

REGISTERED COMPANY NUMBER: 10760163 (England and Wales)

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017
FOR

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

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THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

MEMBERS

Mrs J Brooke (appointed 9.5.17)
Mrs C Williams (appointed 9.5.17)
Mr M Roberts (appointed 9.5.17)

TRUSTEES

Mrs J Brooke - Chair of Trustees (appointed 9.5.17)
Mr R C Chapman (appointed 9.5.17)
Mr G King (appointed 9.5.17)
Mrs S J Pritchard (Headteacher) - Chief Executive Officer,
Accounting Officer (appointed 9.5.17)
Mr D W Smith (appointed 9.5.17)

Dartford Grammar School for Girls Senior Leadership Team

Headteacher	Mrs Sharon Pritchard
Deputy Head teacher	Mr Martin Jones
Deputy Headteacher	Mr Simon Hardwick
Assistant Headteacher	Miss Fiona Kellett
Assistant Headteacher	Mrs Rebekah Kidd
Assistant Headteacher	Mrs Anne Mason
Business Manager	Mr Paul Drake

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

REGISTERED OFFICE

The Areté Trust
Dartford Grammar School For Girls
Shepherds Lane
DARTFORD
Kent
DA1 2NT

REGISTERED COMPANY NUMBER

10760163 (England and Wales)

AUDITORS

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

Member Schools

Dartford Grammar School for Girls

Other Addresses

Dartford Grammar School for Girls
Shepherds Lane
Dartford
Kent
DA1 2NT

Websites

www.theareletrust.org.uk

www.dartfordgrammargirls.kent.sch.uk

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the period 9 May 2017 to 31 August 2017. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

The Trust operates one Secondary Academy in Dartford, Kent. Its academy had a combined roll of 1,107 students at 31 August 2017.

INCORPORATION

The charitable company was incorporated on 9 May 2017 and commenced trading on 1 June 2017. Although references refer to the period of 9 May 2017 to 31 August 2017, conversion to an academy trust occurred on 1 June 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Areté Trust was incorporated on 9th May 2017, as a company limited by guarantee. The Trust's Memorandum and Articles of Association are the primary governing documents of the Trust. There is currently just one academy within the Trust. The conversion of Dartford Grammar School for Girls school to an academy was the basis of the formation of The Areté Multi Academy Trust.

Conversion dates to academy status are as below;-

- Dartford Grammar School for Girls - 1st June 2017

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.

Trustees' Indemnities

Subject to the provision of the Companies Act 2006, the Trust intends to maintain Trustees' and officers' liability insurance which gives appropriate cover for any liability incurred or legal action brought against them in connection with their acting in their capacity as directors of the Trust.

Principal activities

The principal activity of the Trust is to:

- Advance for the public benefit, education; in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.
- Promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time

The first school to become a member of the Trust was Dartford Grammar School for Girls on the 1st June 2017.

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Method of recruitment and appointment or election of new Trustees

The Trust's Articles of Association require that the members appoint at least five Trustees (unless otherwise determined by ordinary resolution) but shall not be subject to any maximum.

The original members appointed five Trustees and further Trustees can be appointed as follows:-

- The Trustees may appoint new Trustees
- The Chief Executive Officer for as long as he / she remains in office
- The Trustees may appoint co-opted trustees

A Trustee's term of office is four years, but the director is eligible for re-election at the meeting at which they retire.

Under the Articles of Association, the Trustees are responsible for the appointment of the Local Governing Bodies for each Academy within the Trust. A scheme of delegation for each Local Governing Body is in place and this is regularly reviewed and the trustees may alter or revoke this. Governors of the Local Governing Bodies do not have to be Trustees of the Trust.

All Trustees and Governors are encouraged to attend appropriate training in order for them to carry out their duties effectively.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trustees held 1 full board meeting during this period,

Local Governing Bodies (LGBs) will set their own schedule of committee meetings.

The training and induction provided for new Trustees / Governors will depend on their existing experience. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All relevant Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors per period, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

As a multi-academy Trust, the Trustees are at the head of the organisational structure. They are responsible for making major decisions about the direction of the Trust. They are responsible for the appointment of a Local Governing Body for each Academy.

The Governors of the Local Governing Body are delegated the responsibility for:

- Agreeing an annual school development plan (SDP)
- Monitoring revenue and capital expenditure (within certain limits)
- Monitoring progress against the SDP
- Continuing Professional Development
- Behaviour
- Staff appointments up to and including Deputy Head , or equivalent

The Chief Executive Officer is the Accounting Officer for the Trust.

