Trust serves a catchment area in Richmond and Kingston with pupils also being admitted from neighbouring boroughs of Hounslow, Wandsworth and Surrey. The academies have a combined pupil capacity of 205 and had a roll of 225 in the school census on May 2018.

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 Trust.

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

Details of the Trustees who served throughout 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

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to The Auriga Academy Trust. The cost of this insurance in the year was £4,200.

Method of Recruitment and Appointment or Election of Trustees

On creation of the Trust the Chair of Governors and Head Teachers of the predecessor schools were appointed as trustees. As Chairs retire their successor is appointed as a Trustee in order to ensure strong communication links continue across all levels of Governance. Vacancies on the Board of Trustees are addressed through a recruitment process which involves sourcing a potential shortlist from the existing Local Governing Bodies and upstanding members of the local community. Candidates are assessed by the Chair and Vice Chair of Trustees and the Chief Executive Officer. Appointments are focused on the needs of the Trust and finding individuals with the relevant expertise and skill-set continues to be a challenge.

Subject to Articles 48-49 and 53, the Articles of The Auriga Academy Trust require that the makeup of the Board of Trustees be as follows:

- Up to 12 Trustees appointed by the members by Ordinary Resolution (Article 50);
- A minimum of 2 Parent Trustees, if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body (Article 46c);
- Co-opted Trustees may be appointed under Article 58 (Article 47);
- The total number of Trustees who are employed by the Trust will not exceed one third of the total number of trustees (Article 50B);
- Local Authority Associated Persons cannot exceed 20% or more of the total number of trustees.

The term of office for any Trustee is 4 years, excepting for the Head Teachers.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Policies and Procedures Adopted for the Induction and Training of Trustees

On joining the Trust a Trustee is provided with a copy of the Articles of Association, a copy of the Academies Financial Handbook, is required to sign the Trustee Code of Conduct and is encouraged to visit the schools within the Trust. Trustees are provided with access to copies of policies, procedures, minutes, accounts, budgets, plans and other documentation that they will need to undertake their role as Trustees. The training and induction provided for each new Trustee will depend on their existing experience and where necessary induction will provide training on charity, educational, legal and financial matters.

The Academy Trust performs an skills audit of Trustees every 2 years, should any gaps be identified training courses are offered to address these issues. Both Academies subscribe to the Local Authorities Governors Support and Continuing Professional Development Programme (SPARK) which offers a compressive range of training programmes.

Organisational Structure

The academy has established a management structure to enable its efficient running. The organisational structure consists of five levels; the Members, the Board of Trustees, Local Governing Bodies including the sub-committees, Senior Leadership Teams and members of staff. The aim of the management structure is to devolve responsibility and encourage engagement and decision making at all levels.

The members hold the Trust Board accountable and are responsible for Trust Board appointments.

The Trust Board is responsible for setting general policy, making major decisions about the direction of the Trust, adopting an annual review of long term strategic plans and budgets, monitoring of each school's performance, oversight of capital expenditure and approval of senior staff appointments. All statutory policies and procedures are reviewed and approved by the Trust Board to ensure consistency of understanding and practice is in place across the Trust. The appropriate members of staff and committees in both academies continue to work collaboratively to produce Trust wide policies and procedures.

Each Local Governing Body receives delegated authority from the Trust Board to support the Trust in fulfilling its obligations. The Scheme of Delegation details which matters are delegated. In summary, Local Governing Bodies remain responsible for setting local policies, developing and monitoring the School Development Plans and setting a 3 year budget. The Trust Board approves and submits one consolidated budget to the Education Skills Funding Agency and monitors the use of budgets by academies against this.

The Head Teacher of each academy is directly responsible for its day-to-day running and is assisted by their Senior Leadership Team. The Head Teachers are responsible for the appointment of all staff with the exception of Leadership posts. The Scheme of Delegation states that leadership posts are appointed in conjunction with the Trustees.

The Chief Executive of the Trust assumes the role of the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for setting the pay and remuneration of the academies key management personnel are monitored by the Finance & Resources Committee which comprises of at least 3 trustees. The Trust Board has adopted the principles of the Local Authorities model Teachers' Pay Policy which has been based on the national agreement for teachers agreed in consultation with the trade union representatives. The Local Governing Body Pay Committees have delegated responsibility to implement and monitor the Trust wide Pay Policy for teachers and support staff. The Trust has reviewed and aligned teacher and support staff roles and salaries in order to ensure that there is consistency and fairness across the trust.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

Full-time equivalent employee number

1

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

1

1%-50%

51%-99%

100%

Percentage of pay bill spent on facility time

Provide the total cost of facility time

0

Provide the total pay bill

0

Provide the percentage of the total pay bill spent on facility time, calculated as:

0

$(\text{total cost of facility time} \div \text{total pay bill}) \times 100$

Paid trade union activities

Time spent on paid trade union activities such as a percentage of total paid facility time hours calculated as:

0

$(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$

Related parties and other connected charities and organisations.

Clarendon School and Strathmore School work alongside Friends of Clarendon (Charity Number 267119) and Friends of Strathmore School ("FOSS") (Charity Number 1024661) respectively to raise funds for the benefit of pupils and support their wider education.

Friends of Clarendon support the school community with pupil led fund raising and social activities for parents.

This year Friends of Strathmore School have assisted with raising the matched fund to purchase a new minibus. They also raise funds to enhance the pupils' environment and have provided musical instruments, specialised classroom resources, part funded the 6th Form Leavers celebration and funded sessions with Music for Autism.

Throughout the year each academy also holds several fund raising events to support national charities which this year has included Jeans for Genes, Children in Need, Christmas Jumper Day and Breast Cancer awareness and a range of other smaller local charities.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES

The principle object and activity of the charitable company is to advance, for the public benefit, special educational provision for pupils with Special Educational Needs and Disabilities (SEND).

Objects and Aims

The Auriga Academy Trusts' strategic vision is to provide an outstanding education for all pupils with SEND in the local community whatever their individual difficulties and needs.

The Trusts objectives are

- for all pupils and students to make outstanding, measurable progress; both towards individual academic targets and as a whole person functioning in her or his community with confidence and high self-esteem.
- to develop each young person by matching high expectations with specialised and appropriate teaching and support.
- to provide access to a fun, flexible and personalised creative curriculum in which meaningful learning opportunities are provided in real life contexts.
- to develop and enhance the communication skills of each young person by using multi-modal means such as sign, symbol and voice output as appropriate.
- to prepare our students for adulthood with as much independence as possible.
- to set the highest possible standards for our staff whether it is leadership, teaching or therapy, as in order for our pupils and students to receive outstanding education they must receive outstanding teaching and care.
- to be an integral part of the local community by having the capacity to offer places and provide support to those young persons with Special Educational Needs.

