

REGISTERED COMPANY NUMBER: 07596422 (England and Wales)

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017
FOR
EVOLUTION SCHOOLS LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

UHY Calvert Smith LLP
Statutory Auditor
Chartered Accountants
31 St Saviourgate
York
North Yorkshire
YO1 8NQ

EVOLUTION SCHOOLS LEARNING TRUST

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

	Page
Reference and Administrative Details	1 to 2
Report of the Trustees	3 to 11
Governance Statement	12 to 14
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees Responsibilities	16
Report of the Independent Auditors	17 to 19
Independent Accountant's Report on Regularity	20 to 21
Statement of Financial Activities	22 to 23
Statement of Financial Position	24 to 25
Statement of Cash Flows	26
Notes to the Statement of Cash Flows	27
Notes to the Financial Statements	28 to 48

EVOLUTION SCHOOLS LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2017

MEMBERS

Mr R C S Hall
Mr J Hudson
Mr G Smith
Miss V Smallwood
Mr A Judson

TRUSTEES

Mr R C S Hall (Chairman of Trustees)
Mr J Hudson
Mr P Loftus (Accounting Officer)
Ms M Stephenson
Mr M Callaghan (Vice-Chairman of Trustees)
Mrs K Young
Mr S Simpson

GOVERNORS OF NORTON COLLEGE

Mrs K Young (Chairperson of Governors)
Mr N Cullis (Trust Appointed) (Vice-Chairperson of Governors)
Mr A Judson (Trust Appointed)
Mrs H Drabble (Trust Appointed) – Term Ended October 2017
Mr P Loftus (Headteacher)
Mr S Raettig (Staff Governor) - Resigned November 2017
Mrs S Gilbank (Staff Governor)
Mr S King (Parent Governor) - Resigned February 2017
Mr D Pettitt (Parent Governor)
Mrs M Coning (Parent Governor)
Mr A Jackson (Staff Governor)
Mrs C Stewart (Trust Appointed) – Joined February 2017
Mrs J Hodges – (Trust Appointed) – Joined April 2017
Mr S Simpson – (Trust Appointed) – Joined April 2017
Mr C Shepherdson – (Parent Governor) – Joined April 2017

COMPANY SECRETARY

Mr D MacPhee

SENIOR MANAGEMENT TEAM

Mr P Loftus (Headteacher)
Dr S Carson (Senior Deputy Headteacher)
Mrs K Rothenburg (Deputy Headteacher)
Mr D MacPhee (Business Manager)
Mr P Jackson (Senior Teacher & Director of Teaching and Learning)
Miss H Boyd (Senior Teacher & Director of Progress and Well-being)
Mrs K Cooke (Senior Teacher & Director of Leadership Development)
Mrs J Barber (Pastoral Director)
Mrs G McDonald (Head of Sixth Form)

EVOLUTION SCHOOLS LEARNING TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

**PRINCIPLE AND
REGISTERED OFFICE**

Norton College
Langton Road
Norton
Malton
North Yorkshire
YO17 9PT

**REGISTERED COMPANY
NUMBER**

07596422 (England and Wales)

AUDITORS

UHY Calvert Smith LLP
Statutory Auditor
Chartered Accountants
31 St Saviourgate
York
North Yorkshire
YO1 8NQ

SOLICITORS

Wrigley's Solicitors LLP
19 Cookridge Street
LS2 3AG

BANKERS

Lloyds Bank PLC
2 Pavement
York
YO1 9LB

EVOLUTION SCHOOLS LEARNING TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2017

The trustees who are also directors of the academy trust for the purposes of the Companies Act 2006, present their report with the financial statements of the academy trust for the year ended 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 Funding Agency.

Evolution Schools Learning Trust (Evolution) was established and incorporated on 7 April 2011 as a Multi-Model Academy Trust. This is the sixth report and accounts for the Trust. Currently the only school in its care is Norton College, Norton, North Yorkshire. This accounting period has seen a concerted effort to ensure the high standards already achieved are embedded and secure. The Trust continues to seek to progress to "Outstanding" status and remains focussed on the long term aim to develop external activity and grow the family of schools within the organisation.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was incorporated as a company limited by guarantee and as an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

In addition to acting as trustees for the charitable activities of Evolution, the trustees are also directors of the Academy Trust for the purposes of company law.

Details of trustees and governors who have served throughout the period, except as noted, are included in the Reference and Administrative details on page 1.

Members' liability

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

Trustees' Indemnities

The Academy Trust maintains trustees', governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees, governors or officers. The Academy Trust has also granted indemnities to each of its trustees, governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which trustees, governors or other officers may incur to third parties in the course of acting as trustees, governors or officers of the Academy Trust.

Details of the insurance cover are provided in note 10 to the Financial Statements.

Principal activities

The Academy Trust's principal object and activity is to manage the Academy Trust's provision of education to pupils between the ages of 2 and 19.

EVOLUTION SCHOOLS LEARNING TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The number of trustees shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Trustees' term of office is four years but they are eligible for re-election at the meeting at which they retire. At each Annual General Meeting the trustees will elect a chairman and a vice-chairman.

Induction and training of new trustees

The training and induction provided for new trustees will depend on their existing experience. Where necessary an induction will provide training on company, educational, legal and financial matters. All new trustees will be given a tour of the Academy Trust site and the chance to meet with staff and students. New trustees will be given access to copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role as trustees. Induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

In the last year, Governance at Trustee level has remained consistent with no new additions or resignations. There are clear lines of accountability from Members to Trustees and the annually updated skills matrix audit shows effective capacity and skills at both Board and Trust level. In 2016 the CEO attended a DfE approved CEO course and, as a result, the Trust has now developed a set of effective tools to monitor and evaluate both primary and secondary academies' performance.