The current Academy has a Senior Leadership Team which includes the Headteacher, 2 Deputy Headteachers, 3 Assistant Headteachers, the Business Manager and senior teachers. The SLT (LG) controls the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them.

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Connected Organisations, including Related Party Relationships

Dartford Grammar School for Girls acts as the Registered Address for the Multi Academy Trust.

OBJECTIVES AND ACTIVITIES

Objectives and aims

Dartford Grammar School for Girls is an 11-18 selective Academy. On 31 August 2017 the school had 1,107 students (including Sixth Form) on its roll.

The main aim of the Trust is specifically restricted to the following: to advance the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The School offers a fully inclusive, wide ranging and holistic education for all students.

Objectives, Strategies and Activities

The main objectives of the Trust during the period 9th May to 31st August 2017 are summarised below:

- to ensure that every student enjoys the same high quality education in terms of teaching and learning, resourcing and care;
- to continue to raise the standard of educational achievement of all students; to continue to improve the effectiveness of the Academies by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with the local community; and
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

The Trust's main strategy is to raise standards of achievement and progress through continuous improvement and engagement in all aspects of the organisation. The core purpose is teaching and learning. Performance is measured against the overall quality of teaching and learning and how these are translated into students' achievement and progress.

The key activities that support this strategy are:

- A solid organisational structure that supports both students and staff and also informs all stakeholders of clear lines of accountability and responsibility.
- A robust performance management system coupled with CPD and training opportunities for staff and Governors.
- Use of data and tracking procedures to measure progress and inform actions and interventions.
- Robust quality assurance processing including financial controls, which are transparent, that supports the key strategies.

The Trust's mission is encapsulated in its vision statement: Excellence and Virtue.

The Trust seeks to promote outstanding educational experiences that will inspire and challenge all learners to achieve the best of their abilities and prepare them to live and work as active and participating citizens.

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

OBJECTIVES AND ACTIVITIES - continued

Objectives, Strategies and Activities - continued

In achieving this, the Trust is committed to provide opportunities to maximise life chances for all children and young people, regardless of their background, which promotes:

- The highest standards of achievement
- Traditional values and high expectations
- Leading edge practices in curriculum, teaching and learning
- A challenging, enjoyable and tailored learning journey for all
- Outstanding provision and outcomes in all the areas of extra-curricular activities
- An emphasis on participation, inclusion, enterprise, personal development, spirituality and well-being
- Partnership with parents/carers and the wider community

The Priorities for the Trust are:

- Standards and Achievements; standards to continue to rise with a particular focus on the proportion of students achieving the highest grades
- Teaching and Learning: assessment for learning will be embedded in all classrooms across the schools with a particular focus on challenging the most able. To continue to learn from each other and from the best practice locally, nationally and internationally.
- Curriculum and Assessment: to promote an exciting, challenging and varied curriculum. To continue to celebrate extra-curricular / curriculum enrichment by encouraging learning beyond the classroom.
- Well-being: to provide learning environment that is safe that promotes respect, tolerance and responsibility and that prepares students for the world of further study and work.
- Recruitment and Retention: to be committed to building an effective, highly skilled and well supported workforce by recruiting the best staff we possibly can, growing capacity from within and sharing best practice within and between partner schools.
- Partnerships: through working in partnership to both respond to and anticipate community needs
- Leadership and Governance: through the further development of "distributed" leadership, supported by flexible and rigorous monitoring and evaluation to:-
 - Continue to improve standards
 - Ensure that leadership at all levels is focussed on further raising of standards
 - Ensure sound financial management in a climate of falling school budgets
 - Ensure accommodation is fit for 21st Century teaching and learning
 - Use infinite resource responsibly and "recycle, re-use and reduce" wherever we can

Public benefit

The Trust confirm that they have complied with the duties in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when reviewing the charitable company's aim and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Social investments

The Trustees recognise that equal opportunities are an integral part of good practice within the workplace. The Trust aims to establish equality of opportunity in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

OBJECTIVES AND ACTIVITIES - continued

Disabled Persons

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all ground floor areas to the Trust buildings. Where appropriate, lifts have been installed to facilitate wheelchair and disabled access to the upper levels of the buildings. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment where possible by making support resources available and through training and career development.

STRATEGIC REPORT

Achievement and performance

Dartford Grammar School for Girls

Progress 8 measures saw the academy attain 0.68 in 2017, which is significantly higher than the national average of -0.03. The Attainment 8 measure was 69.7, which was also significantly higher than the national average.

