

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	Nigel Gibbon, Chair Graham Pain Val Simpson Elizabeth Davies Mark Dayborn
Directors	Nigel Gibbon, Chair Darren Reynolds Alex Gurney Dennis Hill Pete Howman Phillip Dews Tony Kinsey Matt Home Andrew Morrish
Company registered number	09115941
Company name	Shropshire Gateway Educational Trust
Principal and registered office	Lacon Childe School Love Lane, Cleobury Mortimer Dudley DY14 8PE
Accounting Officer	Darren Reynolds
Senior management team	Darren Reynolds, Head Teacher - Lacon Childe Academy Angela Cole, Deputy Head - Lacon Childe Academy Rachel Croxton-Broome, Deputy Head - Lacon Childe Academy Carmel Mayfield, Head Teach - Cleobury Mortimer Academy Andrew Ellis, Head Teacher - Clee Hill Academy (to 31 December 2016) Ceri Little, Head Teacher - Clee Hill Academy (from 1 January 2017) Katie Jones, Head Teacher - Stottesdon Academy Matthew Hayes, Business Manager (to 31 August 2017) Gill Bradley, Business Manager (from 1 September 2017)
Independent auditors	Whittingham Riddell LLP Chartered Accountants Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG
Solicitors	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Directors (who are also directors of the charity for the purposes of the Companies Act) present their Annual Report together with the audited Financial Statements and Auditors' report of Shropshire Gateway Educational Trust (the Trust) for the Period ended 31 August 2016. The Directors confirm that the Annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2015. The Annual Report serves the purposes of both a Governors Report and a Directors' Report under company law.

Structure, governance and management

a. Constitution

The Trust is a charitable company limited by guarantee and was set up by a Memorandum of Association on 3 July 2014.

The charitable company's Memorandum of Association is dated 3 July 2014.

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

b. Members' liability

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

c. Method of recruitment and appointment or election of Directors

The management of the Trust is the responsibility of the Directors who are elected and co-opted under the terms of the Articles of Association.

d. Policies and procedures adopted for the induction and training of Directors

The Executive Headteacher and Chair are responsible for all training. There is an induction programme for all new Directors, and access to training delivered by internal and external providers. Where necessary, training will be offered on charity, educational, legal and financial matters. All Directors are provided with copies of the constitution and policy documents. In addition, they are routinely involved in meetings to scrutinise accounts, reports, budgets and plans to enable them to carry out their roles and responsibilities effectively.

e. Organisational structure

All Directors are involved in decision making. The main Governing body and sub-committees meet regularly. The Directors are responsible for setting general policy, risk management strategy, plans, budgets and targets, as well as monitoring the performance of the Trust against aims and objectives.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

f. Pay policy for key management personnel

The Directors are responsible for setting pay of key management personnel in line with budgets and individual performance.

Objectives and Activities

a. Objects and aims

The Academy Trust's object is specifically restricted to the following:

a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and which shall include:

- i) Academies other than those designated Church of England, whether with or without a designated religious character; and
- ii) Church of England Academies designated as such which shall be conducted in accordance with the principals, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Diocesan Board of Education.

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

b) to promote for the benefit of the inhabitants of the areas where the Academies are established and its surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have such need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said individuals.

b. Objectives, strategies and activities

The purpose of this policy is to set out our principle aspirational guidelines with which we hope to embed 'outstanding and beyond' teaching and learning across all areas of the Academies by August 2016. It should be used and adapted by departments to inform and develop their own individual policies for teaching and learning. In this way the policy, and its practice, will enable our learners to make rapid and sustained progress in all areas of the curriculum.

Through this policy we will ensure that there is:

- A high quality teaching and learning experience for all students
- A framework by which excellence and challenge are provided for all students
- A coherent approach with consistency of expectation
- Raised attainment across all year groups enabling all students to make expected (at least three levels) progress between key stages 2 and 4 (as a result of teaching which increases student motivation, participation and independence)
- Promote learning behaviours (the Olympic and Paralympic values), self belief and a 'can do' culture for both staff and students at the Academies
- Give more opportunities for self reflection and the sharing of good and outstanding practice
- Provide opportunities for students to develop the skills necessary to become independent, lifelong learners

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

c. Public benefit

The Directors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charities Commission's revised guidance on public benefit.