The aim of the scheme of delegation is to seek local solutions driven by local leaders and to devolve responsibility and encourage involvement in decision making at all levels, while, at the same time, ensuring there is a golden thread of accountability through the CEO back to the Board.

The Governing Body is responsible for:

- setting general policy in line with the Evolution vision;
- adopting an annual plan and budget;
- monitoring the delegated budget;
- making major decisions about the strategic direction of the College within the delegated powers;
- making decisions on capital expenditure;
- making decisions on the most senior staff appointments in consultation with the Headteacher.

The senior leadership team is led by the Headteacher and, in addition, comprises two deputy Headteachers, five associate leaders and the business manager. These senior leaders manage the College by implementing the policies agreed by the governors and reporting back to them on progress. The Headteacher and other key senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, although appointment boards for posts in the senior leadership team always contain a governor. Some spending responsibility is delegated to other managers in senior positions.

Arrangements for setting pay and remuneration of key management personnel

The Trust has created a pay policy to set the pay and remuneration of the academy's key management personnel. The policy covers the teaching and support staff. For teaching staff, the policy follows the recognised arrangements in place linked to the School Teachers Pay and Conditions Document 2017 (STPCD) and for support staff the national pay rates determined by the negotiating body, the National Joint Council (NJC). All personnel, throughout the organisation including key management, fall within the one policy and its associated appendices.

EVOLUTION SCHOOLS LEARNING TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

There are no officially connected organisations or related parties of the Academy Trust.

Risk management

The trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances.

Systems have been implemented to assess risks that the school faces, especially in the operational area such as teaching, health and safety, bullying and school trips, control of finance, vetting of new staff and visitors, supervision of school grounds and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the statement of internal controls.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal objects and activity of the Company is the operation of Evolution to provide an appropriate education for students of different abilities between the ages of 2 and 19.

In setting the objectives and planning the activities the trustees have given careful consideration to the Charities Act 2011 general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. In accordance with the articles of association Evolution has adopted a Funding Agreement approved by the Secretary of State for the Department for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy Trust, the catchment area from which the students are drawn and the arrangements made for special educational needs and disabilities. The Academy Trust aims to provide a diverse educational offer across all key stages and this will contribute to students being drawn from further afield. The Academy Trust is proud to welcome pupils from all backgrounds.

Objectives, strategies and activities

Objectives:

The main objectives of the Academy Trust during the period ended 31 August 2017 are summarised below:

- to deliver high quality education and care to all pupils within the Academy Trust;
- to raise standards and achievement;
- to improve the effectiveness of the Academy Trust 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 industry and commerce;
- to conduct the Academy Trust's business in accordance with the highest standards of integrity, probity and openness.

EVOLUTION SCHOOLS LEARNING TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2017

OBJECTIVES AND ACTIVITIES

Objectives, strategies and activities

Strategies and activities:

The Trusts long term aim is to create a collaborative and mutually supportive family of schools focused on continual improvement where integrity and trust are central to how it works. Through the sharing of resources, it plans to enhance achievement for all its learners, and within a Teaching School Alliance, operate across three secondary and eight primary schools.

The Trust has produced a Business Plan which details how it intends to achieve the aims and objectives for a three-year period. The activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff;
- a programme of sporting and after school leisure activities for all students;
- co-operation and sharing resources with local schools;
- a system of lunchtime and after school clubs, trips and visits to allow students to explore new areas of interest;
- a pastoral programme designed to focus on the personal development of all students.

Public benefit

The trustees confirm that they have complied with the requirement in section 2 (1) (b) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and, in particular, to its supplementary public benefit guidance on advancing education. Additionally, the trustees confirm that reference has been made to the guidance in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Equal opportunities

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

Disabled persons

The policy of the Academy Trust is to support recruitment and retention of students and employees with disabilities. The Academy Trust does this by adapting the physical environment, by making support resources available and through training and career development. Lifts exist in both the main building and in the Sixth Form building. Where necessary the main building has been adapted with ramps and door widths have been brought up to the necessary standard.

EVOLUTION SCHOOLS LEARNING TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2017

STRATEGIC REPORT

Achievement and performance

Charitable activities

Norton College was graded “Good” in all categories in October 2013. This was confirmed in a Section 8 inspection in September 2017. Since 2013, there has been a trajectory of continued improvement as evidenced by a range of indicators. High expectations and a focus on high quality teaching in a broad curriculum offer, has meant that the College Progress 8 was positive at 0.21. 75% of students secured good GCSEs A*- C within English and maths. Performance in the school was amongst the strongest in the area. At the end of the year, all Year 11 students were placed in work, training or education and all but 4% of Year 13 secured appropriate pathways. Analysis of NEETs figures (Not in Education or Training) 3 months after students have left the College, declined for the 4th year in both years 11 and 13 and both are above national averages. An external validated report suggests Year 11 outcomes placed the school in the top 30% of schools nationally. Within the sixth form, both applied and academic pathways secured good outcomes. In Year 13 the number of students choosing to progress to University was above 60% for the second year. Of note was the rise of apprenticeships being used to secure students’ career of choice.

Governors receive a yearly external review of the College performance. For the last three years an external Challenge Partners Review team, led by an Ofsted trained reviewer, graded the College securely “good”. In two of the three years they have identified as “Outstanding” the rate of change, the focus on teaching and learning and the aspirations of leaders at all levels.

The school’s popularity has meant that the main school student roll has increased in the last 3 years and significant numbers of children continue to travel from beyond its traditional catchment. To accommodate this demand, the school’s published admission number has been increased to 160. All who wish to secure a place at Norton College do so.