For the first year of new Progress 8 measures and newly numbered grading, both English and Maths Progress scores were very strong; English = 0.91 and Maths = 0.56.

99% of students achieved a grade 4 or above in English and Maths, with 96% achieving a grade 5 or above. Overall A*/A (9-7) grades across all subjects was 60.1%

At A level, 11.7% of grades were A*, with 40.1% at A*/A and 72.4% at A*-B. The A Level Value Added score was 0.03.

Results at both GCSE and A Level were significantly above national average in 2017.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key financial performance indicators

The Trustees are of the opinion that given the nature of the financial management of the business there are only a few key performance indicators which require specific monitoring. The significant indicators are:

- Student numbers - which provides the basis for funding from the ESFA
- Spend on staff costs across each Academy as a percentage of funding from the ESFA
- Adequate financial provision and reserves being established to meet known expenditure increase in forthcoming years

The Local Governing Body recommend to the Board the annual budget for each Academy and the aim is that total expenditure is to closely match income plus any brought forward surplus. This is monitored regularly for actual expenditure against budget.

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

STRATEGIC REPORT - continued

Financial review

Reserves policy

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

The Trust has determined that the appropriate level of free reserves for the academy should be at least £30,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants; to provide a cushion to deal with unexpected emergencies such as urgent maintenance, or to provide a bolster for the catch up of lagged ESFA funding. Should the Trust or an academy suffer an in year trading deficit, and reserves be used to support, the Trust Board will be made aware of this at the budget setting, provided with updates on the impact throughout the academic year, and be given satisfactory financial plans to show how this will be rectified in following years.

With regards to reserves for the purpose of designation, a qualifying statement will be made within the annual audited accounts, detailing the reasons for the set aside, where the funds currently sit and the timing of that expenditure

Pay and Remuneration – Key management personnel

The setting of the pay and remuneration of the academy's key management personnel, is via the pay committee, and is guided by the Trust Pay and Reward Policy. This policy provides guidance for all staff from support through to Chief Executive Officer. Additional support and direction is also sought, where relevant from external advisors, in supporting any such recommendations and final decisions

Principle funding sources

The majority of the Trust's income arises in the form of recurrent grants from the ESFA, to each of the Academies within the Trust. The use of this income is restricted to the particular purpose of the grant. The grant received from the ESFA in the year to 31st August 2017 and the associated expenditure is shown as restricted funds in the statement of financial activities.

Fixed assets are included in the Restricted Fixed Asset Fund. All other assets and liabilities, excluding the opening Local Government Pension Scheme (LGPS) liability is shown at the foot of the statement of financial activities within recognised gains and losses.

During the period 1st June to 31st August 2017

- Total income, including capital income, was £14,249,421 of which £71,323 was unrestricted income.
- Total expenditure for the period 1st June to 31st August 2017 was £1,280,762 of which:
- Employee costs of £1,084,126 represented 84.6% of total expenditure
- Premises related costs of £111,377 represented 8.7% of total expenditure.
- The depreciation which was £32,551, has not been included.

Investment policy

The Trustees' investment powers are governed by the memorandum and articles of association, which permit the Trust's funds, not immediately required for the furtherance of its objects, to be invested in or upon such investments, securities or property, as may be thought fit, subject to such conditions and consents as may for the time being be imposed or required by law. The Trust and the Academy within the Trust, have not engaged in any investment of surplus funds during the year under review.

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

STRATEGIC REPORT - continued

Principal risks and uncertainties

The Trustees consider that in the present economic climate the principal risks facing the Trust would have financial implications. These are:

- Funding for education is under pressure, especially for 6th form provision. Whilst there are 3 year financial plans in place, the funding arrangements are that where an academy is seeing growth this places pressure on the in-year balances; should any unforeseen circumstance occur this may have a significant impact on the 3 year plans.
- Government Revenue Funding in particular the revision to the funding formula by the DfE to a National Funding Formula.
- With an Academy's income largely based on student numbers, a fall in the roll would have significant financial implications.
- The control of staff costs, matched to teaching requirements; the difficulties in recruitment; yet being mindful of the need to continue to drive up performance, standards and results.
- Any sudden changes to the liability with regard to the LGPS.

Other risks and uncertainties which could face the Trust are in relation to the reputation of the trust or an Academy within the Trust. This could arise from an Ofsted or other governmental report, or an event outside of the control of the Trustees.

The Trustees have considered the principal risks and uncertainties facing the Trust and have as far as appropriate taken steps to minimise these risks.

