

Report of the Trustees and
Consolidated Financial Statements For The Year Ended 31 August 2018
for
Isle Education Trust

Allotts Business Services Ltd, Statutory Auditor
Chartered Accountants
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

Isle Education Trust

Contents of the Consolidated Financial Statements
For The Year Ended 31 August 2018

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 13
Governance Statement	14 to 16
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Report of the Independent Auditors	19 to 20
Independent Accountant's Report on Regularity	21
Consolidated Statement of Financial Activities	22
Consolidated Balance Sheet	23
Company Balance Sheet	24
Consolidated Statement of Cash Flows	25
Notes to the Consolidated Statement of Cash Flows	26
Notes to the Consolidated Financial Statements	27 to 44
Notes to the Company Balance Sheet	45 to 49

Isle Education Trust

Reference and Administrative Details
For The Year Ended 31 August 2018

MEMBERS	P Barratt S Thompson (now Sprack) K Wild
TRUSTEES	S Thompson (now Sprack) (CEO / Accounting Officer) P Barratt (Chair) R Yeardeley– resigned 06/03/2018 A Flack S Holt T Bean J Stables
COMPANY SECRETARY	K Wild
SENIOR MANAGEMENT TEAM	S Thompson (now Sprack) (CEO)/ (Principal - South Axholme Academy) S Barlow (Associate Principal - South Axholme Academy) M Hicks (Asst Principal - South Axholme Academy) A Driver (Asst Principal - South Axholme Academy) left 31/08/2018 R Parks (Asst Principal – South Axholme Academy) M Rock (Vice Principal - South Axholme Academy) K Wild (CFO/ Business Manager) K Crompton (Principal - Epworth Primary Academy) D Flowitt (Vice Principal - South Axholme Academy)/(Principal - Coritani Academy) J Cowling (Assistant Principal – Coritani Academy) D Worthington (Centre Manager – Coritani Academy) left June 2018
REGISTERED OFFICE	South Axholme Academy Burnham Road Epworth Doncaster DN9 1BY
REGISTERED COMPANY NUMBER	07814150 (England and Wales)
AUDITORS	Allotts Business Services Ltd, Statutory Auditor Chartered Accountants Sidings Court Lakeside Doncaster South Yorkshire DN4 5NU
SOLICITORS	Langleys Olympic House Doddington Road Lincoln LN6 3SE
BANKERS	Barclays Bank Plc Ten Pound Walk Doncaster DN4 5NU

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company and the group for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

Isle Education Trust (IET) currently operates one primary Academy (including a Nursery), one secondary Academy (including a 6th Form) and one Alternative Provision (AP) unit. The primary and secondary academies are located in Epworth, North Lincolnshire with the AP being in central Scunthorpe.

South Axholme Academy (11-18) has a pupil capacity of 965 (plus 200 for 6th form) and a roll of 783 (11-16) in the school census for January 2018.

Epworth Primary Academy has a pupil capacity of 315 (+ 24 nursery places) and a roll of 291 in the school census for January 2018.

Coritani Academy is funded on a 20 places basis. Some students attend the centre on a full time basis whereas others attend a number of sessions per week.

Isle Education Trust Enterprises Limited is a trading subsidiary of IET and was incorporated on 6 January 2016 for the purpose of building and running a sports facility in the grounds of South Axholme Academy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Isle Education Trust was formed on 17th October 2013 when South Axholme Academy (Company Number: 7814150) legally became a sponsor for Epworth Primary Academy. The Trust operates under the names Isle Education Trust, South Axholme Academy, Epworth Primary Academy and Coritani Academy.

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Isle Education Trust are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as Isle Education Trust. It is not required to be registered with the Charities Commission but it is however subject to the Charity Commissioners regulatory powers.

The Members of Isle Education Trust are the signatories to the Memorandum and have appointed Trustees to be responsible for the statutory and constitutional affairs of the Trust and its management.

Details of the Trustees who 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

Trustees benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust: Provided that any such insurance shall not extend to: (i) any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and (ii) provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Trust. The limit of this indemnity is £10M (through the RPA system).

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Method of Recruitment and Appointment or Election of Trustees

The members as identified on page one (P Barratt, S Sprack and K Wild) may appoint up to 3 Foundation Trustees. The Members may appoint Trustees through such process as they may determine.

The Governance of the whole Trust has constantly been under review throughout the accounting period as it gears up for expansion and trying to prepare a structure for the future.

IET is aiming to recruit Members who are not also employees and also Trustees who are not staff.

For the 2017-18 period the IET Board had between 6 and 7 trustees. A recruitment campaign through Academy Ambassadors has recently been successful in recruiting two further Trustees who will join the Board from Autumn 2018.

Each Local Governing Body (LGB) should have between 7 and 9 people. Trustees can appoint and delegate to LGBs. A LGB is a committee of the Trust, however unlike other committees there is no requirement to have a majority of Trustees on the committee. The composition and rules and regulations of the LGBs are set out in separate Terms of Reference which are approved by the Board of Trustees and communicated annually.

Trustees can also appoint and delegate to committees and individuals. The Board of Trustees have complete discretion over what is delegated to each LGB

Coritani Academy due to the nature of this will have a group of people who act as a management group who meet at least every half term.

For IET the following applies:

- The MAT Trust Board is the strategic board and has an overview of all academies within the Trust
- Underneath this sits a local governing body or management group for each school
- Each separate group should meet and then feed in to the strategic board each term via the Principal's report

Each meeting of this nature is focused on the four Ofsted outcomes:

- Teaching and Learning
- Leadership and Management
- Behaviour and Safety
- Attainment and Standards

Members of the IET Board should not be members of LGBs to ensure that the Board is independent of any particular Academy. The IET Board considers the skill sets that are required to run a business, ensuring that the educational input is continually represented through the CEO and Principals.

Before appointing Trustees to the Board they are invited to attend a meeting to ensure that they have an expectation of the type of work undertaken.

Trustees regularly undertake a skills audit to understand the strengths of the Board in order that when vacancies do arise people can be recruited in areas where they can bring skills/expertise to strengthen the body further. Before any Trustee is appointed a meeting/interview would take place with the CEO and Chair of Trustees. Assuming that both parties wish to go ahead with the recruitment an opportunity would be given to all current Trustees to meet with the potential Trustee before formal appointment.

The term of office for any Trustee is 4 years, with the exception of the CEO who currently remains a Trustee whilst employed by the Trust. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. The Trust buys in to a training package through the Learners First package allowing all Trustees and governors to access relevant training courses.

During the 2017-18 period IET has also subscribed to a Forum Education package this has been attended by the CEO/CFO and Chair of Board. There has also been an external review of governance which reiterated the strengths of the Board and allowed a further plan to be developed to move forward.

Staff governors are appointed to LGBs through an election process and must be elected by persons who are paid to work at the academies and is her/himself a paid employee of the Trust. To ensure that every governor adds value to the LGB a skills audit is also completed and an interview with the Chair and representative of the Trust takes place. In addition to this the Principal of each of the Academies by virtue of their role are automatically governors on their LGB. For South Axholme Academy this is delegated to the Associate Principal as the Principal also sits at Board level. This helps to ensure that the CEO can remain independent. The number of staff governors should not exceed one third of the total number of governors. All full time and part time members of staff at the school shall be eligible to nominate and vote in any election.

Local Governing Bodies should include at least 2 Parent Members. Parent members of the Local Governing Bodies or Management Group must be a parent of a registered pupil at one or more of the Academies at the time of election. Initially when there is a vacancy parents will be notified and should write an expression of interest saying why they want to fulfil the role and what skills they bring. Like with staff a skills audit and an interview also ensures that a governor is bringing something to the table. It is accepted that due to the fluid nature of the provision Coritani may not have 2 parents represented on the management group.