The Trust believes it can achieve this by

- working in a supportive partnership with the special schools within the Trust, with each school maintaining its unique identity and ethos so that it can cater for the specific needs of its pupils and students.
- building on the current expertise and experience of staff through continued professional development and by sharing specialist knowledge across the Trust, with the aim of becoming a recognised national leader in special needs education.
- support the specific needs of our pupils and students by directly commissioning therapy services and engaging extra support to ensure that it is as targeted and as responsive as possible.
- creating economies of scale by sharing core administrative functions and by negotiating bought in services for our schools which will enable greater investment where it matters, in the classroom.
- addressing the future demand for specialist provision now.

Objectives, Strategies and Activities

The main activities for achieving objectives the Trust will undertake will be to

- continue to ensure Continuing Professional Development is given a high profile, with an emphasis on cross Trust sharing of best practice, in order to develop staff expertise and raise standards.
- develop school based teacher training and strengthen links with teaching universities to ensure we have the highest calibre of teaching staff.
- continue to develop the Teaching Assistant Apprentice Scheme to train our own Teaching Assistants to the highest standard and provide valuable employment opportunities within the local community.
- continue to work with the Local Authority to ensure that funding is secure and appropriate to the needs of our pupils and students and that therapies are commissioned effectively.
- open a new free school for pupils and students with speech language and communication difficulties, as approved by the Department for Education.
- continue to seek to further accommodate young people within our local community with complex learning difficulties with a potential capacity for 100 places with residential provision.
- streamline the operations of the Trust by continuing to review the effectiveness of internal operating procedures and Governance across all levels.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Public Benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

The Auriga Academy Trust is founded on the vision that we can provide outstanding learning experiences for the pupils and students with special educational needs in our local communities both now and in the future. The relocation of both academies to new sites which are co-located with mainstream schools ensures that inclusion is a key focus in both schools curriculums with the aim of fostering a better understanding of special educational needs and disability.

Wherever possible each academy aims to contribute to the benefit of the wider public by making available the premises to third parties for the provision of educational and other opportunities.

STRATEGIC REPORT

The Auriga Academy Trust is in its second year of operation and comprises 2 academies.

Clarendon School is a community special school for pupils aged 4 to 16 with moderate learning difficulties, many of whom have additional complex needs, including autism. The school manages an offsite centre, The Gateway, which is for pupils aged 11 to 16 who have a diagnosis of ASD. The Centre is located adjacent to Twickenham School. Clarendon School was OFSTED inspected in June 2014 and was classified as Outstanding.

Strathmore School is a community special school for pupils aged 4 to 19 with complex learning difficulties. Many pupils have an additional diagnosis of Autistic Spectrum Disorders or have additional physical and sensory disabilities. The School was OFSTED inspected in Autumn 2014 and was classified as Good.

Achievements and Performance

Assessment has changed due to the removal of National Curriculum Levels. Each school is required to determine its own method of assessment that measures pupil progress.

Clarendon School

Clarendon School currently uses a bespoke version of Classroom Monitor to record teacher assessments of pupil progress. Teachers record the small steps the pupils make and use these steps to build a bigger picture of the pupils' learning and achievements. Progress is recorded at least termly. Pupils also complete work each half term for their Golden Books, in which examples of assessed work are included as evidence of pupil progress. Teaching staff moderate their judgements internally each term for both English and maths, and the school also takes part in external moderation meetings at least annually with other similar special schools to ensure consistency in the levelling of children's work. The school will be introducing the Arbor assessment module later this year, to replace classroom monitor.

In addition to teacher assessments, each child completes standardised assessments annually in reading, spelling and maths. The results of cohorts of pupils are analysed by teaching group, gender, specific need and by ethnicity to ensure that no groups are underperforming, and targeted interventions are then put in place for individuals or groups making less than expected progress.

The majority of pupils leaving Clarendon at the end of year 11 go on to further education, either at colleges or within special school post 16 provisions. The average point score for pupils leaving Clarendon at the end of Year 11 in 2018 was 117, trending upwards since our last Ofsted inspection, despite a significant increase in the complexity of needs for our pupil cohort.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Achievements and Performance (continued)

The average progress in reading (according to standardized testing) over the last 5 years has been 12.6 months, above the national average for all pupils. Average annual progress in spelling has increased annually over the last three years.

The school has worked with four other similar special schools, all graded Good or Outstanding by Ofsted, to compile a Flight Path, which enables us to set targets in English and maths in line with upper quartile progress across the whole data set. Using this Flight Path tool, in 2017/18:

- 76.5% of pupils achieved better than median progress in spoken language, with average progress in the upper quartile
- 66.4% of pupils achieved better than median progress in writing, with average progress in the upper quartile
- 55% of pupils achieved better than median progress in maths, with average progress in the upper quartile.

No specific groups were found to have underperformed when compared to average progress across the school this year. In 2016, pupils with autism were found to have performed slightly less well than average in maths. However, interventions put in place appear to have been effective, with their progress in line with average rates this year.

The school has a well-defined life skills curriculum against which pupils are assessed regularly. There has been a significant increase in Occupational Therapy provision within the school since the formation of the Trust.

Each of the eight pupils leaving the Gateway Centre in 2017 and 2018 achieved between 4 and 8 GCSE passes including English, maths and science in line with expectations. All have gone on to college placements.

The School's curriculum is reviewed on an on-going basis to ensure that it meets the needs of the children and is modified accordingly. (for example, a particularly able group has been identified in year 9 in science, and have begun working towards a double award GCSE in this subject).

The school adopts differing approaches to the differing behavioural needs of pupils. The house system and awarding of reward points promotes positive behaviour and celebrates successes. Behavioural data, recorded on Sleuth, demonstrates an annual decrease on the number of pupils involved in higher level unwanted behaviours over the last three years. PASS data is collected by the school and usefully supports pupils' connection with school and learning.

Clarendon has been awarded the Healthy Schools bronze and silver awards and The Arts Mark (Gold).

Strathmore School

Strathmore School tracks pupils' progress towards their Annual Outcomes (as stated in their EHCP and set at Annual Review) using MAPP (Mapping & Assessing Pupil Progress) which was developed by The Dales School. The process enables school to track the progress pupils make towards each outcome within four strands of the Continuum of Skill Development: *Prompting* (from dependent to independent), *Fluency* (from approximate to accurate), *Maintenance* (from inconsistent to consistent) and *Generalisation* (from a single context to many contexts). The school will be using the Engagement Profile & Scale to track progress of pupils working at pre-subject specific levels. Outcomes are set from the Welsh Government Routes for Learning Materials, MAPP Milestones and the EQUALS Moving On materials. Outcomes include specific literacy (Communication & Interaction) and numeracy (Cognition) objectives. Pupils working at pre subject specific learning have their progress measured by using the Engagement Profile and Scale developed by Professor Barry Carpenter on behalf of the DfE.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Achievements and Performance (continued)

Teachers record the small steps the pupils make and use these steps to set next small steps in pupils learning. Progress is tracked twice in each term leading back to the Annual Review. Progress is moderated and checked via Pupil Progress meetings with a member of the School Leadership Team. This is to ensure that specific areas are identified and addressed. The school takes part in external moderation meetings with other special schools to ensure that examples of pupils' work accurately illustrate their learning. This was last conducted at the end of the spring term 2018.