Financial and risk management objectives and policies

The Trustees monitor the financial position of each Academy individually in terms of its ongoing surplus and future expected income and expenditure, taking into account that educational funding is likely to reduce. The Trustees will review the position constantly to ensure that each individual Academy within the Trust has sufficient income to operate on an efficient basis without affecting the quality of teaching and learning.

The main financial instrument used by the trust, within each Academy school, is the extended trial balance, monitored monthly along with trend analysis. The cash held within bank accounts, generally current and short term cash deposit accounts. The objective is that each Academy manages its cash resources so that its operating requirements are met without the need for short term borrowing.

Plans for future periods

As previously set out, the Trustees will continue to monitor and revise the Trust Plan to strengthen The Areté Trust.

The Trustees will continue, in accordance with the Trust's vision statements "Excellence and Virtue" to seek improvement in the levels of performance of its students to allow them to perform to the best of their abilities and to prepare them to live and work as active citizens.

The Trustees will continue to look to develop the Trust by considering schools that wish to join The Areté Trust or by offering assistance in other ways, if appropriate.

FUNDS HELD AS CUSTODIAN FOR OTHERS

The Academy holds no funds as custodian trustee on behalf of others. During the period covered by this report neither the Trust nor its Trustees held any funds as a custodian trustee on behalf of any other charitable organisation.

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

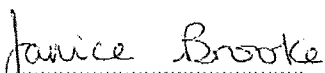
REPORT OF THE TRUSTEES
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

AUDITORS

In so far as the Trustees are aware:

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

Report of the Trustees, incorporating a strategic report, approved by order of the board of Trustees, as the company directors, on 28 November 2017 and signed on the board's behalf by:



Mrs Janice Brooke
Chair of Trustees

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Areté Trust (A Company Limited by Guarantee) 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 of loss.

The board of the Trustees has delegated the day-to-day responsibility to the CEO, 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 Areté Trust (A Company Limited by Guarantee) 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 Areté Trust has a Board of Trustees which is responsible for the strategic direction of the Trust. Each academy has its own Local Governing Body (LGB) which reports to the Board.

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 once during the period 9th May to 31st August 2017. Attendance at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Janice Brooke (Chair)	1	1
Mrs Sharon Pritchard (CEO)	1	1
Mr Robert Chapman	1	1
Mr David Smith	1	1
Mr Gerald King	0	1

The information given below in respect of each individual Academy is from the date the Academy joined the Trust (1st June 2017).

Dartford Grammar School for Girls.

	Meetings attended	Out of a possible
Mrs J Brooke	2	2
Mrs S Pritchard	2	2
Mrs S Ward	2	2
Mrs R Horsley	1	2
Mr R Chapman	2	2
Mr P Garry	2	2
Mrs A Mason	2	2
Mrs J McCrone	2	2
Prof. M Petridis	2	2
Miss K Morrissey	1	2
Mr G King	1	2

Miss Morrissey resigned 30th June 2017

The Local Governing Body have undertaken a review of governors visits to the Academy which included discussing past visits and how to further formalise the information gathered. A Visit policy and pro-forma for recording visits is in place. The process is regularly reviewed at Governors meetings.

GOVERNANCE STATEMENT
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

Governance - continued

The Governors have also had the opportunity to provide input into the updating of the School Development Plan; this is used throughout the year as an information tool for governors to evaluate the Academy's progress.

The **Audit and Finance Committee** is a sub-committee of the main board of Trustees. We do not have a separate Audit Committee and the audit functions are embedded in the Finance Committee. Its purpose is to:

1. In consultation with the Head Teacher, to draft the first formal budget plan of the financial year
2. To establish and maintain an up-to-date 3 year financial plan
3. To consider a budget position statement at least termly and to report significant anomalies from the anticipated position to the Board of Trustees
4. To ensure that the academy trust operates within the Financial Regulations
5. To annually review all finance related policies
6. To make decisions on expenditure following recommendations from other committees
7. To ensure that sufficient funds are available for pay increments as recommended by the Head Teacher and the Head Teacher's Performance Management Team.
8. To monitor expenditure of any voluntary funds kept on behalf of the Board of Trustees.

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money in various ways as detailed below.