Co-opted governors are appointed either by the IET Board (as Trust Governors) or co-opted by the LGB (with approval from the IET Board). These governors should be recruited according to the skills required by the LGB and proposed to the IET Board who will conduct a formal interview before appointing. They will always be a person who in the opinion of the Board of Trustees is committed to the success of the Academy.

'Co-opted' means a person who is appointed by Governors/Trustees who have not themselves been so appointed. The Trustees/Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor/Trustees if thereby the number of Governors/Trustees who are employees of the Academy Trust would exceed one third of the total number of Governors/Trustees (including the CEO /Principal).

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience but would generally include an initial tour of the Academies with a chance to meet staff and pupils.

This is followed up with a meeting with the CEO and the Chair of Trustees to cover the following points:

- Aims, Objectives of the Trust (long and short term)
- Recent Achievements
- Strengths/ Areas for Improvement
- Results
- Overview of Staffing (Teaching and Support)
- Curriculum Overview
- Key Issues and Priorities
- Board of Trustees Structure (and committee structure)
- Trustee training offer / requirements

Trustees are encouraged to attend Induction training and any other relevant courses.

They are provided with details of the Governors Handbook and other relevant literature in order to understand the legal implications of their role.

Each Trustee is also provided with a copy of the Code of Conduct which includes guidance on principles of behaviour including roles and responsibility.

At South Axholme Academy the Trust currently has a programme linking Governors to a senior member of staff and curriculum. The Governors attend meetings with the Subject Leaders within that area and then provide feedback to the overall Board to ensure consistency.

Epworth Primary Academy has a system of link governors and visits are made throughout the year with reports being presented at the full governor meetings.

Coritani Academy does not currently have governors and so much of the responsibilities (which would normally be delegated to governors) sit with the Chair of the IET Board.

Organisational structure

The agreed organisational hierarchy for the period was as shown on the following page.

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

Isle Education Trust Memorandum and Articles of Association Master Funding Agreement Academies Financial Handbook	
Members (currently 3) CEO Chair of IET Board CFO	Directors (up to 18 , preferred number 9) CEO Chair of IET Board 7 Non –Executive Directors

Local Governing Bodies / Management Group

SAX LGB (maximum 12)	EPA LGB(maximum 9)	CA LAG (maximum 6)
• Principal (ex officio) • Up to 3 staff (must not be more than one third) • At least 2 parents • Co-opted/Trust governors	• Principal (ex officio) • Up to 2 staff (must not be more than one third) • At least 2 parents • Co-opted/ Trust governors	• Principal (ex officio) • 5 people invited by Principal/Trust to serve as part of the Management Group

The Isle Education Trust Board meets on a monthly basis (minimum 9 meetings per year). The LGBs meet at least twice per term. The Board has established an overall framework for the governance of the Academies and has determined which committees are required at Board level, the membership of these committees, the terms of reference and procedures of these committees and any other groups.

The Board receives reports from the LGB for ratification and monitors the activities through the minutes of the meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale. A full Scheme of Delegation is reviewed and published annually.

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure - continued

The **Isle Education Trust Board** has overall responsibility for:

- Ensuring a medium / long term vision is in place and communicated
- Ensuring a strategic plan and deliverables to achieve the vision
- Setting challenges and ensuring continuous improvement via appropriate Key Performance Indicators (KPIs)
- Appointment of key personnel and determining arrangements for appointing all other personnel
- Considering whether or not to exercise delegation powers
- Holding the CEO and key Academy staff to account
- Approval of the overall and individual Academy budgets
- Establishing financial limits of delegated authority
- Monitoring all financial elements
- Appointment of independent auditors
- Approving and monitoring the Academy/Trust Improvement Plans
- Deciding whether to collaborate with other organisations
- Tracking/monitoring pupil progress/exam results
- The constitution of the Trust Board and its LGBs
- Approving the statutory accounts
- Setting/Approving policy

A Pay Committee meets at least annually with the remit to approve cost of living pay increases and all other pay related items. This committee meets after the Teachers' appraisal cycle has completed to enable threshold applications across the Trust to be levelled and agreed.

The **Appeals Committee** meets as required with a remit:

- To deal with any appeal on a range of issues to include: pay/grading, redeployment/redundancy, grievance appeals, collective disputes, disciplinary issues, fixed term contracts and any appeal by the CEO regarding the performance management process

A **CEO Performance Management Committee** meets annually:

- To give consideration to the performance management of the CEO and the associated pay.

This committee is attended by Trustees who have undertaken performance management training plus an external advisor.

There is no dedicated **Appointments Committee**. Appointments are made by a panel of senior staff and Trustees and/or governors. At least one member of the appointments committee must have undertaken recent Safer Recruitment training.

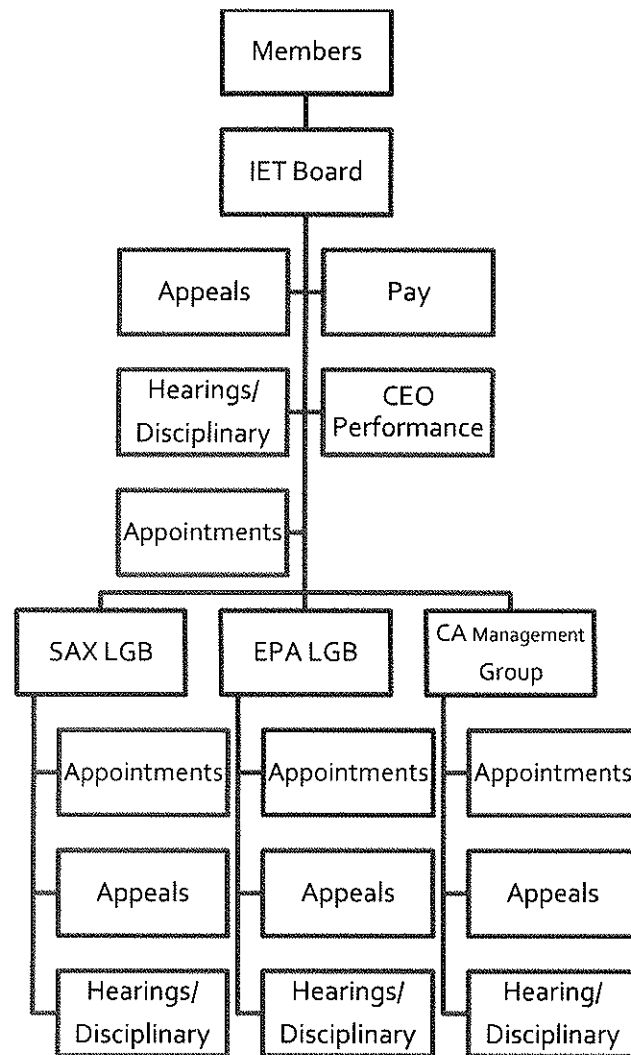
There is currently no Finance or Audit Committee. Finance is a standing item on the IET agenda and is dealt with on a bi-monthly basis. Consideration has been given to an audit committee and if the Trust grows further it is likely that this will be implemented.

Pupil Discipline is dealt with at Academy level by a panel comprising of Governors and senior staff and meets as required.