EHCP area	Better than Expected Progress (% of Outcomes – all pupils)	Expected Progress (% of Outcomes – all pupils)	Some progress (% of Outcomes – all pupils)
Cognition	22%	50%	28%
Communication	18%	51%	32%
SEMH	17%	44%	39%
Physical	18%	50%	32%

The proportion of pupils not making expected or better than expected progress towards SEMH Outcomes is low partially due to their Outcomes being related to diminishing challenging behaviours which are often deep seated and although significantly diminished have not been removed. A focus on both addressing challenging behaviours as well as composing Outcomes that are meaningful, themselves challenging and achievable is set out for the academic year.

All pupils	<i>5 Better Than Expected Progress</i>	<i>4 Expected progress</i>	<i>3 Some Progress</i>	<i>2 No Progress</i>
Cognition & Learning	25% 17	68% 46	7% 5	0%
2016-17	28 (22%)	63 (50%)	32 (26%)	3 (2%)
Communication	24% 22	61% 56	14% 13	1% 1
2016-17	30 (18%)	87 (51%)	52 (30%)	2 (1%)
SEMH	16% 10	71% 43	11% 7	2% 1
2016-17	18 (17%)	48 (44%)	39 (36%)	3 (3%)
Sensory & Physical	20% 18	61% 56	18% 17	1% 1
2016-17	21 (18%)	60 (50%)	32 (27%)	6 (5%)
FE & Employment	10% 4	64% 27	26% 11	0%
Independence	16% 5	71% 21	13% 5	0%
Community & Friendship	22% 6	63% 17	15% 4	0%
Maintaining Good Health	15% 3	55% 11	30% 6	0%

Strathmore is recognised as a Rights Respecting School by UNICEF and has been awarded the Healthy Schools Gold Award and The Arts Mark Award at Gold.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Achievements and Performance (continued)

Both schools work very closely with a wide range of professionals to ensure that all pupil and student needs are met including Speech & Language, Occupational and Physiotherapists plus those from Sensory Impairment Services and other specialists. External professionals commissioned include Music Therapists, Play Therapist, additional Educational Psychology, Children's' Learning Disability and Mental Health Service (CAMHS). Joint planning with therapists has ensured greater connections and improved opportunity for pupils to practice skills.

Both schools use SLEUTH data to help inform senior leaders of the impact of any individual intervention as a consequence of challenging behaviour.

Key Performance Indicators

The Trustees consider that the following are key performance indicators for the Academy Trust:

- Pupil numbers have a direct impact on funding levels. The Trust continues to work with the Local Authority through the Memorandum of Understanding to ensure that pupils are placed appropriately on a timely basis to ensure that staffing levels correlate to pupil needs.
- The percentage of income spent on staffing in 2017/18 was 83.7%. The Trustees are aware that this is high in comparison to mainstream settings but as a special school it is felt to be justified for the support and safekeeping of the children and is comparable to similar special school as detailed in the Educational Services Funding Agency Benchmarking Reports.

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, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

Both Clarendon and Strathmore schools set their own school budgets. Both schools manage their own staffing structures and costs directly correlate to the staffing needs of the individual pupils at each school which are regularly reviewed. The Educational Services Funding Agency (ESFA) funds the place value based on pupil numbers provided by the Local Authority for each school. The Local Authority funds any places for pupils placed in school over and above this number. The trust operates a Trust-wide needs-based banding model to identify the specific funding requirements for each pupil, this is referred to as the pupil 'top up' funding. A Memorandum of Understanding has been agreed with the Local Authority in order to facilitate a fair charging mechanism for the pupil top-up funding.

During the period £6,294k of ESFA and Local Authority grants were received. Restricted funds includes £80k of other income. Restricted fund expenditure was £6,921k. The funding received from the ESFA and the Local Authority and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

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TRUSTEES' REPORT (continued)
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FINANCIAL REVIEW (continued)

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. Overall the academy has a healthy balance sheet and cash flow and will be using reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and the short term in conjunction with the School Development Plans and Trust aims. The deficits in the Local Government Pension Schemes (LGPS) are recognised on the balance sheet in accordance with the provision of FRS102.

During the period the assets were used exclusively for providing education and the associated support services to the pupils of the academies.

Reserves Policy

Reserves brought over by each school joining the Trust are accounted for in the schools statements. Each school is responsible for setting their budget and the management of its reserves. There is no pooling of reserves by the MAT. In the event that reserves are required to be spent over and above budgeted use, the school, in conjunction with their Local Governing Body, can apply to the Trust to access these funds.

The level of reserves held by each school takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Trustees will keep this level of reserves under review and aim to build and maintain the reserves level whilst in keeping with the principle object of the Trust.

Within the reserves policy, due to the accounting for the Local Government Pension Scheme (LGPS), the academy recognises a significant pension fund deficit of £1,529k. This deficit is included in restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there was a pension surplus included in the restricted funds this would not create an immediately realisable asset that can be released straight away and expended for the specific purpose of that fund. A surplus or deficit position of the pension scheme would generally result in a cash flow effect of the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Trust takes this fact into account when reviewing current business plans and budgets, and ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Trusts budgeted annual income, whilst the deficit may not be eliminated there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

At 31 August 2018 the total funds comprised:

Unrestricted		162,116
Restricted:	Fixed asset funds	8,167,433
	Pension reserve	(1,529,000)
	Other	1,092,359
		<u>£7,892,908</u>

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Investment Policy

The Trust does not hold any investments at the current time. The accounting policy will be determined should the need arise.

The Board of Trustees are firmly committed to ensuring that all funds under their control are administered under a risk adverse investment strategy. As such the Board do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

Due to the nature of the funding cycle, each academy may at times hold large cash balances which may not be required for immediate use. In the event of such a situation the Board of Trustees has approved that cash may be placed on short to medium term deposit having ensured that there is adequate cash available to ensure the ongoing operations of the academy for the period in question.

Principal Risks and Uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principle risks and uncertainties facing a company. The Trust is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Trust's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

Trust and Local Governing Body risk registers are updated and reviewed regularly. Where appropriate, systems or procedures have been established to mitigate the risks each academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances.

The Trustees have identified the following principal risks to the Trust.

- Uncertainty in pupil numbers and the implications for funding. The Trust is addressing this by continuing to actively work with the Local Authority to ensure pupil places are taken up on a timely basis and that the appropriate staffing levels are in place to meet the needs of these pupils.
- The level of future funding by Government. Given the additional financial pressures faced in the education sector the Trust is addressing this by keeping Trust costs to a minimum; the Chief Executive Officer receives no additional remuneration over and above his Head Teacher position and as much compliance work is done 'in house' rather than through employing external consultants. This has also facilitated cross-school shared resources in particular with regards to staff training and central back office functions such as Management Information Systems, Finance and HR.
- Teacher and support staff recruitment and retention continues to be of concern. For teachers various options are being explored by the Trust including in-house training and developing stronger links with Teacher Training Colleges and the Trust is also considering pay related incentives. For support staff the Trust has invested in establishing a Teaching Assistant apprenticeship programme and has ensured internal opportunities through career progression by establishing a clear hierarchy of development within a Teaching Assistant role.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

FUNDRAISING

The responsibility for fund raising is delegated to the individual schools. Fund raising is generally done in relation to specific projects and in conjunction with each school's parent association and established fund raising partners..