- regularly review the functions of the Trust and Academies, **challenging** how and why services are provided and setting targets and performance indicators for improvement
- monitor outcomes and compare performance with similar Trusts and Academies and within.
- consult appropriate stakeholders before major decisions are made
- promote fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way

We seek to ensure that the Trust is using its resources effectively to meet the needs of students. Collectively during the year; sought to achieve Best Value by focusing on the following activities:

The planning, delivery and monitoring of the curriculum by further personalising learning, for example by:

- Evaluating changes to the KS4 and KS3 curriculum to ensure outstanding provision and value for money
- Implementing and evaluating the impact of revised specifications for post 16 qualifications
- Meeting, but with focus on exceeding challenging student progress targets across the school.
- Robust self-evaluation, reported in the Self Evaluation Form (SEF), with a particular focus on the quality of teaching and learning and on student progress.

Staffing by:

- Continuing to implement as far as possible the Workforce remodelling initiatives
- Reviewing TLR and other payments to ensure they are fit for purpose
- Reviewing Appraisal arrangements to ensure that targets are rigorous
- Reducing bureaucracy where possible.

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GOVERNANCE STATEMENT
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

Review of Value for Money - continued

The school environment by:

- Maintaining an annual refurbishment programme.
- Ensuring building programmes progresses efficiently and with no detrimental impact on learning

Resources by:

- Allocating resources as identified in the Business Plan addressing the priorities identified in the School Development Plan
- Obtaining competitive quotations for goods and services.

School leadership and management by:

- Putting in place an induction programme for all new teaching staff
- Encouraging applications for appropriate leadership courses from suitable staff
- Further developing Trust and Academy-based continuing professional development
- Using Trust status to provide professional development opportunities for leaders

Financial management by:

- Maintaining a careful oversight on expenditure
- Maximising income from lettings.

The care, guidance and support of students by:

- Ensuring that all children are valued as individuals and that safeguarding procedures are fully in place.
- Tracking progress and target setting using the Academy's, LA and national data

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 charitable company 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 Areté Trust for the period 9 May 2017 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company 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 charitable company's significant risks that has been in place for the period 9 May 2017 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE ARETÉ TRUST
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GOVERNANCE STATEMENT
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor for this period. However, the Trustees have appointed McCabe Ford Williams as the external auditor.

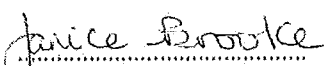
Review of Effectiveness


As accounting officer, Mrs Sharon Pritchard 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 reviewer;
- the work of the external auditor; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Academy's Auditor and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 28 November 2017 and signed on its behalf by:


.....
Mrs Janice Brooke
Chair of Trustees


.....
Mrs Sharon Pritchard
Accounting Officer

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

As accounting officer of The Areté Trust I have considered my responsibility to notify the charitable company 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 charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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

S. Pritchard

Mrs Sharon Pritchard - Accounting Officer

Date: 28 November 2017

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

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

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

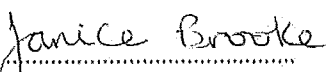
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 2015 and the Academies Accounts Direction 2016-17;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

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

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

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

Approved by order of the board of trustees on 28 November 2017 and signed on its behalf by:


.....
Mrs Janice Brooke
Chair of Trustees

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of The Areté Trust (the 'charitable company') for the period ended 31 August 2017, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (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 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Our 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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)



Liam McHugh FCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 28 November 2017

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

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Areté Trust during the period 9 May 2017 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Areté 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 Areté 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 Areté Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Areté Trust's accounting officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 9 May 2017 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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 charitable company's income and expenditure.

The work undertaken to draw to our conclusion includes a review of the following:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the responsible officer during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between The Areté Trust and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;

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

Approach - continued

- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 9 May 2017 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

McCabe Ford Williams,

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

Date: 28 November 2017

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

	Note	Unrestricted fund £	Restricted funds £	Restricted fixed assets £	Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and capital grants		7,698	-	19,456	27,154
Transfer from Local Authority on conversion	20	40,384	(1,125,000)	14,024,705	12,940,089
Charitable activities					
Funding for the academy's educational operations	2	-	1,257,837	-	1,257,837
Other trading activities	3	<u>23,241</u>	<u>1,100</u>	<u>-</u>	<u>24,341</u>
Total		71,323	133,937	14,044,161	14,249,421
EXPENDITURE ON					
Raising funds		46	-	-	46
Charitable activities					
Academy's educational operations		<u>16,989</u>	<u>1,263,727</u>	<u>32,551</u>	<u>1,313,267</u>
Total	4	<u>17,035</u>	<u>1,263,727</u>	<u>32,551</u>	<u>1,313,313</u>
NET INCOME/(EXPENDITURE)		54,288	(1,129,790)	14,011,610	12,936,108
Other recognised gains/(losses)					
Actuarial gains/losses on defined benefit schemes		<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
Net movement in funds		<u>54,288</u>	<u>(1,131,790)</u>	<u>14,011,610</u>	<u>12,934,108</u>
TOTAL FUNDS CARRIED FORWARD		<u>54,288</u>	<u>(1,131,790)</u>	<u>14,011,610</u>	<u>12,934,108</u>

All of the charitable company's activities derive from acquisitions in the current period.