Strategic report

Achievements and performance

a. Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Academy 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 Accounting Policies.

b. Review of activities

The excellent working relationship of the Trusts four schools has continued through the year with many professional networks established and working for the benefit of the education of the pupils in all schools. Post year end both Lacon Childe school and Cleobury Mortimer Primary school received an Ofsted visit and received a Good school outcome. This is a credit to Staff, Governors and students across the two schools.

The Trust was successful in securing capital grant from the ESFA under their condition improvement scheme for Lacon Childe school for improvements to windows and doors and Clee Hill Community Primary for heating improvements.

In January 2017 the newly appointed Headteacher of Clee Hill Primary took up post and Stottesdon Primary were joined by Chorley family nursery as an addition to the Primary school and trust.

c. Investment policy and performance

As stated in the Articles of Association, Directors have the power to invest in the name of the Trust such part of the funds as they may see fit. The Trust currently holds its cash balances at its bank and has no plans to change this policy in the near future.

Financial review

a. Reserves policy

The Board monitor the reserves in place on a regular basis to ensure they are adequate for the current operations and future plans.

b. Principal risks and uncertainties

The effect of a judgement made by an Ofsted visit can be very positive or very negative. With the turbulence in results nationally this is an increased risk.

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

c. Financial risk management objectives and policies

The Trust and Academies budgets and related expenditure are closely monitored for best value by the Accounting Officer and Board, with auditing carried out by an independent accountant.

The Directors have devised a risk register with scoring, control measures and assurance control in place which will be implemented across all Academies..

Plans for future periods

a. Future developments

In October 2017 the Trust repeated its successful trust wide training day providing staff to network and for collaborative learning and sharing of good practice.

It continues to work towards its ofsted action points and as a Trust to continue to develop centralised services for the benefit of all trust schools.

Disclosure of information to auditors

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 29 November 2017 and signed on its behalf by:


Nigel Gibbon
Chair of Directors

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Headteacher of Lacon Childe School, 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 Shropshire Gateway Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Nigel Gibbon, Chair	4	4
Darren Reynolds	4	4
Alex Gurney	4	4
Dennis Hill	4	4
Pete Howman	3	4
Phillip Dews	2	4
Tony Kinsey	3	4
Matt Home	3	4
Andrew Morrish	3	4

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GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

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

Negotiating range of core service level agreements, across a number of corporate services, on a trust-wide basis. This has resulted in efficiencies of scale and has meant that the trust has been able to secure pricing structures that would not have been achievable by a standalone academy.

Ensuring that vacancy management is robust across the organisation. The impact of recruitment to any position is considered across the trust and trust-wide posts have been appointed to. This provides a single point of expertise while, at the same time, offering good value for money.

Robust vacancy management also ensures that alternative means of service provision and restructuring opportunities are considered as soon as a vacancy arises.

Although many core service SLA's have been agreed at a trust-wide level, there remain further opportunities for similar agreements to be reached within more standard procurement areas. This is an area that the organisation can improve upon and develop.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the 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 Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Whittingham Riddell LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included: Controls over income, purchasing and payroll procedures and associated Governance.

On a quarterly basis, the auditors report to the Board of Directors through the audit committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

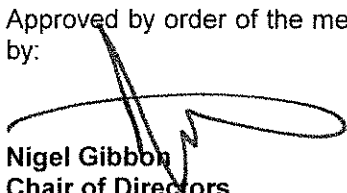
Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the external auditors and the Director board and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 29 November 2017 and signed on their behalf, by:


Nigel Gibbon
Chair of Directors


Darren Reynolds
Accounting Officer

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Darren Reynolds
Accounting Officer

Date: 29 November 2017

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Directors on 29 November 2017 and signed on its behalf by:



Nigel Gibbon
Chair of Directors

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SHROPSHIRE GATEWAY EDUCATIONAL TRUST**

Opinion

We have audited the financial statements of Shropshire Gateway Educational Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy'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 Academy and its 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 Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

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

Conclusions relating to going concern

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

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

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SHROPSHIRE GATEWAY EDUCATIONAL TRUST**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SHROPSHIRE GATEWAY EDUCATIONAL TRUST**

Responsibilities of trustees

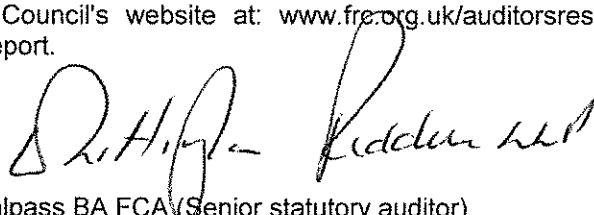
As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the Academy'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 Directors either intend to liquidate the Academy's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date:

15 December 2017

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
SHROPSHIRE GATEWAY EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 19 August 2015 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 Shropshire Gateway Educational Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Shropshire Gateway Educational Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Shropshire Gateway Educational Trust's funding agreement with the Secretary of State for Education dated June 2014, 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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
SHROPSHIRE GATEWAY EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING
AGENCY (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Andrew Malpass BA FCA

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date:

15 Decemb 2017

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Land and Buildings						
transferred on conversion	2	-	-	-	-	1,052,399
Pension Deficit transferred on						
conversion	2	-	-	-	-	(105,000)
Surplus transferred from local						
authority on conversion	2	-	-	-	-	91,346
Other donations and capital						
grants	2	-	334,884	-	334,884	321,709
Charitable activities	3	23,526	4,829,465	-	4,852,991	4,957,304
Other trading activities	4	-	230,718	-	230,718	94,935
Investments	5	646	-	-	646	1,209
TOTAL INCOME		24,172	5,395,067	-	5,419,239	6,413,902
EXPENDITURE ON:						
Charitable activities		-	5,858,635	210,003	6,068,638	5,468,396
TOTAL EXPENDITURE	6	-	5,858,635	210,003	6,068,638	5,468,396
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		24,172	(463,568)	(210,003)	(649,399)	945,506
Transfers between Funds	17	(459,973)	206,057	253,916	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(435,801)	(257,511)	43,913	(649,399)	945,506
Actuarial gains/(losses) on						
defined benefit pension						
schemes	21	-	4,000	-	4,000	(693,000)
NET MOVEMENT IN FUNDS		(435,801)	(253,511)	43,913	(645,399)	252,506
RECONCILIATION OF FUNDS:						
Total funds brought forward		624,246	(1,934,489)	17,029,454	15,719,211	15,466,705
TOTAL FUNDS CARRIED FORWARD		188,445	(2,188,000)	17,073,367	15,073,812	15,719,211

The notes on pages 19 to 40 form part of these financial statements.

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09115941

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		17,073,367		17,029,454
CURRENT ASSETS					
Debtors	15	219,031		215,541	
Cash at bank and in hand		431,843		809,997	
		<u>650,874</u>		<u>1,025,538</u>	
CREDITORS: amounts falling due within one year	16	(462,429)		(336,781)	
NET CURRENT ASSETS			<u>188,445</u>		<u>688,757</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>17,261,812</u>		<u>17,718,211</u>
Defined benefit pension scheme liability	21		(2,188,000)		(1,999,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>15,073,812</u>		<u>15,719,211</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	-		64,511	
Restricted fixed asset funds	17	17,073,367		17,029,454	
Restricted income funds excluding pension liability		<u>17,073,367</u>		<u>17,093,965</u>	
Pension reserve		<u>(2,188,000)</u>		<u>(1,999,000)</u>	
Total restricted income funds			<u>14,885,367</u>		<u>15,094,965</u>
Unrestricted income funds	17		<u>188,445</u>		<u>624,246</u>
TOTAL FUNDS			<u>15,073,812</u>		<u>15,719,211</u>

The financial statements on pages 16 to 40 were approved by the Directors, and authorised for issue, on 29 November 2017 and are signed on their behalf, by:


Nigel Gibbon
Chair of Directors

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(124,884)	231,162
Cash flows from investing activities:			
Dividends, interest and rents from investments		646	1,209
Purchase of tangible fixed assets		(253,916)	(88,947)
Net cash used in investing activities		(253,270)	(87,738)
Change in cash and cash equivalents in the year		(378,154)	143,424
Cash and cash equivalents brought forward		809,997	666,573
Cash and cash equivalents carried forward	20	431,843	809,997

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Shropshire Gateway Educational Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Turnover

Turnover comprises revenue recognised by the Academy in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.6 Tangible fixed assets and depreciation

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

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

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

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

Long-term leasehold property	-	0.8% Straight Line
Motor vehicles	-	20% Reducing balance
Fixtures and fittings	-	20% Straight Line
Computer equipment	-	33% Straight Line

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

1.7 Debtors

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

1.8 Cash at Bank and in hand

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

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.11 Taxation

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

1.12 Pensions

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

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

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

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

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.13 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy trust 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.