PLANS FOR FUTURE PERIODS

The Auriga Academy Trust seeks to respond positively to the challenge of change and build on its reputation as a centre of excellence in special education needs and disabilities.

One Year Overview of Priorities

- Continue to drive school improvement in order to improve pupil outcomes.
- Continue to review all external therapy provision and ensure that it meets the needs of the Trust's pupils.
- Continue to promote trust-wide teaching best practice by employing a Trust Continuing Professional Development Coordinator.
- Establish and embed inclusion opportunities across all school sites co-located with a mainstream school.
- Develop a Teacher Recruitment and Retention Strategy to maintain the caliber of teaching required to match the needs of the Trusts pupils.
- Continue to work with the Department for Education and ESFA to open a new free school for young people with speech, language and communication difficulties.
- Continue to review and monitor the back office function across all schools and the Trust with the aim of ensuring consistency and effectiveness of all administrative operations.

Longer term Overview of Priorities

- Retain a relentless focus on pupil outcomes by continuing to invest in professional development for all staff.
- To continue to review the curriculum offered in order to ensure that it meets the needs of our changing cohorts.
- Be the first choice for SEND education in the local area.
- To continue to explore the opportunities for extending post 16 provision for a wide range of pupils with SEND.
- Explore and broaden opportunities for apprenticeships and initial teacher training.
- To continue to explore the opportunities available for the opening of a new free school for young people with complex learning difficulties with a capacity for 100 places (for ages 7 to 19 years) that includes residential provision.
- Establish the Trust as a centre of excellence providing support for other schools.
- Look beyond 19 by facilitating a pathway with local businesses to provide work experience and employment opportunities for young people with SEND.
- Develop School buildings as 'Hubs' so the Trust is an integral part of the local community.
- Continue to review local SEND and work proactively with all local stakeholders to review and consider extending the range of provision offered if unmet needs are identified.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

None.

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware.
- 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.

This Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2018 and signed on the Board's behalf by:

.....
Mr Harry James
Chair of Trustees

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

SCOPE OF RESPONSIBILITY

As Trustees we acknowledge we have overall responsibility for ensuring that The Auriga 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 Chief Executive Officer as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Auriga 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 4 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee		Meetings attended	Out of a possible
Mr John Kipps	Chief Executive Officer	3	3
Mr Harry James	Chair	3	3
Dr Joanne Dixon	Vice Chair	2	3
Mrs Susan Connor	Finance Director	2	3
Ms Charlotte Flack		3	3
Ms Mary Geddes		2	2
Mrs Gaelle Newland		3	3
Mr Maurice Press		1	2
Mr Ivan Pryce		3	3
Mr Paul Roberts		2	3
Ms Anne Timothy		0	2
Mr Ashley Whittaker		3	3

The Scheme of Delegation sets out that the Local Governing Bodies and Head Teachers of all Schools in the trust should be as autonomous as possible. Therefore, while the Board of Trustees makes decisions, following consultation with Local Governing Bodies, on matters which affect all schools in the trust, Local Governing Bodies make decisions on matters affecting their individual schools. Local Governing Bodies and Head Teachers are given maximum delegation of responsibility and decision making for the strategic direction and day-to-day operation of their schools unless there is a cause for concern.

Since the formation of the Trust the reporting process from Head Teacher to Local Governing Body to Trustees has been reviewed to create consistency of information across the Trust. This has streamlined the reporting process, ensured comparability of information for monitoring purposes and removed any duplication. The Trust has further enhanced this area by implementing a new management information system.

THE AURIGA ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

GOVERNANCE (continued)

The Trustees' are undertaking a self-evaluation review of governance using the Department for Education's MAT Improvement Framework during the autumn term, the findings of which will be communicated to the Board in the coming year. Key findings, actions taken and their impact will be addressed and resolved by the Trust. Each Local Governing Body undertakes a self-evaluation review annually which feeds into the Governance Development plan.

The Trust has established two sub-committees, The Finance & Resources Committee and The Audit & Effectiveness Committee. Both committees meet prior to and report to the Trust Board Meeting.

The Finance & Resources Committee is responsible for assisting the decision making of the Board of Trustees by enabling more detailed consideration to be given to finance, premises and human resources, including planning monitoring and probity, to ensure sound governance and management of The Auriga Academy Trust's resources.

Attendance at meetings in the year was as follows:

Trustee		Meetings attended	Out of a possible
Mr John Kipps	Chief Executive Officer	2	3
Mr Harry James	Chair	3	3
Mrs Susan Connor	Finance Director	3	3
Ms Charlotte Flack		2	3
Mrs Gaelle Newland		3	3
Mr Ivan Pryce		3	3

The key issues for the Finance & Resources Committee were:

- Establishing a Trust wide work Development Plan to support the Business Plan. The Development Plan details key tasks required to meet the strategic targets of the Trust and the resource requirements thereof.
- Establishing a framework for the effective management of trust wide resources in particular in relation to staffing.
- Establishing consistency of reporting across the Trust to ensure effective monitoring in all areas of performance.

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

GOVERNANCE (continued)

The Audit & Effectiveness Committee is responsible for reviewing the risks to the Trust and in particular the effectiveness of the system of financial internal controls. This committee is also responsible for monitoring the performance in all areas of Trust governance including communication and the impact the Trust has on all related parties.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Dr Joanne Dixon, Vice Chair	4	4
Ms Mary Geddes	1	3
Mr Ivan Pryce	1	4
Mr Paul Roberts	3	4
Ms Anne Timothy	3	4
Mr Ashley Whittaker	4	4

The key issues for the Audit & Effectiveness Committee were:

- Reviewing the outcomes of the 2016 / 17 audit.
- Ensuring compliance with the new GDPR legislation.
- Establishing an Annual Programme of Work for the Trust and its Committees.
- Establishing coherent Governance at all Trust levels by establishing effective communication channels, for example, the annual Trust Governance Evening.
- Overseeing the drafting and implementation of Trust wide policies.
- Monitoring progress and any issues arising in school improvement via reports from academy executive heads.

REVIEW OF VALUE FOR MONEY

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

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

- Ensuring the Scheme of Delegation is working effectively. Each school's Local Governing Body is accountable for the way in which the school's resources are allocated to meet the objectives set out in their respective School Development Plans. The Local Governing Body approve the annual budget and will receive and approve the external auditors' management report and take action on any recommendations made by them following the annual audit. The Local Governing Body Finance Committee meets termly to review the budget monitoring reports and to approve larger expenditure items and compliance in line with the Trust Finance Policy. All finance reports are subject to the Finance Director review and passed to the Finance & Resources Committee for further scrutiny.