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure - continued

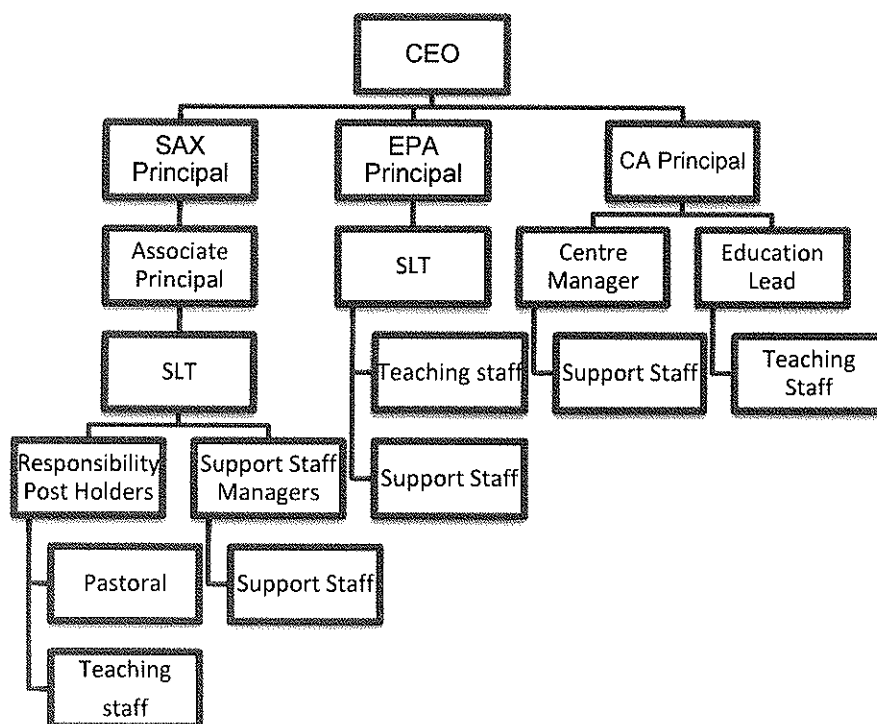


The senior member of staff to whom day to day management of the charity is delegated for the period is Sarah Thompson (now Sprack) , CEO and Accounting Officer. The operational organisation is represented below:

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure - continued



The Principal/SLT have the responsibility of implementing the policies laid down by Trustees.

The Trust has started to centralise several business management functions including Payroll, Finance, Governance, Procurement, Estates, Health & Safety and Human Resources which means that some staff work across the whole Trust and are classed as centralised services.

For the period 2017/18 the central staff were:

- CEO
- IET CFO/Business Manager
- IET Finance Manager & IET Finance Assistant
- CEO's PA
- Principal of Coritani/ Vice Principal South Axholme (one FTE)
- IET Estates Director & Premises Staff

Arrangements for setting pay and remuneration of key management personnel

Remuneration of key management is determined by the board with due regard to staff performance and changes in responsibility resulting from development of the Trust's activities

Isle Education Trust has a Pay Policy which applies Trust wide and is reviewed annually. The majority of teaching staff are paid in line with the Standard Teachers Pay & Conditions. For support staff the Trust has developed its own structure and the majority of staff are now paid in line with this.

Trade Union Facility Time

Relevant union officials

<u>Number of employees who were relevant union officials during the relevant period</u>	<u>Full time equivalent employee number</u>
0	0

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT
Trade Union Facility Time - continued

Percentage of time spent on facility time

<i>Percentage of time</i>	<i>Number of employees</i>
0%	0
1%-50%	0
51%-99%	0
100%	0

Related Parties and other Connected Charities and Organisations

The Trust does not have any business sponsors.

OBJECTIVES AND ACTIVITIES

Objectives and Aims

The principal object and activity of the Trust as set out in the governing documents is to provide free education and care for pupils of different abilities between the ages of 4 and 18.

The characteristics the Trust promotes are:

- a) The academies have a balanced and broadly based curriculum
- b) The academies provide education for pupils of different abilities
- c) The academies provide education for pupils who are wholly or mainly drawn from the area in which the school is situated.

In addition to this:

- a) The Trust will be at the heart of the community, promoting community cohesion and sharing facilities with other schools/academies and the wider community
- b) There will be assessments of pupils' performance as they apply to maintained schools and the opportunity to study for external qualifications
- c) The admissions policy and arrangements for the school will be in accordance with admissions law and the DfE Code of Practice
- d) Teachers' level of pay and conditions of service for all employees will be the responsibility of the Trust
- e) There will be an emphasis on the needs of the individual pupils including pupils with special education needs (SEN)
- f) There will be no charge in respect of admission to the school and the school will only charge pupils where the law allows maintained schools to charge
- g) The Trust will have an appropriate mechanism for the receipt and management of donations and shall use reasonable endeavours to procure donations through that mechanism for the purpose of the objects specified in the Articles.

Isle Education Trust Vision and Values

We will place learning at the heart of our community, creating an educational experience that will support learners of all ages to secure a better future.

The Aims of Isle Education Trust are to:

- Ensure that what we do is sustainable and that we don't just have a short term effect but that we allow strategic thinking to progress and continually improve the Trust
- Develop local partnerships and ways of working collaboratively in order to provide effective solutions and drive up educational standards
- Consolidate existing good practice and further develop transitional projects both across phases and across schools to provide enhanced learning opportunities for all children and be an effective use of the wide range of staff skills and good practice in a cost effective manner
- Raise aspirations within the local community. Our locally based Multi Academy Trust has the means to engage and work with parents and members of the community in order to heighten awareness and broker the support needed by all our children
- Identify where we have the opportunity to invest in our children earlier leading to better outcomes in the face of increasing educational, economic and social challenges
- Provide development opportunities for all staff in all organisations and across phases to strengthen leadership at all levels in a largely static teaching population and help schools to recruit high quality teachers in the future. As the largest employer in the area, it is important to acknowledge the need to recruit and develop high quality support staff
- Provide a quality solution for academies who join the Trust - we are not about forcing a ready-made 'off the shelf' plan on to an organization, but are able to recognise difference and adapt accordingly - we appreciate differences whilst ensuring a common thread of quality

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

OBJECTIVES AND ACTIVITIES

Objectives, Strategies and Activities

Key activities and targets throughout the year have been around consolidating the Trust model. South Axholme Academy has firmly established itself as a sponsor Academy with lots of local and regional interest from Academies/Schools who are considering joining a Multi Academy Trust.

South Axholme Academy was last inspected by Ofsted in October 2017. The judgements are below:

Overall effectiveness	Good
Effectiveness of leadership and management	Outstanding
Quality of teaching, learning and assessment	Good
Personal development, behaviour and welfare	Outstanding
Outcomes for pupils	Good
16 to 19 study programmes	Good

Through a clear and rigorous self evaluation process South Axholme Academy is able to identify its key performance indicators which require improvement and through a strategic plan and implementation ensure that developments are measured for impact and that performance improves. SLT has increased capacity via secondments to ensure achievements and standards remain good and that the pupil's progress and attainment exceeds floor targets and their own personal targets. A continued drive on improving the quality of teaching and learning will ensure pupil's academic performance reflects the changes to the curriculum. The continued development of the governing body and use of external school improvement partners ensures that leaders are challenged.

In December 2014 Epworth Primary Academy was inspected. The judgements are below:

Overall effectiveness	Good
Achievements and Standards	Good
Quality of Teaching	Good
Behaviour and Safety	Good
Leadership and Management	Good
Early Years	Good

Coritani, Academy received a short inspection from Ofsted in October 2018 and was judged as Good.

Public benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievement and performance

To ensure that standards are continually assessed all Academies operate a programme of lesson observations, which are undertaken by Subject Leaders and Senior Leadership Team.

Continuing professional development for teaching staff has been very successful with all staff participating in structured and focused training days and twilight sessions. Joint development is now in place across the Trust with key speakers and focus areas.