The Trust continues to operate in difficult conditions. In comparing 2016/17 to the previous period, funding and income levels have reduced by 2.4% and rising costs leading to increases in expenditure budgets have provided financial challenge throughout the year. Whilst this is not dissimilar to other educational trusts, the relatively small size of the organisation limits somewhat, efficiency savings being made. The Trust, however, is constantly reviewing the value of bought in services, its staffing structure and income generation activities.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future. There is however, an uncertainty to the going concern basis due to the accumulated deficit in the General Annual Grant Restricted Fund and the Academy trust is being monitored by the Education and Skills Funding Agency (ESFA) to ensure the Trust is adequately managing the deficit. The accounts have been prepared on a going concern basis, however, like all academy schools, this is dependent on the continued support of the ESFA, which the Trustees are of the opinion will continue as the current recovery plans and forecasts indicate it will improve the deficit position in future years.

EVOLUTION SCHOOLS LEARNING TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2017

STRATEGIC REPORT

Achievement and performance

Key performance indicators

The organisation has chosen to set and monitor its performance against a number of Key Performance Indicator's as follows:

	2016/17	2015/16
KPI 1 - % Student Attendance		
Key Stages 3 and 4	94.8%	94.2%
Key Stage 5	93.0%	95.4%
KPI 2 - % of students achieving at least 5 A* - C English and Mathematics at GCSE	64%	68%
KPI 3 - % of A-Level Students achieving at least 3 A-Levels at A* - E	61%	60%
KPI 4 - Direction of Post 16 Students on Completion		
Moved to university	60%	61%
Moved into work and other training	35%	32%
Forces	3%	3%
Not in employment, education or training	2%	4%
KPI 5 – Total revenue income per pupil	£5,443	£5,578

Financial review

Most of the Academy Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Financial and risk management objectives and policies

During the year ended 31 August 2017, total expenditure of £5,065,841 exceeded recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year was £304,456.

The Trustees recognise the importance of creating and building reserves and have taken the necessary actions to ensure that an effective financial plan is in place which has been produced in conjunction with the ESFA. Over the coming years Trustees plan to return to surplus and hold reserves that are expected to continue to grow.

At 31 August 2017 the net book value of fixed assets was £6,926,302 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The Academy Trust uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Academy Trust's operations and the risks are explained below:

EVOLUTION SCHOOLS LEARNING TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2017

STRATEGIC REPORT

Financial and risk management objectives and policies

Liquidity risk - the Academy Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested so to maximise interest income;

Interest rate risk - the Academy Trust earns interest on cash deposits and with interest rates currently low, the trustees take appropriate action to ensure they maximise the income from these deposits; and

Credit risk - this is managed through regular contact with funders. Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our principal bankers.

Principal risks and uncertainties

The trustees have considered the risks presented to the Academy Trust and have implemented policies and systems to mitigate these risks. The Academy Trust will continue to manage these risks, through a series of performance reviews, monitoring and efficiency evaluation, to ensure that any future annual deficit can be met by reserves. The trustees have deemed the following risks to be of most serious consequence to the Academy Trust:

1. Failure to successfully recruit and retain pupils;
2. Changes to government policy on education funding;
3. Changes to education priorities by the government;
4. Loss of a key member of the Senior Leadership Team;
5. Impact of an uncontrollable event e.g. fire or flood;
6. Major injury or a health and safety issue or environmental incident;
7. Changes to pension policy or funding for the TPS and LGPS.

Reserves policy

The trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Academy Trust plans to spend the majority of its revenue income each year on the students in its care. However, the trustees have determined to aim to carry forward reserves, when this becomes feasible, at a prudent level and these reserves are designated to meet the long term cyclical needs of renewal and any other unforeseen requirements whilst taking into consideration the constraints set by the Education Funding Agency.

Financial position

The Academy Trust held total fund balances at 31 August 2017 of £4,082,672 including restricted fixed asset funds of £6,926,302, unrestricted general funds of £4,352, a deficit of £2,847,982 on restricted general funds of which a deficit of £2,499,000 related to the pension reserve deficit.

The pension reserve deficit at 31 August 2017 is the Local Government Pension Scheme (LGPS) reserve.

The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the Academy Trust in the form of possible future increases in pension contributions which, if required, will be met from budgeted annual income. There is therefore no direct impact on the free reserves of the Academy Trust because of recognising the deficit.

EVOLUTION SCHOOLS LEARNING TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2017

STRATEGIC REPORT

Investment policy

Surplus funds held by Evolution will be deposited with the Lloyds Bank or placed on the money markets on a fixed term basis. The decision to invest will have due regard to the liquidity requirements of the Organisation and will depend upon the amount, the return being offered and the associated risk. All funds invested on the money market will be agreed by the trustees and Governor's Business Committee.

Plans for the future

The College is in Year 1 of a two year Raising Achievement Plan to consolidate gains made and, in doing so, address the two areas for action identified by Ofsted which prevented the school being graded outstanding. In a short inspection, in 2017/18 Ofsted confirmed the continued "Good" quality education in all areas of the College. Key performance indicators linked to student achievement and quality of teaching set for 2017 have all been reached.

The sixth form was singled out for individual praise in the September 2017 Ofsted inspection. Previous years' destination figures confirm that the sixth form is now the default choice for children in the area if they choose not to travel to College. Leadership continue to seek partnerships with local schools to further bolster recruitment. However, the sixth form is now a financially secure element of the school's provision.

The vision for Evolution has begun to attract interest from other schools and leaders have begun to work informally with schools to share strengths and offer support to each other. Through careful recruitment and retention strategies, Norton has strong leaders at both senior and middle leader level who have the capacity to make a difference in other school settings.

Expertise within the Hub lies in:

- Leadership of School Improvement;
- Data led improvement systems - linked to student target setting, tracking and analysis and intervention;
- Ethos and Behaviour systems - linked to improving student engagement and aspirations;
- Leadership development programmes - middle and senior leader development;
- Teaching and Learning Development - linked to impactful continuing professional development.