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

REVIEW OF VALUE FOR MONEY (continued)

- Creating economies of scale by sharing core administrative functions and investing in systems which will create long term operational savings. The Trust has invested in a new Management Information System and has employed a Trust Administrator to ensure its effective implementation.
- Securing the funding for Trust wide Occupational Therapy and creating an in-house provision. This includes an onsite professional Occupational Therapist and specially trained Higher Level Teaching Assistants giving directed and specialised support to pupils and hence maximising the potential of the funding available.
- Monitoring pupils' progress to ensure resources are targeted appropriately and pupil premium expenditure is assessed to show effectiveness in improving the attainment of students on Free School Meals and Looked After Children.
- Establishing a Teaching Assistant Apprenticeship programme to utilise the Apprenticeship Levy with the view to creating a long-term career plan within the Trust for these individuals.
- Using in house expertise to minimise external legal and accounting professional fees.
- Ensuring contracts are regularly reviewed. With the relocation of both schools over multiple sites, the majority of contracts are being renegotiated and benchmarked externally and against the provision the host site school can provide which can result in economies of scale. In all instances the level of service is also taken into consideration.

The Trust will continue to monitor the impact of changes to SEND funding and to maximise pupil numbers in order to secure annual funding.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Auriga Academy Trust for the period 1 October 2017 to 31 August 2018 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 on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 October 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE AURIGA ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the finance 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 to appoint MHA MacIntyre Hudson as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included reviewing and testing all processes associated with Payroll. As this area is the largest area of expenditure by the Trust, Trustees requested a detailed review to ensure that robust controls were in place.

On an annual basis the auditor reports to the Board of Trustees, through the Audit & Effectiveness committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Trust can confirm that the internal auditor has delivered their schedule of work as planned and that there have been no material control issues arising requiring remedial action.

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditor; and
- the financial management and governance self-assessment process; and
- the work of the Trust Finance Director who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit & Effectiveness Committee and there are no weaknesses identified requiring an action plan.

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on its behalf by:

.....
Mr Harry James
Chair of Trustees

.....
Mr John Kipps
Accounting Officer

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2018

As Accounting Officer of The Auriga 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 Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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

.....
Mr John Kipps
Accounting Officer

12 December 2018

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEE'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on its behalf by:

.....
Mr Harry James
Chair of Trustees

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

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

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

BIANCA SILVA BA ACA DChA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 18 December 2018

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Auriga Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Auriga Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Auriga Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Auriga Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of The Auriga Academy Trust's funding agreement with the Secretary of State for Education dated 1 October 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

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

The work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- reviewing the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing a sample of payroll payments to staff;
- testing a sample of payments to suppliers and other third parties;
- testing a sample of grants received and other income streams;
- evaluating internal control procedures and reporting lines, and testing as appropriate; and
- making appropriate enquires of the Accounting Officer.

CONCLUSION

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

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 18 December 2018

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed assets funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Transfer from local authority on conversion	2	-	-	-	-	7,401,735
Other donations and capital grants	2	25,107	-	310,003	335,110	47,875
Charitable activities:	5					
Teaching school		-	2,000	-	2,000	-
Other charitable activities		-	6,322,555	-	6,322,555	5,603,762
Other trading activities	3	67,743	50,066	-	117,809	94,587
Investments	4	758	-	-	758	517
TOTAL INCOME		93,608	6,374,621	310,003	6,778,232	13,148,476
EXPENDITURE ON:						
Charitable activities	7	20,027	6,921,049	189,508	7,130,584	6,084,216
TOTAL EXPENDITURE	6	20,027	6,921,049	189,508	7,130,584	6,084,216
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		73,581	(546,428)	120,495	(352,352)	7,064,260
Transfers between Funds	18	-	(48,490)	48,490	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		73,581	(594,918)	168,985	(352,352)	7,064,260
Actuarial gains on defined benefit pension schemes	23	-	792,000	-	792,000	389,000
NET MOVEMENT IN FUNDS		73,581	197,082	168,985	439,648	7,453,260
RECONCILIATION OF FUNDS:						
Total funds brought forward	18	88,535	(633,723)	7,998,448	7,453,260	-
TOTAL FUNDS CARRIED FORWARD		162,116	(436,641)	8,167,433	7,892,908	7,453,260

The notes on pages 30 to 57 form part of these financial statements.

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10284264

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	As restated 2017 £
FIXED ASSETS				
Tangible assets	13		8,143,734	7,993,717
CURRENT ASSETS				
Stocks	14	9,713	-	
Debtors	15	283,056	283,737	
Cash at bank and in hand	22	1,699,133	1,998,551	
			<u>1,991,902</u>	<u>2,282,288</u>
CREDITORS: amounts falling due within one year	16	(713,728)	(991,745)	
NET CURRENT ASSETS			<u>1,278,174</u>	<u>1,290,543</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,421,908</u>	<u>9,284,260</u>
Defined benefit pension scheme liability	23		(1,529,000)	(1,831,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>7,892,908</u>	<u>7,453,260</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	18	1,092,359	1,197,277	
Restricted fixed assets funds	18	8,167,433	7,998,448	
Restricted income funds excluding pension liability		9,259,792	9,195,725	
Pension reserve	18	(1,529,000)	(1,831,000)	
Total restricted income funds			<u>7,730,792</u>	<u>7,364,725</u>
Unrestricted income funds	18		162,116	88,535
TOTAL FUNDS			<u>7,892,908</u>	<u>7,453,260</u>

The financial statements on pages 27 to 57 were approved by the Trustee, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:

.....
Mr Harry James
Chair of Trustees

The notes on pages 30 to 57 form part of these financial statements.

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(270,654)	924,882
Cash flows from investing activities:			
Dividends, interest and rents from investments		758	517
Purchase of tangible fixed assets		(339,525)	(22,209)
Capital grants from DfE Group		15,088	14,480
Capital funding received from sponsors and others		294,915	-
Funds transferred on conversion		-	1,080,881
Net cash (used in)/provided by investing activities		(28,764)	1,073,669
Change in cash and cash equivalents in the year		(299,418)	1,998,551
Cash and cash equivalents brought forward		1,998,551	-
Cash and cash equivalents carried forward	22	1,699,133	1,998,551

The notes on pages 30 to 57 form part of these financial statements.