There have also been many successful enrichment activities across the Trust including:

UK Maths Challenge, School Productions and Concerts, STEM Challenge, Year 6 Trip to Whitby, Lincolnshire Show.

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

STRATEGIC REPORT

Key Performance Indicators

The main financial performance indicator in reporting to the Board of Trustees has been Monthly Revenue against Monthly Expenditure for key budget headings / items (for example, salaries, building costs, maintenance). Actuals are considered against forecasts. The view for the current year is analysed along with the rolling 5-year plan to ensure that Trustees can see the longer term financial picture.

The Board see a consolidated view of the Trust and also reports at Academy level. All files are located in the Finance Office and can be inspected by any Member/Trustee on request.

Recently financial benchmarking data has been used in order that the Trust can compare itself against other similar Trusts nationally and locally.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. However, radical change will be required to ensure and enable this. This will include both growth programmes and cost reduction initiatives.

For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Financial review

The majority of the group's income is obtained from the Education Funding & Skills Agency(ESFA).

The group also receives other grants such as Pupil Premium and Special Educational Needs Funding. These are also restricted.

Any other items of funding have been assigned in the financial statements in accordance with the guidelines set down by SORP.

During the year ended 31st August 2018 the total expenditure of £7.3m was covered by the General Annual Grant along with other incoming resource. The excess of income over expenditure for the year was £239,000 before actuarial gains on the Local Government Pension Scheme. The surplus for the year after the actuarial gain of £432,000 was £671,000. The Trust does not receive any cash donations from sponsorships and has not undertaken any investments, therefore the Trust does not currently have an investment policy or performance targets against such a policy.

The accounts include the income & expenditure of the wholly owned trading subsidiary, Isle Education Trust Enterprises Limited which was incorporated on 6 January 2016. The results of the subsidiary are disclosed in note C2.

The group held fund balances of £8.9m at 31 August 2018. This comprised of restricted general funds of £0.5m, £9.4m on the fixed asset fund and a £1.1m deficit on the pension reserve. During the accounting period the majority of the group's expenditure has been on salaries.

As at 31st August 2018, the net book value of fixed assets was £9.3m. The Trust's assets were used solely for the purposes of providing education and the associated support services to the pupils of the Academy Trust. The sports facilities are available for use by the local community.

The Academy Trust has adopted the best practice from the Academies Financial Handbook.

Reserves Policy

The Trust ideally would hold reserves to enable it to plan for future growth and projects. The level of reserves deemed appropriate for the Trust is approximately one month's operating costs. Based on the budgeted expenditure, this equates to approximately £517,000. This is monitored closely with individual academies receiving monthly reports.

The group held total fund balances of £8.9m at 31 August 2018. Of this the actual level of general reserves held by the group was £588,000.

The fixed asset fund represents the net book value of fixed assets plus unspent capital grants. This fund can only be realised from the sale of the fixed assets.

The Trust is continually looking at ways to improve sustainability by reducing expenditure and optimising income.

The reserve policy forms part of the financial procedures manual which is reviewed annually.

Investment Policy

The Trust will where possible identify funds surplus to immediate cash requirements and transfer in to a deposit account bearing a higher interest rate. The Trust does not currently invest in any other organisations or projects.

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

STRATEGIC REPORT

Principal risks and uncertainties

The Trust has a formal risk management process to assess risks and to implement risk management strategies. The following categories of risk have been considered all of which have a potential impact on the Trust:

- Strategic
- Reputational
- Financial / Economic/ Contractual
- Human Resource based
- Compliance / Regulatory / Legal
- Operational / Technological
- Physical
- Political
- Social
- Environmental
- Competitive

More specific risks have been identified in each of these areas e.g. travel, Health & Safety. These risks are assessed to identify the likelihood of occurrence and also the impact if a situation materialised and Board will make recommendations on whether to transfer, control or accept the risk recognising that not all risks can be eliminated.

The following controls are already in place to try and manage some of the risks:

- Introduction of various financial controls to ensure duties are kept segregated and to minimise the risk of Fraud
- Internal Audit
- Risk Reports as part of the overall Insurance plan

At a more general level the following are applied to ensure risks are minimised:

- Policies
- Budget Monitoring & Control
- Processes
- Assessments
- Forward planning
- Reciprocal arrangements
- Supervision
- Appraisals
- Training
- Firewalls

The principal risks and uncertainties facing the Trust are as follows:

- Financial - the Trust has considerable reliance on continued Government funding through the ESFA, the new National Funding Formula will have an impact on this, uncertainty regarding Pay Awards and levels of funding and Teachers Pensions and LGPS contributions remain uncertain,
- Failures in governance and / or management to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns.
- Reputational - the continuing success of the Trust is dependent on continuing to attract applicants in sufficient number by maintaining the highest educational standards
- Safeguarding and Child protection - the Trustees continue to ensure the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline
- Staffing - the success of the Trust is reliant on the quality of its staff and clear succession planning as well as appropriate development and training
- Fraud and mismanagement of funds - the Trust will appoint internal audit to carry out checks on financial systems and records

The Trust will constantly review any new information and assess any major risks to which it is exposed. The Trustees have implemented a number of systems to assess and minimise risks, described elsewhere in this report. Adequate insurance is in place where appropriate. The Trustees examine the financial health every term, reviewing performance against budget and overall expenditure. The Trustees also review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments. At the year end, the Trust has no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity. The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme) represents a significant potential liability. However, as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from the liability is minimised.

Isle Education Trust
Report of the Trustees
For The Year Ended 31 August 2018

STRATEGIC REPORT

FUNDRAISING

Isle Education Trust runs annual fund raising events which include sponsored walks and summer fetes. The monies raised through this are utilised on specific projects such as developing the library at Epworth Primary Academy. No commercial fundraisers are used and there is no pressure on anyone to donate.

PLANS FOR FUTURE PERIODS

The Trust will continue striving to improve the levels of performance of its students at all levels. The Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Trust is keen to grow and collaborate with other local schools and so this will be a further focus area for the future.

The Academy Improvement Plan (AIP) documents other plans for the coming year at the Academy level. This includes 4 key strands of work with documented goals within each:

1. Outcomes for Learners

Achievements & Standards are in line with, or exceed targets (based on prior attainment).
Staff, students & parents understand levels of achievement & what needs to be done to improve.

2. Teaching, Learning & Assessment

Teaching is good or better across the school.
Standards of teaching are accurately judged by school leaders.
Lessons have pace, challenge & are planned using relevant information & appropriately differentiated.

3. Behaviour, Safety & Welfare

Students feel safe & enjoy their learning.
Behaviour for learning is good & consistently managed in lessons & around school.
Attendance meets targets.

4. Leadership and Management

Leadership within the school has the capacity to deliver sustained school improvement.
Accurate self-evaluation leads to evidence based improvement plans that are implemented with pace & authority, holding staff to account.

In Financial and Business terms further work will take place to centralise and consolidate functions. Strategic systems for Finance are now fully implemented. Human Resources and Premises will be implemented to provide Trust-wide information. New income streams will be explored and further collaboration is likely to occur

FUNDS HELD AS CUSTODIAN FOR OTHERS

The Trustees do not act as the Custodian Trustees of any other Charity.