Evolution has developed specific capacity for primary settings linked to:

- English and maths specialist staff;
- Leadership capacity in English and maths;

In addition, Evolution has developed a centre which can offer expertise in:

- Academisation process;
- ICT;
- Procurement;
- Human Resources;
- Site maintenance and management;

The College continues to build capacity and will be able to offer a range of school improvement services.

EVOLUTION SCHOOLS LEARNING TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2017

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy trust's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the academy trust's auditors are 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 11 December 2017 and signed on the board's behalf by:

Mr R C S Hall - Chairman of Trustees

EVOLUTION SCHOOLS LEARNING TRUST

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Evolution Schools Learning Trust (Evolution) 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 trustees, via the Governing Body of Norton College have delegated the day-to-day responsibility to the 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 Evolution and the Secretary of State for Education. During the year ended 31 August 2017 the Accounting Officer was Mr P Loftus. The Accounting Officer is also responsible for reporting to the Board of Trustees of the Academy Trust and the Governing Body of Norton College any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr R C S Hall	6	6
Mr M Callaghan	5	6
Mr J Hudson	5	6
Mrs K Young	4	6
Mr P Loftus	6	6
Ms M Stephenson	6	6
Mr S Simpson	4	6

The Academy Trust continually reviews its effectiveness through formal meetings. A skills audit using the approved questioning was carried out during the course of the year and the results agreed as being appropriate and in line with the skills required. This work is being reviewed on an annual basis as the Trustees look to review their continued effectiveness. The Trust structure is now regarded as being fit for purpose including vacant positions for future Trustees linked to new entrants within the academy trust as it develops.

Review of Value for Money

As Accounting Officer the Headteacher and 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.

EVOLUTION SCHOOLS LEARNING TRUST

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017

Review of Value for Money

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 during the year by involving Senior Leaders and Governors in a series of exercises during formal meetings to broaden the view and increase the understanding and awareness of ensuring value for money is delivered throughout the Trust. In addition, Governors have been involved in procurement exercises to add to the accountability of College and Trust decision making when reviewing existing annual contracts and the consideration of new services.

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 Trust's 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 Evolution for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administration 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 agreed by the Governing Body;
- regular reviews by the Business 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.

EVOLUTION SCHOOLS LEARNING TRUST

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017

The Risk and Control Framework

The governors have appointed Veritau Ltd, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current period included:

- Insurance and Risk Management Arrangements;
- Governance and Financial Management;
- Contracts, ordering, purchasing and authorisation;
- Income systems;
- Human resources;
- Payroll and staff costs;
- Data Protection and IT;
- Vehicle and associated systems;
- Capital and Property;
- Inventories;
- Security and Safeguarding

The RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Effectiveness

As Accounting Officer, Mr P Loftus has responsibility for reviewing the effectiveness of the system of internal control. For the period in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- 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 Business Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11 December 2017 and signed on its behalf by:

Mr R C S Hall - Chairman of Trustees

Mr P Loftus - Accounting Officer

EVOLUTION SCHOOLS LEARNING TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of Evolution Schools Learning 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 2017.

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 2017.

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

Mr P Loftus - Accounting Officer

Date: 11 December 2017

EVOLUTION SCHOOLS LEARNING TRUST

STATEMENT OF TRUSTEES RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 11 December 2017 and signed on its behalf by:

Mr R C S Hall - Chairman of Trustees

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EVOLUTION SCHOOLS LEARNING TRUST

Opinion

We have audited the financial statements of Evolution Schools Learning Trust (the ‘academy trust’) for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows 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 and 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 academy trust’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust’s members those matters we are required to state to them in an 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 trust and the academy trust’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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Academy trust is dependent on the continued support of the Education and Skills Funding Agency, to support the trustees’ opinion that the accounts should be prepared on a going concern basis. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast doubt on the academy trust’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the report of the trustees and financial statements, other than the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EVOLUTION SCHOOLS LEARNING TRUST

Other information

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 trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement (set out on page 16), the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EVOLUTION SCHOOLS LEARNING TRUST

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

Hayden Priest (Senior Statutory Auditor)
for and on behalf of UHY Calvert Smith LLP
Statutory Auditor
Chartered Accountants
31 St Saviourgate
York
North Yorkshire
YO1 8NQ

Date: 18 December 2017

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EVOLUTION SCHOOLS LEARNING 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 Evolution Schools Learning Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Evolution Schools Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Evolution Schools Learning 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 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 charitable company's income and expenditure.

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

Conclusion

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

UHY Calvert Smith LLP
Chartered Accountants
31 St Saviourgate
York
North Yorkshire
YO1 8NQ

Date: 18 December 2017

EVOLUTION SCHOOLS LEARNING TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

		Unrestricted fund	Restricted fixed asset fund	Restricted general fund	2017 Total funds	2016 Total funds
	Notes	£	£	£	£	£
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	3	5,259	18,051	296,662	319,972	335,334
Charitable activities						
Funding for the academy's educational operations	4	-	-	4,074,606	4,074,606	4,081,299
Other trading activities	5	366,430	-	-	366,430	324,217
Investment income	6	377	-	-	377	1,438
Total		372,066	18,051	4,371,268	4,761,385	4,742,288
EXPENDITURE ON						
Raising funds	8	306,689	4,331	-	311,020	286,673
Charitable activities						
Academy's educational operations	9	-	107,464	4,647,357	4,754,821	4,752,843
Total	7	306,689	111,795	4,647,357	5,065,841	5,039,516
NET INCOME/(EXPENDITURE)						
		65,377	(93,744)	(276,089)	(304,456)	(297,228)
Transfers between funds	19	(66,000)	-	66,000	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes	21	-	-	776,000	776,000	(1,551,000)
Net movement in funds		(623)	(93,744)	565,911	471,544	(1,848,228)