The notes form part of these financial statements

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 10760163)

BALANCE SHEET
AT 31 AUGUST 2017

	Notes	£
FIXED ASSETS		
Tangible assets	9	14,138,342
CURRENT ASSETS		
Debtors	10	49,795
Cash at bank and in hand		<u>209,973</u>
		259,768
CREDITORS		
Amounts falling due within one year	11	<u>(184,767)</u>
NET CURRENT ASSETS		<u>75,001</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,213,343
CREDITORS		
Amounts falling due after more than one year	12	(109,235)
PENSION LIABILITY	18	<u>(1,170,000)</u>
NET ASSETS/(LIABILITIES)		<u>12,934,108</u>
FUNDS	17	
Unrestricted funds:		
General fund		54,288
Restricted funds:		
Fixed asset fund		14,011,610
General fund		38,210
Pension reserve		<u>(1,170,000)</u>
		<u>12,879,820</u>
TOTAL FUNDS		<u>12,934,108</u>

The notes form part of these financial statements

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 10760163)

BALANCE SHEET - CONTINUED
AT 31 AUGUST 2017

The financial statements were approved by the Board of Trustees on 28 November 2017 and were signed on its behalf by:

Janice Brooke

.....
Mrs Janice Brooke
Chair of Trustees

The notes form part of these financial statements

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

	Notes	£
Cash flows from operating activities:		
Cash generated from operations	1	<u>152,820</u>
Net cash provided by (used in) operating activities		<u>152,820</u>
Cash flows from investing activities:		
Capital grants from DfE/ESFA		<u>19,456</u>
Net cash provided by (used in) investing activities		<u>19,456</u>
Cash flows from financing activities:		
Loan repayments in year		<u>(2,687)</u>
Net cash provided by (used in) financing activities		<u>(2,687)</u>
Cash transferred on conversion to an academy	20	<u>40,384</u>
Change in cash and cash equivalents in the reporting period		209,973
Cash and cash equivalents at the beginning of the reporting period		<u>-</u>
Cash and cash equivalents at the end of the reporting period		<u>209,973</u>

The notes form part of these financial statements

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	12,936,108
Adjustments for:	
Depreciation	32,551
Capital grants from DfE/ESFA	(19,456)
Transfer from Local Authority on conversion	(12,940,089)
Increase in debtors	(49,795)
Increase in creditors	150,501
Difference between pension charge and cash contributions	<u>43,000</u>
Net cash provided by (used in) operating activities	<u>152,820</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Areté Trust (A Company Limited by Guarantee) meets the definition of a public benefit entity under FRS 102.

Going concern

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

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

• **Grants receivable**

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

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

• **Donations**

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

• **Other income**

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

1. ACCOUNTING POLICIES - continued

- **Donated goods, facilities and services**

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

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.

The value of donated services provided to the academy trust are recognised at fair value in the period in which they are receivable as income from donations, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. There are no Central staff.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold Land and Buildings	- over 125 years
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Assets are capitalised on a case by case basis, after consideration by the Trustees. Once capitalised, tangible fixed assets 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the trust's depreciation policy.

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

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

Liabilities

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 10. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 11 and 12. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Leased assets

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

1. ACCOUNTING POLICIES - continued

Provisions

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

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

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of freehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of freehold property which relates to land is deemed not to have a finite life and is not depreciated. The element of freehold property which does not relate to land is depreciated on a straight line basis of 50 years, and it is assumed that the asset has no residual value. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

Critical areas of judgement

The trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Conversion to an academy

The conversion from a state maintained school to a trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained school to a trust have been valued at their fair value being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Areté Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

2. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Total funds £
DfE/ESFA revenue grant			
General Annual Grant(GAG)	-	1,229,578	1,229,578
Other DfE/ESFA grants	-	25,373	25,373
	-	1,254,951	1,254,951
Other government grant			
Local authority grants	-	2,886	2,886
	-	1,257,837	1,257,837

3. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
Trip income	100	-	100
Other income	912	1,100	2,012
Hire of facilities	20,078	-	20,078
Catering income	2,151	-	2,151
	23,241	1,100	24,341