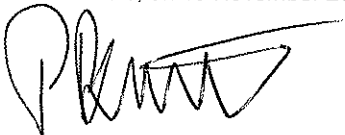
AUDITORS

Insofar as the trustees are aware:

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

Allotts Business Services Ltd, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies 2006, unless the charitable company receives notice under section 488(1) of the Companies Act 2006.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 19 November 2018 and signed on the board's behalf by:



P Barratt - Chair

Isle Education Trust

Governance Statement For The Year Ended 31 August 2018

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the 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:

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
P Barratt (Chair)	3	6
T Bean	4	6
A Flack	6	6
S Holt	6	6
J Stables	5	6
S Thompson (now Sprack)	6	6
R Yeardley	3	3

The composition of the board of trustees has been fairly stable. IET have recruited two additional trustees who will be co-opted on to the board at the first opportunity in 2018-19. These trustees bring additional strength in the areas of finance and premises.

The Board has a diverse role and works in line with the scheme of delegation. It receives reports from the Principals, CEO and Business Manager in a standard format and in a timely manner to help with decision making.

The Board accept that the environment is ever changing and various scenarios are presented to help with this.

The external review of governance undertaken in the 2017-18 year has helped the Board focus on its effectiveness and with recruitment to fill skills gaps.

For the last few years the Board has had to take some tough decisions around finance, namely restructuring and redundancies, this coupled with the ambition to maintain and improve the educational offer has meant a full focus on resources and value for money and ensuring that all roles are adding value, the operation is lean and waste is eliminated.

Governance Review

The IET Board and the associated Local Governing Bodies aim to review their work regularly. To date this has generally been in the form of self-assessment /evaluation against generic questions and they are completed approximately every 18 months.

An external review of governance took place in February 2018 and an action plan was created as a result of this.

Review of Value for Money

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

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

Robust governance and oversight of IET finances

The Trustees are cognisant of their responsibilities in ensuring that the Trust's resources are managed effectively, to strive for the best possible outcomes for pupils, achieved at reasonable cost. They are committed to ensuring that governance of IET financial management is robust.

The IET Board meets on a bi-monthly basis and Directors have the responsibility of providing assurance over the suitability of, and compliance with, financial systems and controls. The Board approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Trust remains a 'going concern'. The IET Board also receives and approves the Annual Accounts and the External Auditors Management Report.

Isle Education Trust
Governance Statement
For The Year Ended 31 August 2018

Some financial matters are delegated to Local Bodies, Committees and individuals in line with an agreed Scheme of Delegation.

The IET Business Team provides a monthly financial report to each of the Academies.

The reports included funding and a full budget monitoring with commentary, thus ensuring a consistent format. A consolidated report is also provided to the IET Board.

All Directors are required to complete a Register of Pecuniary Interests form annually. The opportunity to declare any pecuniary interests is provided at all meetings.

Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources

The Trust takes a prudent approach to expenditure. The majority of the budget is spent on staffing, and staffing structures are reviewed regularly to ensure that they are fit for purpose and can adapt and respond to support the successful attainment of the objectives within the Trust.

The Trust has a high proportion of skilled and experienced teaching and support staff, who are very effectively deployed to provide best value. Teachers' performance management / appraisal systems are in place.

The Trust's payroll is outsourced to Allotts Business Services Ltd, and detailed monthly reconciliations of payroll are performed to ensure that payments to staff are correct.

The Trust's Financial Regulations define responsibilities for each person involved in the administration of schools finances to avoid the duplication or omissions of functions and to provide a framework of accountability for directors, governors and staff. A documented scheme of delegation ensures that contracts and services are regularly appraised and renegotiated when appropriate to ensure value for money. Individual budget holders are held accountable for the use of their budgets, and are helped by an experienced finance team in sourcing best value. Recently budgets have been profiled to assist with cash flow.

The Trust regularly benchmarks financial performance against other Academy Trusts to demonstrate that the Trust provides good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts remain competitive.

As a Multi Academy Trust the Business Management team are now able to lever additional benefits through greater purchasing power and economies of scale. This has been demonstrated with recent procurement for Catering.

Maximising income generation

The Trust explores every opportunity to generate income through hire of Academy facilities.

Reviewing controls and managing risks.

Monthly budget monitoring reports are produced and reviewed by the Principal of each Academy and the IET Business Manager and any necessary remedial action taken to address any significant variances that may have an impact on the budget out-turn.

Reviewing operation to maximise use of resources.

The Principals review expenditure within each budget heading annually and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in their Academy Improvement Plans.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Isle Education Trust for the period 1st September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that

Isle Education Trust
Governance Statement
For The Year Ended 31 August 2018

has been in place for the period 1st September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Allotts Business Services Limited, the external auditor, to perform additional checks. The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account / bank reconciliations

After each visit, the reviewer reports to the board of trustees, through the accounting officer on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The reviewer has delivered their schedule of work as planned. No material control issues were identified.

Review of Effectiveness

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

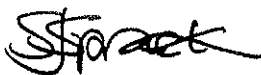
- the work of the external auditor;
- the work of the internal reviewer;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control 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 19 November 2018 and signed on its behalf by:



P Barratt - Chair



S Sprack - Accounting Officer

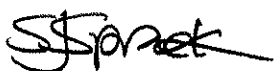
Isle Education Trust

Statement on Regularity, Propriety and Compliance
For The Year Ended 31 August 2018

As accounting officer of Isle Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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.

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

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



S Sprack - Accounting Officer

19 November 2018

Isle Education Trust

Statement of Trustees Responsibilities
For The Year Ended 31 August 2018

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group 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 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group 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 members of the board of trustees on 19 November 2018 and signed on its behalf by:



P Barratt - Chair

Report of the Independent Auditors to the Members of Isle Education Trust

Opinion

We have audited the financial statements of Isle Education Trust (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, 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 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's and group's affairs as at 31 August 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Report of the Independent Auditors to the Members of
Isle Education Trust

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

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

Use of our report

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



Elizabeth Yates BSc ACA (Senior Statutory Auditor)
for and on behalf of Allotts Business Services Ltd, Statutory Auditor
Chartered Accountants
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

Date 21.11.18

**Independent Reporting Accountant's Assurance Report on Regularity to
Isle Education Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Isle Education Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Isle Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Isle Education Trust's funding agreement with the Secretary of State for Education dated 30 September 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry of officers of the academy trust
- Review and testing of income and expenditure for compliance with the funding and other agreements, the Academies Financial Handbook and the academy's system of controls
- Examination of relevant documents
- Review of the activities carried out by the academy trust
- Review of the delegated authorities set out in the Academies Financial Handbook

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Allotts Business Services Ltd

Reporting Accountant
Allotts Business Services Ltd
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

Date 21.11.18

The notes form part of these financial statements

Isle Education Trust

Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
For The Year Ended 31 August 2018

	Note	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset fund £'000	2018 Total funds £'000	2017 Total funds £'000
INCOME AND ENDOWMENTS						
FROM						
Donations and capital grants	2	-	-	1,125	1,125	1,166
Charitable activities						
Funding for the academy trust's educational operations	3	-	6,178	-	6,178	6,180
Other trading activities	4	140	69	-	209	208
Investments	5	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>4</u>
Total		142	6,247	1,125	7,514	7,558
EXPENDITURE ON						
Charitable activities						
Academy trust's educational operations	7	<u>19</u>	<u>6,625</u>	<u>631</u>	<u>7,275</u>	<u>7,299</u>
NET INCOME/(EXPENDITURE)		123	(378)	494	239	259
Transfers between funds	20	-	121	(121)	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes	21	<u>-</u>	<u>432</u>	<u>-</u>	<u>432</u>	<u>550</u>
Net movement in funds		123	175	373	671	809
RECONCILIATION OF FUNDS						
Total funds brought forward		(4)	(793)	9,050	8,253	7,444
TOTAL FUNDS CARRIED FORWARD		<u>119</u>	<u>(618)</u>	<u>9,423</u>	<u>8,924</u>	<u>8,253</u>

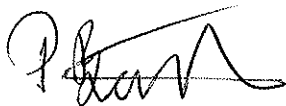
The notes form part of these financial statements