THE AURIGA ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

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

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities 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 incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

1.6 Cash at bank and in hand

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

1.7 Liabilities and provisions

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

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

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

1. ACCOUNTING POLICIES (continued)

1.8 Tangible fixed assets and depreciation

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

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

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

Long leasehold property	-	2% on cost (buildings only)
Fixtures and fittings	-	Straight line over 7 years
Office equipment	-	Straight line over 7 years
Computer equipment	-	Straight line over 3 years

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

1.9 Leased assets

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

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

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

1. ACCOUNTING POLICIES (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.12 Taxation

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

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1. ACCOUNTING POLICIES (continued)

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

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

1.14 Fund accounting

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

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

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

THE AURIGA ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed assets funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Transfer from local authority on conversion	-	-	-	-	7,401,735
Donations	25,107	-	-	25,107	33,395
Capital grants	-	-	310,003	310,003	14,480
Subtotal	25,107	-	310,003	335,110	47,875
	25,107	-	310,003	335,110	7,449,610
Total 2017	33,395	(729,118)	8,145,333	7,449,610	

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

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	32,423	-	32,423	19,446
Catering income - staff	1,708	-	1,708	2,131
Receipts from supply teacher insurance claims	-	50,066	50,066	26,475
Other income	33,612	-	33,612	46,535
	<u>67,743</u>	<u>50,066</u>	<u>117,809</u>	<u>94,587</u>
Total 2017	<u>64,914</u>	<u>29,673</u>	<u>94,587</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	758	-	758	517
Total 2017	<u>517</u>	<u>-</u>	<u>517</u>	

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,147,035	2,147,035	1,867,081
Pupil premium	-	90,305	90,305	81,714
Other DfE/ESFA grants	-	48,746	48,746	30,166
Teaching school grant	-	2,000	2,000	-
	-	2,288,086	2,288,086	1,978,961
Other government grants				
SEN funding	-	3,851,116	3,851,116	3,385,076
Other government grants	-	155,275	155,275	212,414
	-	4,006,391	4,006,391	3,597,490
Other funding				
Trip income	-	4,663	4,663	4,508
Catering income - pupils	-	25,415	25,415	22,803
	-	30,078	30,078	27,311
	-	6,324,555	6,324,555	5,603,762
Total 2017	-	5,603,762	5,603,762	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

THE AURIGA ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

6. EXPENDITURE

	Staff costs	Premises	Other costs	Total	As restated
	2018	2018	2018	2018	Total
	£	£	£	£	2017
					£
Academy's educational operations:					
Direct costs	4,620,990	-	615,131	5,236,121	4,629,142
Support costs	1,050,760	239,795	603,908	1,894,463	1,455,074
	5,671,750	239,795	1,219,039	7,130,584	6,084,216
Total 2017	4,773,774	231,914	1,078,528	6,084,216	

In 2018, of the total expenditure of £7,130,584 (2017: £6,084,216) £20,027 (2017: £10,291) was to unrestricted funds, £6,921,049 (2017: £5,914,580) was to restricted funds and £189,508 (2017: £159,345) was to restricted fixed asset funds.

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

7. CHARITABLE ACTIVITIES

	Total funds 2018 £	As restated Total funds 2017 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,620,990	3,948,166
Depreciation	189,508	159,345
Other staff costs	92,122	58,251
Examination fees	8,429	7,775
Technology costs	46,095	20,733
Educational consultancy	159,986	338,443
Educational supplies	63,140	42,510
Other direct costs	55,851	53,919
	<u>5,236,121</u>	<u>4,629,142</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,050,760	825,608
Pension finance cost	43,000	37,000
Staff related insurance	57,120	18,305
Other staff costs	2,331	2,230
Energy	78,258	59,086
Cleaning and caretaking	73,103	64,370
Maintenance of premises	68,307	77,133
Legal and professional services	53,814	51,677
Transport	11,055	14,761
Catering	63,255	54,150
Risk Protection Arrangement fees	10,492	25,736
Technology costs	136,690	66,904
Other support costs	215,449	131,588
Governance costs	30,829	26,526
	<u>1,894,463</u>	<u>1,455,074</u>
	<u><u>7,130,584</u></u>	<u><u>6,084,216</u></u>

8. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £
Gifts made by the trust	293	-

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

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	As restated
	£	2017
		£
Depreciation of tangible fixed assets:		
- owned by the charity	189,508	159,345
Auditors' remuneration - audit	16,950	15,000
Auditors' remuneration - other services	7,760	5,346
Operating lease rentals	661	1,280
	=====	=====

THE AURIGA ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs during the year were as follows:

	2018	2017
	£	£
Wages and salaries	3,615,394	3,190,111
Social security costs	336,025	291,716
Pension costs	1,078,623	898,654
	<hr/> 5,030,042	<hr/> 4,380,481
Agency staff costs	614,867	384,293
Staff restructuring costs	26,841	9,000
	<hr/> 5,671,750 <hr/>	<hr/> 4,773,774 <hr/>

Staff restructuring costs comprise:

	2018	2017
	£	£
Redundancy payments	17,894	2,520
Severance payments	8,947	6,480
	<hr/> 26,841 <hr/>	<hr/> 9,000 <hr/>

b. Non-statutory/non-contractual staff severance payments

Included within staff restructuring costs is a non-statutory/non-contractual severance payment totalling £8,947 made on 31 July 2018 (2017: an individual payment of £6,480).

c. Staff numbers

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

	2018	2017
	No.	No.
Teaching	26	35
Administration and support	115	108
Management	11	7
	<hr/> 152 <hr/>	<hr/> 150 <hr/>

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

10. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	5	0
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the period pension contributions for these employees amounted to £77,946 (2017: £25,446).

e. Key management personnel

The key management personnel of the Academy Trust comprises the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the Academy Trust was £992,002 (2017: £746,007).

11. RELATED PARTY TRANSACTIONS - TRUSTEE'S REMUNERATION AND EXPENSES

One or more 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 other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£	£
J Kipps	Remuneration	90,000-95,000	80,000-85,000
	Pension contributions paid	15,000-20,000	10,000-15,000
I Pryce	Remuneration	80,000-85,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
S Connor	Remuneration	10,000-15,000	10,000-15,000
	Pension contributions paid	5,000-10,000	0-5,000

During the year ended 31 August 2018, nine Trustees received reimbursement of expenses totalling £4,012 (2017 - £Nil).

12. TRUSTEE'S AND OFFICERS' INSURANCE

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

THE AURIGA ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

13. TANGIBLE FIXED ASSETS

	Long leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 September 2017 (as previously stated)	-	22,747	23,198	17,117	63,062
Prior year adjustment	8,090,000	-	-	-	8,090,000
At 1 September 2017 (as restated)	8,090,000	22,747	23,198	17,117	8,153,062
Additions	-	184,800	-	154,725	339,525
At 31 August 2018	8,090,000	207,547	23,198	171,842	8,492,587
Depreciation					
At 1 September 2017 (as previously stated)	-	2,979	2,819	5,230	11,028
Prior year adjustment	148,317	-	-	-	148,317
At 1 September 2017 (as restated)	148,317	2,979	2,819	5,230	159,345
Charge for the year	161,800	6,219	5,681	15,808	189,508
At 31 August 2018	310,117	9,198	8,500	21,038	348,853
Net book value					
At 31 August 2018	7,779,883	198,349	14,698	150,804	8,143,734
At 31 August 2017 (as restated)	7,941,683	19,768	20,379	11,887	7,993,717

Long leasehold property transferred on conversion to the Multi Academy Trust on 1 October 2016 was not included in the prior year accounts as no valuation was provided at the date of transfer. A valuation was provided by the ESFA during 2018 increasing the long leasehold property by £8,090,000 at 31 August 2017. The buildings transferred on conversion was depreciated by £148,317 up to 31 August 2017.

The leasehold land and buildings is owned by the London Borough of Richmond upon Thames. The Academy Trust has a 125 year lease and no payments to the London Borough of Richmond upon Thames are required under the lease.