4. EXPENDITURE

	Staff costs £	Non-pay expenditure Premises £	Other costs £	Total £
Raising funds				
Costs incurred by trading for a fundraising purpose	-	-	46	46
Charitable activities				
Academies educational operations				
Direct costs	934,207	-	41,132	975,339
Allocated support costs	149,919	111,377	76,632	337,928
	1,084,126	111,377	117,810	1,313,313

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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4. EXPENDITURE - continued

Net income/(expenditure) is stated after charging/(crediting):

	£
Auditors' remuneration	6,000
Depreciation - owned assets	32,551
Hire of plant and machinery	<u>11,765</u>

5. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Total funds £
Direct costs	8,775	966,564	975,339
Support costs	<u>8,214</u>	<u>329,714</u>	<u>337,928</u>
	<u>16,989</u>	<u>1,296,278</u>	<u>1,313,267</u>

	Total £
Analysis of support costs	
Support staff costs	149,919
Depreciation	32,551
Premises costs	111,377
Other support costs	21,420
Governance costs	<u>22,661</u>
Total support costs	<u>337,928</u>

6. TRUSTEES' REMUNERATION AND BENEFITS

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

S Pritchard (CEO, Headteacher and staff trustee)	
Remuneration	£20,000 - £25,000
Employer's pension contributions	£0 - £5,000

Trustees' expenses

There were no trustees' expenses paid for the period ended 31 August 2017.

THE ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

7. STAFF COSTS

	£
Wages and salaries	819,211
Social security costs	84,065
Operating costs of defined benefit pension schemes	<u>171,736</u>
	1,075,012
Supply teacher costs	<u>9,114</u>
	<u><u>1,084,126</u></u>

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

Teachers and educational support	76
Administration and support	40
Management	<u>7</u>
	<u><u>123</u></u>

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

£60,001 - £70,000	1
£70,001 - £80,000	2
£90,001 - £100,000	<u>1</u>
	<u><u>4</u></u>

Key Management Personnel

The key management personnel of the trust comprise the trustees and the Chief Executive Officer. The Senior Leadership Team of Dartford Grammar School for Girls are as listed on Page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £138,224.

8. TRUSTEES' AND OFFICERS' INSURANCE

The charitable company 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 ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

9. TANGIBLE FIXED ASSETS

	Leasehold property	Fixtures and fittings £	Computer equipment £	Totals £
COST				
Transfer on conversion	<u>14,098,568</u>	<u>50,200</u>	<u>22,125</u>	<u>14,170,893</u>
DEPRECIATION				
Charge for year	<u>28,197</u>	<u>2,510</u>	<u>1,844</u>	<u>32,551</u>
NET BOOK VALUE				
At 31 August 2017	<u>14,070,371</u>	<u>47,690</u>	<u>20,281</u>	<u>14,138,342</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	6,938
VAT	16,613
Prepayments and accrued income	<u>26,244</u>
	<u>49,795</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Other loans (see note 13)	34,266
Social security and other taxes	84,400
Other creditors	7,300
Accruals and deferred income	<u>58,801</u>
	<u>184,767</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£
Other loans (see note 13)	<u>109,235</u>

THE ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

13. LOANS

An analysis of the maturity of loans is given below:

	£
Amounts falling due within one year on demand:	
Other loans	<u>34,266</u>
Amounts falling between one and two years:	
Other loans - 1-2 years	<u>34,381</u>
Amounts falling due between two and five years:	
Other loans - 2-5 years	<u>65,394</u>
Amounts falling due in more than five years:	
Repayable by instalments:	
Other loans more 5yrs instal	<u>9,460</u>

The loan is from KCC and is provided on the following terms. The original loan was for £117,221 and is repayable over a 7 year duration, with 6 years remaining. Loan repayments of £1,402 per month will pay off this loan. The other loan is from Salix and is for an amount of £52,440, repayable over three years with the instalments falling on 20 September 2017, 2018 and 2019.

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	£
Within one year	151,544
Between one and five years	10,544
In more than five years	<u>17,509</u>
	<u>179,597</u>

15. 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.