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Land and Buildings transferred on conversion	-	-	-	-	1,052,399
Pension Deficit transferred on conversion	-	-	-	-	(105,000)
Surplus transferred from local authority on conversion	-	-	-	-	91,346
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balances transferred on conversion	-	-	-	-	1,038,745
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Donations and sponsorship	-	77,123	-	77,123	90,890
Capital Grants	-	257,761	-	257,761	230,819
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	-	334,884	-	334,884	321,709
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	334,884	-	334,884	1,360,454
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	<hr/> <i>(105,000)</i> <hr/>	<hr/> <i>413,055</i> <hr/>	<hr/> <i>1,052,399</i> <hr/>	<hr/> <i>1,360,454</i> <hr/>	

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
GAG	-	4,087,446	4,087,446	4,195,120
	-	4,087,446	4,087,446	4,195,120
Other government grants				
Rates Relief	-	318	318	34,219
SEN Funding	-	169,028	169,028	163,300
Other EFA Grants: Excluding Capital	-	83,981	83,981	63,757
Other Govt Grants: Excluding Capital	-	24,197	24,197	26,248
Pupil Premium	-	198,542	198,542	246,348
	-	476,066	476,066	533,872
Other funding				
Transport Income	-	148,611	148,611	113,549
Income from Universities	-	11,233	11,233	53,311
Income from Local Authority	-	99,179	99,179	47,094
Other income	23,526	-	23,526	14,358
Looking after Children	-	6,930	6,930	-
	23,526	265,953	289,479	228,312
	23,526	4,829,465	4,852,991	4,957,304
<i>Total 2016</i>	14,358	4,942,946	4,957,304	

4. TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity trading income				
Catering Income	-	85,348	85,348	14,626
Sale of Other Goods & Services	-	145,370	145,370	80,309
	-	230,718	230,718	94,935
	-	230,718	230,718	94,935

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income - local cash	646	-	646	1,209
<i>Total 2016</i>	<i>1,209</i>	<i>-</i>	<i>1,209</i>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Activities:					
Direct costs	3,718,743	20,155	535,562	4,274,460	4,105,306
Support costs	593,933	278,844	921,401	1,794,178	1,363,090
	<u>4,312,676</u>	<u>298,999</u>	<u>1,456,963</u>	<u>6,068,638</u>	<u>5,468,396</u>
<i>Total 2016</i>	<i>3,996,625</i>	<i>74,232</i>	<i>1,397,539</i>	<i>5,468,396</i>	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Direct costs - Academy educational	4,274,460	1,794,178	6,068,638	5,468,396
<i>Total 2016</i>	<i>4,105,306</i>	<i>1,363,090</i>	<i>5,468,396</i>	

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of direct costs

	Academys Educational Activities £	Total 2017 £	Total 2016 £
Pension income	38,000	38,000	47,000
Educational Supplies & Services	72,435	72,435	81,267
Catering	3,559	3,559	16,430
External Professional Services	96,769	96,769	114,619
Other Supplies & Services	231,578	231,578	207,128
Technology Costs	5,312	5,312	10,976
Staff Development	39,954	39,954	35,921
Examination fees	47,955	47,955	50,585
Cleaning Costs	20,155	20,155	13,371
Wages and salaries	2,845,471	2,845,471	2,803,391
National insurance	257,509	257,509	211,427
Pension cost	615,763	615,763	513,191
	<u>4,274,460</u>	<u>4,274,460</u>	<u>4,105,306</u>
<i>At 31 August 2016</i>	<u>4,105,306</u>	<u>4,105,306</u>	

Analysis of support costs

	Academys Educational Activities £	Total 2017 £	Total 2016 £
Staff costs	593,933	593,933	468,616
Depreciation	210,003	210,003	202,431
Maintenance of Premises	317,527	317,527	77,251
Occupancy Costs	149,064	149,064	156,831
Catering	163,550	163,550	97,149
Bank Charges & Interest	3,161	3,161	(163)
Other Supplies & Services	621	621	-
Technology Costs	144,522	144,522	146,000
Other Expenditure	92,776	92,776	106,310
Cleaning Costs	59,712	59,712	47,427
Travel and Subsistence	527	527	-
Governance	58,782	58,782	61,238
	<u>1,794,178</u>	<u>1,794,178</u>	<u>1,363,090</u>
<i>At 31 August 2016</i>	<u>1,363,090</u>	<u>1,363,090</u>	