14. STOCKS

	2018 £	2017 £
Goods for resale	9,713	-

THE AURIGA ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. DEBTORS

	2018	2017
	£	£
Trade debtors	45,295	30,524
Prepayments and accrued income	103,749	59,781
VAT recoverable	134,012	193,432
	<u>283,056</u>	<u>283,737</u>

16. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	245,585	612,462
Other taxation and social security	81,762	75,607
Other creditors	75,953	69,458
Accruals and deferred income	310,428	234,218
	<u>713,728</u>	<u>991,745</u>

	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	30,286	-
Resources deferred during the year	52,351	30,286
Amounts released from previous years	(30,286)	-
	<u>52,351</u>	<u>30,286</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for occupational therapy, school trips, universal infant free school meals and capital grants.

17. PRIOR YEAR ADJUSTMENT

Leasehold property transferred on conversion to the Multi Academy Trust on 1 October 2016 were not included in the prior year accounts as no valuation was provided at the date of transfer. A valuation was provided by the ESFA during 2018 and a prior year adjustment has been made to increase the net book value of land and buildings and restricted fixed asset funds by £7,941,683 at 31 August 2017.

THE AURIGA ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS

	Balance at 1 September 2017 As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General unrestricted funds	88,535	93,608	(20,027)	-	-	162,116
Restricted funds						
	Balance at 1 September 2017 As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
General Annual Grant (GAG)	86,396	2,147,035	(2,205,463)	(18,490)	-	9,478
Pupil premium	-	90,305	(90,305)	-	-	-
Other DfE/ESFA revenue grants	-	48,746	(48,746)	-	-	-
Other local authority grants	30,000	4,006,391	(4,006,391)	(30,000)	-	-
Other restricted income	-	80,144	(80,144)	-	-	-
Teaching school	-	2,000	-	-	-	2,000
Funds on conversion	1,080,881	-	-	-	-	1,080,881
Pension reserve	(1,831,000)	-	(490,000)	-	792,000	(1,529,000)
	(633,723)	6,374,621	(6,921,049)	(48,490)	792,000	(436,641)
Restricted fixed asset funds						
	Balance at 1 September 2017 As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Fixed asset fund	52,034	-	(189,508)	8,281,208	-	8,143,734
DfE/ESFA grants	4,731	15,088	-	-	-	19,819
Prior year adjustment	7,941,683	-	-	(7,941,683)	-	-
Other capital grants	-	294,915	-	(291,035)	-	3,880
	7,998,448	310,003	(189,508)	48,490	-	8,167,433
Total restricted funds	7,364,725	6,684,624	(7,110,557)	-	792,000	7,730,792
Total of funds	7,453,260	6,778,232	(7,130,584)	-	792,000	7,892,908

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

18. STATEMENT OF FUNDS (continued)

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

All general funds are held for the purpose of education in line with the Academy's objectives.

The General Annual Grant (GAG) represents the core funding for the educational activities of the Academy that has been provided to the academy via the Education and Skills Funding Agency and the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Academy.

Pupil premium represents pupil premium funding received from the DfE and the associated expenditure.

The local authority restricted fund represents other funding received from the local authority in relation to specific purposes such as SEN funding.

The other DfE/ESFA restricted fund represents other funding received from the government which does not form part of GAG but is received in relation to specific purposes.

Income on conversion represent amounts transferred to the Academy Trust on conversion to Academy status.

The other restricted income fund represents donations to the Academy Trust to be expended on the Academy Trust's educational activities.

The pension reserve fund has been created to separately identify the pension deficit transferred from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised. The trust is planning to increase these funds to a surplus through increased contributions in the coming years.

The fixed asset fund includes the tangible assets gifted to the Academy upon conversion which represent the school site including the leasehold property, fixed assets purchased by the Academy Trust and unspent capital grants. Depreciation charged on those assets is allocated to the fund.

Transfers between restricted and restricted fixed assets funds represents funding of fixed asset additions.

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

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

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	As restated Total 2017 £
Clarendon school	494,291	677,319
Strathmore school	760,974	608,493
Central services	(790)	-
Total before fixed asset fund and pension reserve	1,254,475	1,285,812
Restricted fixed asset fund	8,167,433	7,998,448
Pension reserve	(1,529,000)	(1,831,000)
Total	7,892,908	7,453,260

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	As restated Total 2017 £
Clarendon school	2,585,147	569,071	256,063	462,525	3,872,806	3,603,951
Strathmore school	2,035,843	441,449	169,289	288,428	2,935,009	2,257,372
Central services	-	40,240	211	92,810	133,261	63,548
	4,620,990	1,050,760	425,563	843,763	6,941,076	5,924,871

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

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 18 July 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 As restated £
General funds						
General unrestricted funds	-	98,826	(10,291)	-	-	88,535
Restricted funds						
	Balance at 18 July 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	-	1,867,081	(1,768,225)	(12,460)	-	86,396
Pupil premium	-	81,714	(81,714)	-	-	-
Other DfE/ESFA revenue grants	-	30,166	(30,166)	-	-	-
Other local authority grants	-	3,597,490	(3,567,490)	-	-	30,000
Other restricted income	-	56,984	(56,984)	-	-	-
Funds on conversion	-	-	1,080,881	-	-	1,080,881
Pension reserve	-	-	(2,220,000)	-	389,000	(1,831,000)
	-	5,633,435	(6,643,698)	(12,460)	389,000	(633,723)
Restricted fixed asset funds						
	Balance at 18 July 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Fixed asset fund	-	-	29,825	22,209	-	52,034
DfE/ESFA grants	-	14,480	-	(9,749)	-	4,731
Prior year adjustment	-	8,090,000	(148,317)	-	-	7,941,683
	-	8,104,480	(118,492)	12,460	-	7,998,448
Total restricted funds	-	13,737,915	(6,762,190)	-	389,000	7,364,725
Total of funds	-	13,836,741	(6,772,481)	-	389,000	7,453,260

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

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 18 July 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 As restated £
Unrestricted funds						
General unrestricted funds	-	192,434	(30,318)	-	-	162,116
Restricted funds						
	Balance at 18 July 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
General Annual Grant (GAG)	-	4,014,116	(3,973,688)	(30,950)	-	9,478
Pupil premium	-	172,019	(172,019)	-	-	-
Other DfE/ESFA revenue grants	-	78,912	(78,912)	-	-	-
Other local authority grants	-	7,603,881	(7,573,881)	(30,000)	-	-
Other restricted income	-	137,128	(137,128)	-	-	-
Teaching school	-	2,000	-	-	-	2,000
Funds on conversion	-	-	1,080,881	-	-	1,080,881
Pension reserve	-	-	(2,710,000)	-	1,181,000	(1,529,000)
	-	12,008,056	(13,564,747)	(60,950)	1,181,000	(436,641)
Restricted fixed asset funds						
	Balance at 18 July 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Fixed asset fund	-	-	(159,683)	8,303,417	-	8,143,734
DfE/ESFA grants	-	29,568	-	(9,749)	-	19,819
Prior year adjustment	-	8,090,000	(148,317)	(7,941,683)	-	-
Other capital grants	-	294,915	-	(291,035)	-	3,880
	-	8,414,483	(308,000)	60,950	-	8,167,433
	-	20,422,539	(13,872,747)	-	1,181,000	7,730,792
Total of funds	-	20,614,973	(13,903,065)	-	1,181,000	7,892,908

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

19. CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the year:

- Administration and governance costs

The Academy Trust charges for these services on the following basis:

50% of costs arising (2017: 50% of costs arising).