The notes form part of these financial statements

EVOLUTION SCHOOLS LEARNING TRUST

**STATEMENT OF FINANCIAL ACTIVITIES - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017**

				2017	2016
	Unrestricted fund	Restricted fixed asset fund	Restricted general fund	Total funds	Total funds
Notes	£	£	£	£	£
RECONCILIATION OF FUNDS					
Net movement in funds	(623)	(93,744)	565,911	471,544	(1,848,228)
Total funds brought forward	4,975	7,020,046	(3,413,893)	3,611,128	5,459,356
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD	<u>4,352</u>	<u>6,926,302</u>	<u>(2,847,982)</u>	<u>4,082,672</u>	<u>3,611,128</u>

The notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	13	6,926,302	7,020,046
CURRENT ASSETS			
Stocks	14	-	8,527
Debtors	15	190,397	222,962
Cash at bank		97,428	233,347
		287,825	464,836
CREDITORS			
Amounts falling due within one year	16	(632,455)	(687,754)
NET CURRENT ASSETS/(LIABILITIES)		(344,630)	(222,918)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,581,672	6,797,128
PENSION LIABILITY	21	(2,499,000)	(3,186,000)
NET ASSETS		4,082,672	3,611,128
FUNDS	20		
Unrestricted funds:			
General fund		4,352	4,975
Restricted funds:			
General annual grant		(357,161)	(256,641)
Pension reserve		(2,499,000)	(3,186,000)
Condition improvement fund		8,179	28,748
Dfe/EFA capital grants		18,992	22,791
Donated asset fund		6,878,019	6,947,569
Capital expenditure from GAG		29,291	49,686
		4,012,321	3,606,153
TOTAL FUNDS		4,082,672	3,611,128

The notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION - CONTINUED
AT 31 AUGUST 2017**

The financial statements were approved by the Board of Trustees on 11 December 2017 and were signed on its behalf by:

Mr R C S Hall - Trustee

EVOLUTION SCHOOLS LEARNING TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	1	(136,296)	51,349
Cash flows from investing activities	3	377	(9,320)
Cash flows from financing activities	2	-	-
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(135,919)	42,029
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2016		<u>233,347</u>	<u>191,318</u>
Cash and cash equivalents at 31 August 2017		<u><u>97,428</u></u>	<u><u>233,347</u></u>

The notes form part of these financial statements

EVOLUTION SCHOOLS LEARNING TRUST

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(304,456)	(297,228)
Adjustments for:		
Depreciation	93,744	114,087
Interest received	(377)	(1,438)
Decrease in stocks	8,527	3,214
(Increase)/decrease in debtors	32,565	(55,111)
Increase/(decrease) in creditors	(55,299)	258,825
Difference between pension charge and cash contributions	<u>89,000</u>	<u>29,000</u>
Net cash provided by (used in) operating activities	<u>(136,296)</u>	<u>51,349</u>

2. CASH FLOWS FROM FINANCING ACTIVITIES

	2017 £	2016 £
Repayments of borrowing	-	-
Cash inflows from new borrowing	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>

3. CASH FLOWS FROM INVESTING ACTIVITIES

	2017 £	2016 £
Purchase of tangible fixed assets	-	(10,758)
Interest received	<u>377</u>	<u>1,438</u>
Net cash provided by (used in) investing activities	<u>377</u>	<u>(9,320)</u>

EVOLUTION SCHOOLS LEARNING TRUST

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

1. STATEMENT OF ACCOUNTING POLICIES

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

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements of the academy trust, 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.

Evolution Schools Learning Trust 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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future. There is however, an uncertainty to the going concern basis due to the accumulated deficit in the General Annual Grant Restricted Fund and the Academy trust is being monitored by the Education and Skills Funding Agency (ESFA) to ensure the Trust is adequately managing the deficit. The accounts have been prepared on a going concern basis, however, like all academy schools, this is dependent on the continued support of the ESFA, which the Trustees are of the opinion will continue as the current recovery plans and forecasts indicate it will improve the deficit position in future years.

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

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.

EVOLUTION SCHOOLS LEARNING TRUST

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

2. ACCOUNTING POLICIES - continued

Grants - continued

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

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Donated goods, facilities and services

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

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 charity's accounting policies.

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.

Raising funds

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

Charitable activities

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

EVOLUTION SCHOOLS LEARNING TRUST

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

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Assets costing £7,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold land and buildings	- over 125 year term of the lease
Improvements to leasehold buildings	- 10-15% straight line basis
Fixtures, fittings and equipment	- 10-15% straight line basis
ICT equipment	- 20% straight line basis
Minibus	- 20% straight line basis

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 academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost 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 instrument.

EVOLUTION SCHOOLS LEARNING TRUST

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

2. ACCOUNTING POLICIES - continued

Stocks

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Pensions benefits

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

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 20, 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 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.

EVOLUTION SCHOOLS LEARNING TRUST

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

2. ACCOUNTING POLICIES - continued

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.

Hire purchase and leasing commitments

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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.