THE ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted funds	Restricted fixed assets	31.8.17 Total funds
	£	£	£	£
Fixed assets	-	-	14,138,342	14,138,342
Current assets	76,248	162,086	21,434	259,768
Current liabilities	(21,960)	(123,876)	(38,931)	(184,767)
Long term liabilities	-	-	(109,235)	(109,235)
Pension liability	-	(1,170,000)	-	(1,170,000)
	<u>54,288</u>	<u>(1,131,790)</u>	<u>14,011,610</u>	<u>12,934,108</u>

17. MOVEMENT IN FUNDS

	Net movement in funds	At 31.8.17
	£	£
Unrestricted funds		
General fund	54,288	54,288
Restricted funds		
General Annual Grant	38,210	38,210
Pension reserve	(1,170,000)	(1,170,000)
Transfer on conversion	14,138,342	14,138,342
DfE/ESFA capital grants	(126,732)	(126,732)
	<u>12,879,820</u>	<u>12,879,820</u>
TOTAL FUNDS	<u>12,934,108</u>	<u>12,934,108</u>

THE ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

17. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	71,323	(17,035)	-	54,288
Restricted funds				
General Annual Grant	1,229,578	(1,191,368)	-	38,210
DfE/ESFA Grants	25,373	(25,373)	-	-
Other grants	3,986	(3,986)	-	-
Pension reserve	(1,125,000)	(43,000)	(2,000)	(1,170,000)
Transfer on conversion	14,170,893	(32,551)	-	14,138,342
DfE/ESFA capital grants	<u>(126,732)</u>	<u>-</u>	<u>-</u>	<u>(126,732)</u>
	14,178,098	(1,296,278)	(2,000)	12,879,820
TOTAL FUNDS	<u>14,150,853</u>	<u>(1,313,116)</u>	<u>(2,000)</u>	<u>12,934,108</u>

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

General Annual Grant (GAG)

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

Other restricted general funds

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

Restricted fixed asset funds

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

A one-off transfer of buildings and other fixed assets previously in use by Dartford Girls Grammar School occurred upon conversion to a trust.

Unrestricted funds

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

18. PENSION AND SIMILAR OBLIGATIONS

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

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

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

Teachers' pension scheme

Introduction

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

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

18. PENSION AND SIMILAR OBLIGATIONS
- continued

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. 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 £120,743.

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

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

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 August 2017 was £39,000, of which employer's contributions totalled £30,000 and employees' contributions totalled £9,000. The agreed contribution rates for future years are 19.8 per cent for employers and 6.6 per cent 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 - CONTINUED
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18. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans £
Present value of funded obligations	(2,349,000)
Fair value of plan assets	<u>1,179,000</u>
	<u>(1,170,000)</u>
Deficit	<u>(1,170,000)</u>
Liability	<u>(1,170,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans £
Current service cost	66,000
Net interest from net defined benefit asset/liability	<u>7,000</u>
	<u>73,000</u>
Actual return on plan assets	<u>8,000</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

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

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans £
Current service cost	66,000
Contributions by scheme participants	9,000
Interest cost	15,000
Actuarial losses/(gains)	6,000
Business combinations	<u>2,253,000</u>
	<u>2,349,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans £
Return on assets less interest	4,000
Contributions by employer	30,000
Contributions by scheme participants	9,000
Expected return	8,000
Business combinations	<u>1,128,000</u>
	<u>1,179,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans £
Actuarial gains/(losses)	<u>(2,000)</u>
	<u>(2,000)</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

18. PENSION AND SIMILAR OBLIGATIONS
 - continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans
Equities	70%
Gilts	1%
Other Bonds	10%
Property	12%
Cash	3%
Target return portfolio	4%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

Discount rate	2.6%
Future salary increases	4.2%
Future pension increases	2.7%

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

	31.8.17
Retiring today	
Males	23.0
Females	25.1
Retiring in 20 years	
Males	25.2
Females	27.4

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	2,288,000	2,349,000	2,411,000
Projected service cost	269,000	276,000	283,000
Adjustment to mortality age rating assumption	+ 1 year	None	- 1 year
Present value of total obligation	2,424,000	2,349,000	2,276,000
Projected service cost	285,000	276,000	267,000

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 9 MAY 2017 TO 31 AUGUST 2017

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the period ended 31 August 2017.

20. CONVERSION TO AN ACADEMY

On 1 June 2017 Dartford Grammar School for Girls converted to academy status and formed The Areté Trust under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Areté Trust from the Kent County Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Land and buildings	-	-	14,098,568	14,098,568
Other tangible fixed assets	-	-	72,325	72,325
Salix and LA loans	-	-	(146,188)	(146,188)
Budget surplus on unrestricted funds	40,384	-	-	40,384
LGPS pension deficit	-	(1,125,000)	-	(1,125,000)
	<u>40,384</u>	<u>(1,125,000)</u>	<u>14,024,705</u>	<u>12,940,089</u>

The above net assets include £40,384 that was transferred as cash.