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Clarendon school	43,566	30,675
Strathmore school	45,571	30,675
	<u>89,137</u>	<u>61,350</u>
Total	<u><u>89,137</u></u>	<u><u>61,350</u></u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	Restricted	Total
	funds	funds	fixed assets	funds
	2018	2018	2018	2018
	£	£	£	£
Tangible fixed assets	-	-	8,143,734	8,143,734
Current assets	162,116	1,806,087	23,699	1,991,902
Creditors due within one year	-	(713,728)	-	(713,728)
Provisions for liabilities and charges	-	(1,529,000)	-	(1,529,000)
	<u>162,116</u>	<u>(436,641)</u>	<u>8,167,433</u>	<u>7,892,908</u>
	<u><u>162,116</u></u>	<u><u>(436,641)</u></u>	<u><u>8,167,433</u></u>	<u><u>7,892,908</u></u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR - as restated

	Unrestricted	Restricted	Restricted	Total
	funds	funds	fixed assets	funds
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	7,993,717	7,993,717
Current assets	88,535	2,189,022	4,731	2,282,288
Creditors due within one year	-	(991,745)	-	(991,745)
Provisions for liabilities and charges	-	(1,831,000)	-	(1,831,000)
	<u>88,535</u>	<u>(633,723)</u>	<u>7,998,448</u>	<u>7,453,260</u>
	<u><u>88,535</u></u>	<u><u>(633,723)</u></u>	<u><u>7,998,448</u></u>	<u><u>7,453,260</u></u>

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

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(352,352)	7,064,260
Adjustment for:		
Depreciation charges	189,508	159,345
Dividends, interest and rents from investments	(758)	(517)
Increase in stocks	(9,713)	-
Decrease/(increase) in debtors	681	(283,737)
(Decrease)/increase in creditors	(278,017)	991,746
Capital grants from DfE and other capital income	(310,003)	(14,480)
Defined benefit pension scheme obligation inherited	-	1,810,000
Assets and liabilities on conversion	-	(9,211,735)
Pension adjustments	490,000	410,000
Net cash (used in)/provided by operating activities	(270,654)	924,882

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,699,133	1,998,551
Total	1,699,133	1,998,551

23. PENSION COMMITMENTS

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

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

Contributions amounting to £74,995 were payable to the schemes at 31 August 2018 (2017 - 67,929) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

23. PENSION COMMITMENTS (continued)

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £186,051 (2017 - £154,980).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £417,000 (2017 - £401,000), of which employer's contributions totalled £329,000 (2017 - £315,000) and employees' contributions totalled £88,000 (2017 - £86,000). The agreed contribution rates for future years are 20.3% for Strathmore School and 23.2% for Clarendon School for employers and between 5.5% and 12.5% for employees.

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

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.70 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
RPI increase	3.30 %	3.60 %

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

	2018	2017
Retiring today		
Males	24.5	24.4
Females	26.1	26.0
Retiring in 20 years		
Males	26.8	26.7
Females	28.5	28.3

Sensitivity analysis - present value of total obligation	At 31 August 2018	At 31 August 2017
	£	£
Discount rate +0.1%	4,670,000	4,559,000
Discount rate -0.1%	4,935,000	4,820,000
Mortality assumption - 1 year increase	4,956,000	4,838,000
Mortality assumption - 1 year decrease	4,651,000	4,543,000
CPI rate +0.1%	4,921,000	4,798,000
CPI rate -0.1%	4,685,000	4,581,000

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

	Fair value at 31 August 2018	Fair value at 31 August 2017
	£	£
Equities	2,316,000	2,078,000
Gilts	135,000	131,000
Bonds	350,000	292,000
Property	118,000	86,000
Cash and other liquid assets	19,000	19,000
Alternative assets	523,000	251,000
	3,461,000	2,857,000

The actual return on scheme assets was £214,000 (2017 - £308,000).

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

	2018	2017
	£	£
Current service cost	(775,000)	(685,000)
Interest cost	(43,000)	(37,000)
Administrative expenses	(1,000)	(3,000)
	<hr/>	<hr/>
Total	(819,000)	(725,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£	£
Opening defined benefit obligation	4,688,000	3,961,000
Current service cost	775,000	685,000
Interest cost	123,000	89,000
Employee contributions	88,000	86,000
Actuarial gains	(658,000)	(133,000)
Benefits paid	(26,000)	-
	<hr/>	<hr/>
Closing defined benefit obligation	4,990,000	4,688,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£	£
Opening fair value of scheme assets	2,857,000	2,151,000
Interest income	80,000	52,000
Actuarial gains	134,000	256,000
Employer contributions	329,000	315,000
Employee contributions	88,000	86,000
Benefits paid	(26,000)	-
Administrative expenses	(1,000)	(3,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	3,461,000	2,857,000
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NOTES TO THE FINANCIAL STATEMENTS
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PENSION COMMITMENTS (continued)

The amount shown in the Statement of Financial Activities is:

	2018	2017
	£	£
Changes in financial assumptions	658,000	133,000
Return on assets excluding amounts included in net interest	134,000	256,000
	<hr/>	<hr/>
Actuarial gains/(losses) on defined benefit pension schemes	792,000	389,000
	<hr/> <hr/>	<hr/> <hr/>

The amount shown in the Balance Sheet is:

	2018	2017
	£	£
Present value of defined benefit obligation	(4,990,000)	(4,688,000)
Fair value of scheme assets	3,461,000	2,857,000
	<hr/>	<hr/>
Defined benefit pension scheme liability	(1,529,000)	(1,831,000)
	<hr/> <hr/>	<hr/> <hr/>

24. OPERATING LEASE COMMITMENTS

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

	2018	2017
	£	£
Amounts payable:		
Within 1 year	4,396	1,280
Between 1 and 5 years	2,581	1,280
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Total	6,977	2,560
	<hr/> <hr/>	<hr/> <hr/>

25. MEMBERS' LIABILITY

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

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

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year the Academy Trust paid OT Kids Limited £5,271 for support services. C Flack a Trustee of the Academy Trust, is also a director of OT Kids Limited. There was no balance outstanding at the year end.

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

27. TEACHING SCHOOL TRADING ACCOUNT

	2018	2018	2017	2017
	£	£	£	£
INCOME				
DIRECT INCOME				
Teaching school grant	2,000		-	
TOTAL INCOME		2,000		-
SURPLUS FROM ALL SOURCES		2,000		-
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017		-		-
TEACHING SCHOOL BALANCES AT 31 AUGUST 2018		2,000		-