EVOLUTION SCHOOLS LEARNING TRUST

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

3. DONATIONS AND CAPITAL GRANTS

	2017 £	2016 £
Donations	5,259	8,574
Grants	<u>314,713</u>	<u>326,760</u>
	<u>319,972</u>	<u>335,334</u>

Grants received, included in the above, are as follows:

	2017 £	2016 £
Devolved formula capital grant	18,051	18,248
Condition improvement fund	<u>296,662</u>	<u>308,512</u>
	<u>314,713</u>	<u>326,760</u>

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	3,843,471	3,843,471	3,847,909
Pupil premium grant	-	167,677	167,677	148,040
Catch Up Grant	<u>-</u>	<u>12,195</u>	<u>12,195</u>	<u>12,500</u>
	-	4,023,343	4,023,343	4,008,449
Other government grant				
S.E.N funding	<u>-</u>	<u>36,263</u>	<u>36,263</u>	<u>51,600</u>
	-	36,263	36,263	51,600
Special educational projects				
Devolved REOTAS funding	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>21,250</u>
	-	15,000	15,000	21,250
	<u><u>-</u></u>	<u><u>4,074,606</u></u>	<u><u>4,074,606</u></u>	<u><u>4,081,299</u></u>

EVOLUTION SCHOOLS LEARNING TRUST

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

5. OTHER TRADING ACTIVITIES

	2017 £	2016 £
Hire of facilities, services	16,991	20,979
Catering income	147,501	151,533
Fitness centre income	27,634	28,441
Sale of school uniform	14,748	23,799
Other income	<u>159,556</u>	<u>99,465</u>
	<u>366,430</u>	<u>324,217</u>

6. INVESTMENT INCOME

	2017 £	2016 £
Deposit account interest	<u>377</u>	<u>1,438</u>

7. EXPENDITURE

	Non-pay expenditure			2017	2016
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
Raising funds					
Costs incurred by trading for a fundraising purpose	132,000	-	179,020	311,020	286,673
Charitable activities					
Academies educational operations					
Direct costs	3,099,044	57,928	285,771	3,442,743	3,449,469
Allocated support costs	<u>361,852</u>	<u>584,312</u>	<u>365,914</u>	<u>1,312,078</u>	<u>1,303,374</u>
	<u>3,592,896</u>	<u>642,240</u>	<u>830,705</u>	<u>5,065,841</u>	<u>5,039,516</u>

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

	2017 £	2016 £
Auditors' remuneration	6,170	6,000
Auditors' remuneration for non-audit work	3,833	3,450
Depreciation - owned assets	93,744	114,087
Operating lease rentals	<u>20,262</u>	<u>21,884</u>

EVOLUTION SCHOOLS LEARNING TRUST

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

8. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	2017	2016
	£	£
Staff costs	132,000	120,000
Catering costs	48,347	51,624
Fitness centre costs	4,344	6,884
School uniform costs	11,372	20,717
Other costs	110,626	83,117
Depreciation	4,331	4,331
	<u>311,020</u>	<u>286,673</u>

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted	Restricted	2017	2016
	funds	funds	Total	Total
	£	£	£	£
Direct costs	-	3,442,743	3,442,743	3,449,469
Support costs	-	1,312,078	1,312,078	1,303,374
	<u>-</u>	<u>4,754,821</u>	<u>4,754,821</u>	<u>4,752,843</u>

	2017	2016
	Total	Total
	£	£
Analysis of support costs		
Support staff costs	361,852	383,051
Depreciation	4,057	4,057
Technology costs	62,618	45,267
Premises costs	584,312	560,018
Other support costs	289,236	301,531
Governance costs	10,003	9,450
Total support costs	<u>1,312,078</u>	<u>1,303,374</u>

EVOLUTION SCHOOLS LEARNING TRUST

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

10. TRUSTEES' REMUNERATION AND BENEFITS

Trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The Headteacher only received remuneration in respect of services he provided undertaking his role of Headteacher and not in respect of services provided as a trustee. The value of trustees' remuneration was as follows:

Mr P Loftus (Headteacher and trustee)
Remuneration £80,000-£85,000 (2016: £80,000-£85,000)
Employer's pension contributions £10,000-£15,000 (2016: £10,000-£15,000)

Information relating to other related party transactions involving the trustees are set out in note 23.

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

Trustees' expenses

During the year ended 31 August 2017, travel and subsistence expenses totalling £314 (2016: £61) were paid on behalf of the trustees.

EVOLUTION SCHOOLS LEARNING TRUST

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

11. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	<u>3,592,896</u>	<u>3,574,913</u>
Staff costs during the period were:		
	2017	2016
	£	£
Wages and salaries	2,802,296	2,799,374
Social security costs	257,459	220,647
Pension costs	<u>456,791</u>	<u>430,836</u>
	3,516,546	3,450,857
Supply staff costs	<u>76,350</u>	<u>124,056</u>
	<u>3,592,896</u>	<u>3,574,913</u>

There were no severance payments made this year or the prior year.

Staff numbers

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

	2017	2016
Teachers	45	42
Administration and Support	32	36
Management	<u>8</u>	<u>10</u>
	<u>85</u>	<u>88</u>

Higher paid staff

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

	2017	2016
£60,001 - £70,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2017, the pension contributions for these staff amounted to £24,881 (2016: £24,825).

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team 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 £553,396 (2016: £569,127)

EVOLUTION SCHOOLS LEARNING TRUST

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

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	2016	2016	2016	2016
	Unrestricted	Restricted	Restricted	Total funds
	fund	fixed asset	general fund	
	£	fund	£	£
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	8,574	18,248	308,512	335,334
Charitable activities				
Funding for the academy's educational operations	-	-	4,081,299	4,081,299
Other trading activities	324,217	-	-	324,217
Investment income	1,438	-	-	1,438
Total	334,229	18,248	4,389,811	4,742,288
EXPENDITURE ON				
Raising funds	282,342	4,331	-	286,673
Charitable activities				
Academy's educational operations	-	117,246	4,635,597	4,752,843
Total	282,342	121,577	4,635,597	5,039,516
NET INCOME/(EXPENDITURE)	51,887	(103,329)	(245,786)	(297,228)
Transfers between funds	(50,000)	-	50,000	-
Other recognised gains/(losses)				
Return on assets excluding interest income	-	-	(59,000)	(59,000)
Actuarial gains/losses on defined benefit schemes	-	-	(1,492,000)	(1,492,000)
Net movement in funds	1,887	(103,329)	(1,746,786)	(1,848,228)
RECONCILIATION OF FUNDS				
Total funds brought forward	3,088	7,123,375	(1,667,107)	5,459,356
TOTAL FUNDS CARRIED FORWARD	4,975	7,020,046	(3,413,893)	3,611,128