Isle Education Trust (Registered number: 07814150)

Consolidated Balance Sheet
At 31 August 2018

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	13	<u>9,342</u>	<u>8,685</u>
CURRENT ASSETS			
Stocks	14	3	3
Debtors	15	156	380
Cash at bank		<u>888</u>	<u>1,508</u>
		1,047	1,891
CREDITORS			
Amounts falling due within one year	16	<u>(378)</u>	<u>(981)</u>
NET CURRENT ASSETS		<u>669</u>	<u>910</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,011	9,595
PENSION LIABILITY	21	<u>(1,087)</u>	<u>(1,342)</u>
NET ASSETS		<u>8,924</u>	<u>8,253</u>
FUNDS	20		
Unrestricted funds:			
General fund		119	(4)
Restricted funds:			
Fixed Asset fund		9,423	9,050
General fund		469	549
Pension reserve		<u>(1,087)</u>	<u>(1,342)</u>
		<u>8,805</u>	<u>8,257</u>
TOTAL FUNDS		<u>8,924</u>	<u>8,253</u>

The financial statements were approved by the Board of Trustees on 19 November 2018 and were signed on its behalf by:



P Barratt -Chair

The notes form part of these financial statements

Company Balance Sheet
At 31 August 2018

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	C1	8,605	7,927
Investments	C2	-	-
		<u>8,605</u>	<u>7,927</u>
CURRENT ASSETS			
Stocks	C3	3	3
Debtors	C4	154	347
Cash at bank		<u>858</u>	<u>1,439</u>
		1,015	1,789
CREDITORS			
Amounts falling due within one year	C5	(433)	(971)
		<u>582</u>	<u>818</u>
NET CURRENT ASSETS			
		<u>582</u>	<u>818</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,187	8,745
PENSION LIABILITY	21	(1,087)	(1,342)
		<u>8,100</u>	<u>7,403</u>
NET ASSETS			
		<u>8,100</u>	<u>7,403</u>
FUNDS	C9		
Unrestricted funds:			
General fund		102	-
Restricted funds:			
Fixed Asset fund		8,685	8,291
General fund		400	454
Pension reserve		(1,087)	(1,342)
		<u>7,998</u>	<u>7,403</u>
TOTAL FUNDS		<u>8,100</u>	<u>7,403</u>

The financial statements were approved by the Board of Trustees on 19 November 2018 and were signed on its behalf by:



P Barratt -Chair

The notes form part of these financial statements

Isle Education Trust

Consolidated Statement of Cash Flows
For The Year Ended 31 August 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities:			
Cash provided by /(used in) operations	1	<u>(26)</u>	<u>(445)</u>
Net cash provided by /(used in) operating activities		<u>(26)</u>	<u>(445)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,860)	(285)
Sale of tangible fixed assets		139	-
Capital grants from DfE/ESFA		1,085	1,013
Other capital grants		40	357
Interest received		<u>2</u>	<u>4</u>
Net cash provided by/ (used in) investing activities		<u>(594)</u>	<u>1,089</u>
Change in cash and cash equivalents in the reporting period		(620)	644
Cash and cash equivalents at the beginning of the reporting period		<u>1,508</u>	<u>864</u>
Cash and cash equivalents at the end of the reporting period		<u>888</u>	<u>1,508</u>

The notes form part of these financial statements

Isle Education Trust

Notes to the Consolidated Statement of Cash Flows
For The Year Ended 31 August 2018

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

	2018	2017
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	239	259
Adjustments for:		
Depreciation	509	418
Profit on disposal of fixed assets	(26)	-
Capital grants	(1,125)	(1,166)
Interest received	(2)	(4)
Change in stocks	-	-
Change in debtors	224	(81)
Change in creditors	(22)	(45)
Difference between pension charge and cash contributions	<u>177</u>	<u>184</u>
Net cash provided by/ (used in) operating activities	<u><u>(26)</u></u>	<u><u>(445)</u></u>

Isle Education Trust

Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018

1. ACCOUNTING POLICIES

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

Basis of preparing the financial statements

The financial statements of the charitable company and group, 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 2017)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Trustees have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. However, radical change will be required to ensure and enable this. This will include both growth programmes and cost reduction initiatives. These measures have already started, including the staff reductions shown in note 9, enhanced cashflow monitoring and more rigorous scrutiny of costs.

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.

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

Donations

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

Other income

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

Donated goods and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'. Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Isle Education Trust

Notes to the Consolidated Financial Statements For The Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

On conversion or transfer date land and buildings were either gifted or provided on a 125 year lease by North Lincolnshire Council. No premium was paid on the lease and the rent is one peppercorn. The buildings were valued on conversion or transfer at depreciated replacement cost and are depreciated over the remainder of its expected life. Land was valued on a similar basis at conversion or transfer. Land gifted has not been subsequently depreciated. Land leased is depreciated over the length of the lease

Other fixed assets transferred on conversion were valued at original cost less depreciation to the date of conversion.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Cost includes all expenditure in bringing the asset to its operational location and condition.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land	not depreciated
Leasehold land	over remainder of lease up to 125 years
Leasehold buildings	over remainder of life up to 50 years
Inherited buildings	over 18 years, being the remainder of the life of the buildings
Furniture and fixtures	over 5 years
Plant and equipment	over 3 years
Sports facilities	over 25 years

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

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

Long leasehold property is held on a 125 year lease from the predecessor local authority on terms which restrict its use to operation of an academy. It was valued on transfer at depreciated replacement cost.

Leased Assets

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

Stocks

Stock of school uniform is valued at the lower of cost or net realisable value on a first in first out basis.

Financial Instruments

The academy trust only holds basic financial instruments as defined by FRS102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Isle Education Trust

Notes to the Consolidated Financial Statements **For The Year Ended 31 August 2018**

1. ACCOUNTING POLICIES - continued

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in notes 15 and C4. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and C5. 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.

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.

Fund accounting

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

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

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

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.

Staff termination payments are recognised as an expense and liability when the trust has created a constructive obligation to incur the costs.

Provisions

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

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

Basis of consolidation

Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The purchase method is used to account for the acquisition of subsidiaries. The identifiable net assets are incorporated into the financial statements on the basis of the fair value to the group from the effective date of control.

Critical accounting estimates and assumptions

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.

Isle Education Trust

Notes to the Consolidated Financial Statements For The Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

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 the notes, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Grants	-	1,125	1,125	1,166

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

	2018 £'000	2017 £'000
Capital grants	1,125	1,166

Isle Education Trust

**Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018**

3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	5,282	5,282	5,475
Other DfE/ESFA grants	-	298	298	240
	-	5,580	5,580	5,715
Other government grant				
Local Authority grants	-	141	141	66
Other income from educational operations				
Catering	-	65	65	68
Trips	-	209	209	177
Pupil referral charges	-	178	178	136
Music tuition	-	5	5	18
	-	457	457	399
	-	6,178	6,178	6,180

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Fundraising	35	-	35	18
Hire of facilities	24	-	24	21
Other events and activities	-	69	69	75
Books, uniforms etc	32	-	32	42
Sundry income	49	-	49	52
	140	69	209	208

5. INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Interest	2	-	2	4

6. EXPENDITURE

	Staff costs £'000	Non-pay expenditure Premises £'000	Other costs £'000	2018 Total £'000	2017 Total £'000
Charitable activities Academy Trust's educational operations					
Direct costs	4,580	412	621	5,613	5,409
Allocated support costs	827	314	521	1,662	1,890
	5,407	726	1,142	7,275	7,299