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	210,003	202,430
Auditors' remuneration - audit	5,600	5,300
Auditors' remuneration - other services	6,700	6,625
	<u>222,303</u>	<u>214,355</u>

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,356,928	3,191,947
Social security costs	286,090	242,885
Operating costs of defined benefit pension schemes	669,658	561,793
	<u>4,312,676</u>	<u>3,996,625</u>

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

	2017 No.	2016 No.
	171	175

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	0
In the band £70,001 - £80,000	0	1
In the band £90,001 - £100,000	1	0

The key management personnel of the academy trust comprises the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £453,535 (2016: £542,541).

10. CENTRAL SERVICES

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

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. DIRECTORS' REMUNERATION AND EXPENSES

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

		2017 £	2016 £
D J Reynolds	Remuneration	80,000-85,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000
A D Ellis - Pro rated	Remuneration	60,000-65,000	5,000-10,000
	Pension contributions paid	0-5,000	0-5,000
K Jones	Remuneration	60,000-65,000	55,000-60,000
	Pension contributions paid	0-5,000	0-5,000

During the year, no Directors received any reimbursement of expenses (2016 - £Nil).

12. DIRECTORS' AND OFFICERS' INSURANCE

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

13. OTHER FINANCE INCOME

	2017 £	2016 £
Interest income on pension scheme assets	19,000	21,000
Interest on pension scheme liabilities	(57,000)	(68,000)
	<u>(38,000)</u>	<u>(47,000)</u>

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	17,185,507	55,300	5,595	169,528	17,415,930
Additions	224,800	-	11,369	17,747	253,916
At 31 August 2017	17,410,307	55,300	16,964	187,275	17,669,846
Depreciation					
At 1 September 2016	253,462	17,947	1,989	113,078	386,476
Charge for the year	141,138	7,470	1,569	59,826	210,003
At 31 August 2017	394,600	25,417	3,558	172,904	596,479
Net book value					
At 31 August 2017	17,015,707	29,883	13,406	14,371	17,073,367
At 31 August 2016	16,932,045	37,353	3,606	56,450	17,029,454

15. DEBTORS

	2017 £	2016 £
Trade debtors	46,406	59,897
Other debtors	66,555	78,403
Prepayments and accrued income	106,070	77,241
	219,031	215,541

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	173,541	96,636
Other taxation and social security	120,812	116,568
Other creditors	993	1,370
Accruals and deferred income	167,083	122,207
	<u>462,429</u>	<u>336,781</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	81,156	-
Resources deferred during the year	104,833	81,156
Amounts released from previous years	(81,156)	-
Deferred income at 31 August 2017	<u>104,833</u>	<u>81,156</u>

Deferred income relates to trip fees received in advance and income received to fund specific items relating to the 2016/17 year end.

SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	624,246	24,172	-	(459,973)	-	188,445
Restricted funds						
Restricted Funds - all funds	64,511	5,395,067	(5,665,635)	206,057	-	-
Pension reserve	(1,999,000)	-	(193,000)	-	4,000	(2,188,000)
	<u>(1,934,489)</u>	<u>5,395,067</u>	<u>(5,858,635)</u>	<u>206,057</u>	<u>4,000</u>	<u>(2,188,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	17,029,454	-	(210,003)	253,916	-	17,073,367
Total restricted funds	<u>15,094,965</u>	<u>5,395,067</u>	<u>(6,068,638)</u>	<u>459,973</u>	<u>4,000</u>	<u>14,885,367</u>
Total of funds	<u>15,719,211</u>	<u>5,419,239</u>	<u>(6,068,638)</u>	<u>-</u>	<u>4,000</u>	<u>15,073,812</u>

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

Restricted general funds have been utilised for the Academy's educational operation.