EVOLUTION SCHOOLS LEARNING TRUST

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

13. TANGIBLE FIXED ASSETS

	Long leasehold	Improvements to property	Fixtures and fittings
	£	£	£
COST			
At 1 September 2016 and 31 August 2017	<u>7,241,023</u>	<u>52,483</u>	<u>88,238</u>
 DEPRECIATION			
At 1 September 2016	<u>308,950</u>	<u>17,497</u>	<u>63,598</u>
Charge for year	<u>57,928</u>	<u>4,374</u>	<u>13,236</u>
At 31 August 2017	<u>366,878</u>	<u>21,871</u>	<u>76,834</u>
 NET BOOK VALUE			
At 31 August 2017	<u><u>6,874,145</u></u>	<u><u>30,612</u></u>	<u><u>11,404</u></u>
At 31 August 2016	<u><u>6,932,073</u></u>	<u><u>34,986</u></u>	<u><u>24,640</u></u>
	Motor vehicles	Computer equipment	Totals
	£	£	£
COST			
At 1 September 2016 and 31 August 2017	<u>20,285</u>	<u>223,310</u>	<u>7,625,339</u>
 DEPRECIATION			
At 1 September 2016	<u>16,228</u>	<u>199,020</u>	<u>605,293</u>
Charge for year	<u>4,057</u>	<u>14,149</u>	<u>93,744</u>
At 31 August 2017	<u>20,285</u>	<u>213,169</u>	<u>699,037</u>
 NET BOOK VALUE			
At 31 August 2017	<u><u>-</u></u>	<u><u>10,141</u></u>	<u><u>6,926,302</u></u>
At 31 August 2016	<u><u>4,057</u></u>	<u><u>24,290</u></u>	<u><u>7,020,046</u></u>

EVOLUTION SCHOOLS LEARNING TRUST

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

14. STOCKS

	2017 £	2016 £
Clothing stock	-	7,422
Catering stock	-	1,105
	<u>-</u>	<u>8,527</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	19,311	11,968
VAT	50,197	69,688
Prepayments and accrued income	120,889	141,306
	<u>190,397</u>	<u>222,962</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	524,389	530,782
Taxation and social security	64,912	59,081
Other creditors and deferred income	43,154	97,891
	<u>632,455</u>	<u>687,754</u>

Deferred income

	2017 £	2016 £
Deferred income at 1 September 2016	63,400	24,057
Released from previous years	(63,400)	(24,057)
Resources deferred in the year	27,199	63,400
Deferred income at 31 August 2017	<u>27,199</u>	<u>63,400</u>

At the balance sheet date the Academy Trust was holding money received in advance for school trips and funding for Academy Trust insurance.

EVOLUTION SCHOOLS LEARNING TRUST

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

17. 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 due within one year	48,135	41,060
Amounts due between one and five years	<u>64,706</u>	<u>83,255</u>
	<u>112,841</u>	<u>124,315</u>

18. CAPITAL COMMITMENTS

	2017 £	2016 £
Contracted for, but not provided in the financial statements	<u>120,393</u>	-
	<u>120,393</u>	-

This commitment will be funded by a Condition improvement grant in the forthcoming year.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted fixed asset fund £	Restricted general fund £	2017 Total funds £	2016 Total funds £
Tangible fixed assets	-	6,926,302	-	6,926,302	7,020,046
Current assets	287,825	-	-	287,825	464,836
Current liabilities	(283,473)	-	(348,982)	(632,455)	(687,754)
Pension liability	-	-	(2,499,000)	<u>(2,499,000)</u>	<u>(3,186,000)</u>
	<u>4,352</u>	<u>6,926,302</u>	<u>(2,847,982)</u>	<u>4,082,672</u>	<u>3,611,128</u>

EVOLUTION SCHOOLS LEARNING TRUST

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

20. MOVEMENT IN FUNDS

	At 1/9/16 £	Net movement in funds £	Transfers between funds £	At 31/8/17 £
Unrestricted funds				
General fund	4,975	65,377	(66,000)	4,352
Restricted funds				
General annual grant	(256,641)	(166,520)	66,000	(357,161)
Pension reserve	(3,186,000)	687,000	-	(2,499,000)
Condition improvement fund	28,748	(20,569)	-	8,179
Restricted fixed asset funds				
DfE/EFA capital grants	22,791	(3,799)	-	18,992
Donated asset fund	6,947,569	(69,550)	-	6,878,019
Capital expenditure from GAG	49,686	(20,395)	-	29,291
	<u>3,606,153</u>	<u>406,167</u>	-	<u>4,078,320</u>
TOTAL FUNDS	<u><u>3,611,128</u></u>	<u><u>471,544</u></u>	<u><u>-</u></u>	<u><u>4,082,672</u></u>

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	372,066	(306,689)	-	65,377
Restricted funds				
General annual grant	3,843,471	(4,009,991)	-	(166,520)
Pension reserve	-	(89,000)	776,000	687,000
DfE/EFA revenue grants	179,872	(179,872)	-	-
Other government grants	51,263	(51,263)	-	-
Condition improvement fund	296,662	(317,231)	-	(20,569)
Restricted fixed asset funds				
DfE/EFA capital grants	18,051	(21,850)	-	(3,799)
Donated asset fund	-	(69,550)	-	(69,550)
Capital expenditure from GAG	-	(20,395)	-	(20,395)
	<u>4,389,319</u>	<u>(4,759,152)</u>	<u>776,000</u>	<u>406,167</u>
TOTAL FUNDS	<u><u>4,761,385</u></u>	<u><u>(5,065,841)</u></u>	<u><u>776,000</u></u>	<u><u>471,544</u></u>

EVOLUTION SCHOOLS LEARNING TRUST

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

20. MOVEMENT IN FUNDS – continued

i) General annual grant (GAG) must be used for the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

The Academy Trust is carrying a net deficit of £352,809 on the general annual grant fund plus unrestricted general funds. A transfer of £66,000 has been made from unrestricted funds to restricted funds to support the deficit. The staffing structure is under continuous review and more efficient contact ratios are now bringing the costs into line. Healthier pupil number predictions for Year 7 intakes over the coming years should ensure that funds (excluding pension reserve) return to surplus.