Isle Education Trust

Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018

6. EXPENDITURE - continued

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

	2018 £'000	2017 £'000
Auditor's remuneration	16	17
Audit-related assurance services	2	2
Internal audit services	1	2
Other non-audit services	5	10
Depreciation - owned assets	509	418
Profit on disposal of fixed assets	26	-
Operating leases	<u>54</u>	<u>19</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Direct costs	-	5,613	5,613	5,409
Support costs	<u>19</u>	<u>1,643</u>	<u>1,662</u>	<u>1,890</u>
	<u>19</u>	<u>7,256</u>	<u>7,275</u>	<u>7,299</u>

	2018 Total £'000	2017 Total £'000
Analysis of support costs		
Support staff costs	827	932
Premises costs	314	373
Other support costs	458	535
Governance costs	<u>63</u>	<u>50</u>
Total support costs	<u>1,662</u>	<u>1,890</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

S Sprack (Chief Executive Officer and trustee)	
Remuneration £85,000 - £90,000 (2017: £85,000 - £90,000)	
Employer's pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000)	
K Wild (staff trustee) (resigned 19.1.17)	
Remuneration £n/a (2017: £15,000 - £20,000)	
Employer's pension contributions £n/a (2017: £5,000 - £10,000)	

Trustees' expenses

There were no trustee expenses paid during the year (2017: nil).

Other transactions

Other related party transactions involving the trustees are set out in the Related Party Disclosures note.

Isle Education Trust

**Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018**

9. STAFF

a. Staff costs

	2018	2017
	£'000	£'000
Wages and salaries	3,971	4,064
Social security costs	374	374
Pension costs	<u>884</u>	<u>889</u>
	5,229	5,327
Supply teacher costs	80	92
Staff restructuring costs	<u>98</u>	<u>56</u>
	<u><u>5,407</u></u>	<u><u>5,475</u></u>

b. Non statutory/ non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £32,422 (2017: £50,106). Individually the payments were: £29,950 on 31 August 2018 and £2,472 on 31 March 2018.

c. Staff numbers

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

	2018	2017
Teachers and educational support	122	117
Administration and support	51	55
Management	<u>11</u>	<u>11</u>
	<u><u>184</u></u>	<u><u>183</u></u>

d. Higher paid staff

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

	2018	2017
£60,001 - £70,000	2	3
£70,001 - £80,000	1	-
£80,001 - £90,000	<u>1</u>	<u>1</u>
	<u><u>4</u></u>	<u><u>4</u></u>

3 of the above employees (2017: 4) participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £37,186 (2017: £37,085).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed in the trustees' report. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £782,000 (2017: £750,000).

10. TRUSTEES' AND OFFICERS' INSURANCE

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

Isle Education Trust

**Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018**

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset fund £'000	2017 Total funds £'000
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	-	1,166	1,166
Charitable activities				
Funding for the academy trust's educational operations	-	6,180	-	6,180
Other trading activities	133	75	-	208
Investments	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
Total	137	6,255	1,166	7,558
EXPENDITURE ON Charitable activities				
Academy trust's educational operations	<u>141</u>	<u>6,692</u>	<u>466</u>	<u>7,299</u>
NET INCOME/(EXPENDITURE)	(4)	(437)	700	259
Transfers between funds	-	(138)	138	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	<u>-</u>	<u>550</u>	<u>-</u>	<u>550</u>
Net movement in funds	(4)	(25)	838	809
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>-</u>	<u>(768)</u>	<u>8,212</u>	<u>7,444</u>
TOTAL FUNDS CARRIED FORWARD	<u>(4)</u>	<u>(793)</u>	<u>9,050</u>	<u>8,253</u>

12. CENTRAL SERVICES

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

- human resources
- financial services
- legal services
- educational support services
- others as arising

The Trust charges for these services on the basis of 7.5% (2017: 8.75%) of annual GAG income. The actual amounts charged during the year were as follows:

	2018 £000	2017 £000
South Axholme Academy	300	366
Epworth Primary Academy	79	92
Coritani Academy	<u>15</u>	<u>18</u>
	394	476

Isle Education Trust

**Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018**

13. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Sports facilities £'000
COST			
At 1 September 2017	5,558	3,677	795
Additions	1,273	-	6
Disposals	-	-	-
At 31 August 2018	<u>6,831</u>	<u>3,677</u>	<u>801</u>
DEPRECIATION			
At 1 September 2017	1,338	233	37
Charge for year	304	76	27
Eliminated on disposal	-	-	-
At 31 August 2018	<u>1,642</u>	<u>309</u>	<u>64</u>
NET BOOK VALUE			
At 31 August 2018	<u>5,189</u>	<u>3,368</u>	<u>737</u>
At 31 August 2017	<u>4,220</u>	<u>3,444</u>	<u>758</u>
	Furniture and fixtures £'000	Plant and equipment £'000	Totals £'000
COST			
At 1 September 2017	180	377	10,587
Additions	-	-	1,279
Disposals	(113)	-	(113)
At 31 August 2018	<u>67</u>	<u>377</u>	<u>11,753</u>
DEPRECIATION			
At 1 September 2017	46	248	1,902
Charge for year	6	96	509
Eliminated on disposal	-	-	-
At 31 August 2018	<u>52</u>	<u>344</u>	<u>2,411</u>
NET BOOK VALUE			
At 31 August 2018	<u>15</u>	<u>33</u>	<u>9,342</u>
At 31 August 2017	<u>134</u>	<u>129</u>	<u>8,685</u>

Included in cost or valuation of land and buildings is freehold land of £470,000 which is not depreciated.

14. STOCKS

	2018 £'000	2017 £'000
Clothing and Uniforms	<u>3</u>	<u>3</u>

Isle Education Trust

Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade debtors	42	34
VAT recoverable	7	237
Prepayments and accrued income	<u>107</u>	<u>109</u>
	<u>156</u>	<u>380</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade creditors	74	435
Taxation and social security	89	95
Other creditors	80	87
Accruals and deferred income	<u>135</u>	<u>364</u>
	<u>378</u>	<u>981</u>

	2018	2017
	£'000	£'000
Deferred income		
Deferred Income at 1 September 2017	86	84
Resources deferred in the year	86	86
Amounts released from previous years	<u>(86)</u>	<u>(84)</u>
Deferred Income at 31 August 2018	<u>86</u>	<u>86</u>

At the balance sheet date Isle Education Trust was holding funds received in advance as follows:

Trip income: £41,000 (2017: £41,000)
Local Authority funding £2,000 (2017: £2,000)
ESFA funding £43,000 (2017: £43,000)

17. OPERATING LEASE COMMITMENTS

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

	2018	2017
	£'000	£'000
Amounts due within one year	32	11
Amounts due between one and five years	<u>91</u>	<u>12</u>
	<u>123</u>	<u>23</u>

18. MEMBERS' LIABILITY

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

Isle Education Trust

**Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset fund £'000	2018 Total funds £'000
Fixed assets	-	-	9,342	9,342
Current assets	119	804	124	1,047
Current liabilities	-	(335)	(43)	(378)
Pension liability	-	(1,087)	-	(1,087)
	<u>119</u>	<u>(618)</u>	<u>9,423</u>	<u>8,924</u>

	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset fund £'000	2017 Total funds £'000
Fixed assets	-	-	8,685	8,685
Current assets	-	902	989	1,891
Current liabilities	(4)	(353)	(624)	(981)
Pension liability	-	(1,342)	-	(1,342)
	<u>(4)</u>	<u>(793)</u>	<u>9,050</u>	<u>8,253</u>