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Lacon Childe School	(65,919)	259,573
Clee Hill Primary School	66,127	123,062
Cleobury Mortimer Primary School	158,036	243,187
Stottesdon Primary School	6,693	53,645
Multi Academy Trust	23,508	9,290
Total before fixed asset fund and pension reserve	188,445	688,757
Restricted fixed asset fund	17,073,367	17,029,454
Pension reserve	(2,188,000)	(1,999,000)
Total	15,073,812	15,719,211

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	s 2016 £
Lacon Childe School	1,952,992	368,379	164,472	888,365	3,374,208	2,984,717
Clee Hill Primary School	463,686	49,382	10,373	188,174	711,615	597,218
Cleobury Mortimer Primary School	786,722	92,439	46,556	258,058	1,183,775	1,044,845
Stottesdon Primary School	275,651	114,944	39,407	97,120	527,122	493,164
Multi Academy Trust	-	21,150	11,131	29,634	61,915	92,883
	3,479,051	646,294	271,939	1,461,351	5,858,635	5,212,827

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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	17,073,367	17,073,367
Current assets	188,445	462,429	-	650,874
Creditors due within one year	-	(462,429)	-	(462,429)
Provisions for liabilities and charges	-	(2,188,000)	-	(2,188,000)
	<u>188,445</u>	<u>(2,188,000)</u>	<u>17,073,367</u>	<u>15,073,812</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(649,399)	945,506
Adjustment for:		
Depreciation charges	210,003	202,430
Dividends, interest and rents from investments	(646)	(1,209)
(Increase)/decrease in debtors	(7,775)	9,092
Increase/(decrease) in creditors	129,933	(55,258)
Assets transferred from local authority on conversion	-	(1,052,399)
Pension Adjustment	193,000	183,000
Net cash (used in)/provided by operating activities	<u>(124,884)</u>	<u>231,162</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	431,843	809,997
Total	<u>431,843</u>	<u>809,997</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS

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

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

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.

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 £357,356 (2016 - £318,308).

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21. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £267,623 (2016 - £238,958), of which employer's contributions totalled £208,677 (2016 - £186,513) and employees' contributions totalled £58,946 (2016 - £52,445). The agreed contribution rates for future years are 14.8% for employers and 6.45% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.40 %	2.10 %
Rate of increase in salaries	3.70 %	3.30 %
Rate of increase for pensions in payment / inflation	2.20 %	1.90 %
Inflation assumption (CPI)	2.20 %	1.80 %

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

	2017	2016
Retiring today		
Males	23	23.9
Females	26.2	26.4
Retiring in 20 years		
Males	25.2	26.2
Females	28.5	29.2

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	2,126,000	1,940,000
Inflation +0.1%	2,250,000	2,059,000
Pay growth +0.1%	2,200,000	2,021,000
Mortality assumption - 1 year increase	2,240,000	2,044,000

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21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	391,000	378,000
Gilts	178,000	140,000
Corporate bonds	-	-
Other	120,000	144,000
Property	37,000	37,000
Cash and other liquid assets	35,000	12,000
	<u>761,000</u>	<u>711,000</u>
Total market value of assets	<u>761,000</u>	<u>711,000</u>

The actual return on scheme assets was £117,000 (2016 - £76,000).

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

	2017 £	2016 £
Current service cost	(357,000)	(213,000)
Interest income	19,000	21,000
Interest cost	(57,000)	(68,000)
Employers contributions	209,000	186,000
Admin expenses	(7,000)	(4,000)
	<u>(193,000)</u>	<u>(78,000)</u>
Total	<u>(193,000)</u>	<u>(78,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	2,710,000	1,536,000
Transferred in on existing academies joining the trust	-	105,000
Current service cost	357,000	213,000
Interest cost	57,000	68,000
Employee contributions	60,000	52,000
Benefits paid	(12,000)	-
Actuarial losses	(223,000)	-
Effect of non-routine settlements	-	(12,000)
	<u>2,949,000</u>	<u>2,710,000</u>
Closing defined benefit obligation	<u>2,949,000</u>	<u>2,710,000</u>

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21. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	711,000	413,000
Interest income	19,000	21,000
Actuarial losses/(gains)	4,000	(693,000)
Employer contributions	209,000	186,000
Employee contributions	60,000	52,000
Actuarial adjustment	(223,000)	748,000
Administration expenses	(7,000)	(4,000)
Benefits / Transfers Paid	(12,000)	-
	<u>761,000</u>	<u>711,000</u>
Closing fair value of scheme assets	<u>761,000</u>	<u>711,000</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	16,311	10,637
Between 1 and 5 years	5,052	10,104
Total	<u>21,363</u>	<u>20,741</u>

23. MEMBERS' LIABILITY

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

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24. RELATED PARTY TRANSACTIONS

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

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