(ii) The other DfE/EFA revenue grants fund is used to track grants provided by the DfE and related bodies and includes Pupil Premium.

(iii) The other government grants fund is used to track grants provided by government departments.

(iv) The condition improvement grant fund is used to track the use of funds to improve school buildings. At the year end, a balance of £8,179 was remaining. This was expended after the year end to repair the roof of the building.

(v) The pension reserve relates to the LGPS pension scheme deficit details of which are included in note 21.

(vi) The restricted fixed asset funds are carried forward to meet the specific costs of capital projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held.

21. 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 North Yorkshire 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.

Contributions amounting to £61,803 (2016: £55,128) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' pension scheme

Introduction

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

EVOLUTION SCHOOLS LEARNING TRUST

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

21. PENSION AND SIMILAR OBLIGATIONS - continued

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

Valuation of the Teachers' Pension Scheme

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

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

The prior 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 £471,618 (2016: £474,398).

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.

EVOLUTION SCHOOLS LEARNING TRUST

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

21. PENSION AND SIMILAR OBLIGATIONS - continued

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 year ended 31 August 2017 was £200,000 (2016: £177,000), of which employer's contributions totalled £156,000 (2016: £133,000) and employees' contributions totalled £44,000 (2016: £44,000).

The agreed contribution rates for future years are 19.1% for employers plus £54,000 towards the Academy Trusts' share of the deficit. Employee rates vary between 5.5% to 12.5% for employees.

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

The amounts recognised in the balance sheet are as follows:

Principal actuarial assumptions

At 31 August	2017	2016
Rate of increase in salaries	3.25%	3.4%
Rate of increase for pensions in payment/inflation	2.0%	1.9%
Discount rate for scheme liabilities	2.5%	2.0%
Inflation assumption (CPI)	2.0%	1.9%
Commutation of pensions to lump sums	0.0%	50.0%

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

At 31 August	2017	2016
Retiring today		
Males	22.8	23.3
Females	26.3	25.8
Retiring in 20 years		
Males	25.0	25.6
Females	28.6	28.1

Sensitivity analysis:

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at the year end is set out below:

	2017	2016
	£000	£000
Discount rate +0.1%	3,668	4,240
Discount rate -0.1%	3,838	4,443
Mortality assumption – 1 year increase	3,642	4,206
Mortality assumption – 1 year decrease	3,863	4,475
CPI rate +0.1%	3,779	4,386
CPI rate -0.1%	3,726	4,294

EVOLUTION SCHOOLS LEARNING TRUST

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

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

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2017	Fair value at 31 August 2017 £000	Expected return at 31 August 2016	Fair value at 31 August 2016 £000
Equities	66.3%	831	62.8%	725
Government bonds	12.8%	160	14.8%	171
Other bonds	3.0%	38	5.0%	58
Property	8.1%	101	8.6%	99
Cash	0.5%	6	(0.7%)	(9)
Other	9.3%	117	9.5%	110
Total market value of assets		1,253		1,154
Present value of scheme liabilities - funded		(3,752)		(4,340)
Surplus/(deficit) in the scheme		(2,499)		(3,186)

The actual return on scheme assets was £52,000 (2016: £157,000)

Amounts recognised in the statement of financial activities

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

	Defined benefit pension plans	
	2017	2016
	£	£
Current service cost (net of employee contributions)	<u>245,000</u>	<u>162,000</u>
Other recognised (gains)/losses		
Net interest from net defined benefit asset/liability	62,000	59,000
Actuarial (gains)/losses on defined benefit schemes	<u>(838,000)</u>	<u>1,492,000</u>
	<u>(776,000)</u>	<u>1,551,000</u>

EVOLUTION SCHOOLS LEARNING TRUST

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

21. PENSION AND SIMILAR OBLIGATIONS - continued

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

	2017 £000	2016 £000
At 1 September	4,340	2,454
Current service cost	245	162
Interest cost	86	94
Employee contributions	44	44
Actuarial losses/(gains)	(810)	1,614
Benefits paid	(153)	(28)
	<u>3,752</u>	<u>4,340</u>
At 31 August	<u>3,752</u>	<u>4,340</u>

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

	2017 £000	2016 £000
At 1 September	1,154	848
Expected return on assets	24	35
Actuarial gains/(losses)	28	122
Employer contributions	156	133
Employee contributions	44	44
Benefits paid	(153)	(28)
	<u>1,253</u>	<u>1,154</u>
At 31 August	<u>1,253</u>	<u>1,154</u>

EVOLUTION SCHOOLS LEARNING TRUST

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

22. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the Academy Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy Trust serving notice, The Academy Trust shall repay to the Secretary of State sums determined by reference to:

(a) the value at that time of the Academy Trust's site and premises and other assets held for the purpose of the Academy Trust: and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

23. RELATED PARTY DISCLOSURES

During the period, no transactions were undertaken with the trustees, governors or senior leadership team or any businesses in which these parties have a business interest.

24. 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.