20. MOVEMENT IN FUNDS

2018

	Brought forward £'000	Incoming Resources £'000	Resources Expended £'000	Gains, losses & transfers £'000	Carried forward £'000
<u>Restricted</u>					
General Annual Grant (GAG)	549	5,282	(5,483)	121	469
Other revenue	-	526	(526)	-	-
Pupil Premium	-	215	(215)	-	-
Other ESFA grants	-	83	(83)	-	-
Other voluntary income	-	-	-	-	-
Local authority	-	141	(141)	-	-
Pension reserve	(1,342)	-	(177)	432	(1,087)
	<u>(793)</u>	<u>6,247</u>	<u>(6,625)</u>	<u>553</u>	<u>(618)</u>
<u>Fixed Assets</u>					
Inherited	7,005	-	(391)	-	6,614
ESFA Capital grants	1,002	1,108	(119)	-	1,991
Other capital donations	641	17	-	-	658
Funded from GAG	402	-	(121)	(121)	160
	<u>9,050</u>	<u>1,125</u>	<u>(631)</u>	<u>(121)</u>	<u>9,423</u>
<u>Unrestricted</u>	<u>(4)</u>	<u>142</u>	<u>(19)</u>	<u>-</u>	<u>119</u>
TOTAL	<u>8,253</u>	<u>7,514</u>	<u>(7,275)</u>	<u>432</u>	<u>8,924</u>

Isle Education Trust

**Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018**

20. MOVEMENT IN FUNDS - continued

2017

	Brought forward £'000	Incoming Resources £'000	Resources Expended £'000	Gains, losses & transfers £'000	Carried forward £'000
<u>Restricted</u>					
General Annual Grant (GAG)	950	5,475	(5,738)	(138)	549
Other revenue	-	474	(474)	-	-
Pupil Premium	-	212	(212)	-	-
Other ESFA grants	-	28	(28)	-	-
Other voluntary income	-	-	-	-	-
Local authority	-	66	(66)	-	-
Pension reserve	(1,718)	-	(174)	550	(1,342)
	(768)	6,255	(6,692)	412	(793)
<u>Fixed Assets</u>					
Inherited	7,300	-	(295)	-	7,005
ESFA Capital grants	46	1,013	(57)	-	1,002
Other capital donations	515	153	(27)	-	641
Funded from GAG	351	-	(87)	138	402
	8,212	1,166	(466)	138	9,050
<u>Unrestricted</u>	-	137	(141)	-	(4)
TOTAL	7,444	7,558	(7,299)	550	8,253

2017 and 2018 combined

	Brought forward £'000	Incoming Resources £'000	Resources Expended £'000	Gains, losses & transfers £'000	Carried forward £'000
<u>Restricted</u>					
General Annual Grant (GAG)	950	10,757	(11,221)	(17)	469
Other revenue	-	1,000	(1,000)	-	-
Pupil Premium	-	427	(427)	-	-
Other ESFA grants	-	111	(111)	-	-
Other voluntary income	-	-	-	-	-
Local authority	-	207	(207)	-	-
Pension reserve	(1,718)	-	(351)	982	(1,087)
	(768)	12,502	(13,317)	965	(618)
<u>Fixed Assets</u>					
Inherited	7,300	-	(686)	-	6,614
ESFA Capital grants	46	2,121	(176)	-	1,991
Other capital donations	515	170	(27)	-	658
Funded from GAG	351	-	(208)	17	160
	8,212	2,291	(1,097)	17	9,423
<u>Unrestricted</u>	-	279	(160)	-	119
TOTAL	7,444	15,072	(14,574)	982	8,924

Isle Education Trust

**Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018**

20. MOVEMENT IN FUNDS - continued

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

The restricted fixed assets funds represent the net book values of donated fixed assets and assets purchased from ESFA and other government grants, which have to be held for the continuing use of the academy, along with unspent grants for capital purposes.

Transfer to fixed asset funds represents fixed asset purchases funded from general funds

The balance on restricted general funds represents the balance of unspent grants and other revenue to be spent in future periods, including unspent General Annual Grant.

The balance on unrestricted funds represents the results on other unrestricted activities of the trust including its subsidiary undertaking.

Analysis of academies by fund balance

Fund balances were allocated as follows:

	2018 Total £000	2017 Total £000
South Axholme Academy	359	414
Epworth Primary Academy	94	50
Coritani Academy	69	30
Central Services	(20)	(40)
Isle Education Trust Enterprises Limited	86	91
Total before fixed assets and pension reserve	588	545
Restricted fixed asset fund	9,423	9,050
Pension reserve	(1,087)	(1,342)
Total	8,924	8,253

Analysis of academies by cost

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

	Teaching & educational support staff £000	Other support staff £000	Educational Supplies £000	Other costs (excluding depreciation) £000	Total £000	2017 £'000
South Axholme Academy	3,276	439	54	917	4,686	4,685
Epworth Primary Academy	907	139	20	242	1,308	1,258
Coritani Academy	324	50	4	38	416	347
Central Services	73	199	-	110	382	591
Academy Trust	4,580	827	78	1,307	6,792	6,881

Isle Education Trust

Notes to the Consolidated Financial Statements For The Year Ended 31 August 2018

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 East Riding of Yorkshire 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 £80,000 were payable to the schemes at 31 August 2018 (2017: £87,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £477,000 (2017: £483,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £223,000 (2017: £299,000), of which employer's contributions totalled £182,000 (2017: £242,000) and employees' contributions totalled £41,000 (2017: £57,000). The agreed contribution rates for future years are 23.5% and 25.4% per cent for employers and between 5.5% and 12.5% per cent for employees depending on scale rate.

All the academies within the Trust belong to the East Riding Pension Fund, which is administered by East Riding of Yorkshire Council.

Isle Education Trust

Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018

21. PENSION AND SIMILAR OBLIGATIONS
- continued

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:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Present value of funded obligations	(4,501)	(4,382)
Fair value of plan assets	<u>3,414</u>	<u>3,040</u>
	<u>(1,087)</u>	<u>(1,342)</u>
Deficit	<u>(1,087)</u>	<u>(1,342)</u>
Liability	<u>(1,087)</u>	<u>(1,342)</u>

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

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Current service cost	300	379
Past service cost	24	-
Net interest from net defined benefit asset/liability	<u>35</u>	<u>37</u>
	<u>359</u>	<u>416</u>
Actual return on plan assets	<u>211</u>	<u>305</u>

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

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
At 1 September	(4,382)	(4,204)
Current service cost	(300)	(379)
Past service cost	(24)	-
Employee contributions	(41)	(57)
Interest cost	(113)	(89)
Actuarial gain / (loss)	299	297
Benefits paid	<u>60</u>	<u>50</u>
At 31 August	<u>(4,501)</u>	<u>(4,382)</u>

Isle Education Trust

Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018

21. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
At 1 September	3,040	2,486
Employer contributions	182	242
Employee contributions	41	57
Expected return on assets	78	52
Actuarial gain / (loss)	133	253
Benefits paid	(60)	(50)
Inherited on conversion	-	-
	<u>-</u>	<u>-</u>
At 31 August	<u>3,414</u>	<u>3,040</u>

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

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Actuarial gains / (losses)	<u>432</u>	<u>550</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Equities	2,458	2,158
Bonds	444	395
Cash	102	152
Property	<u>410</u>	<u>335</u>
	<u>3,414</u>	<u>3,040</u>

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

	2018	2017
Rate of increase in salaries	2.6%	2.6%
Discount rate for scheme liabilities	2.8%	2.5%
Rate of increase in pensions	2.4%	2.4%

Isle Education Trust

Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018

21. PENSION AND SIMILAR OBLIGATIONS
- continued

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate increase to Employer Liability (South Axholme) £'000	Approximate increase to Employer Liability (Epworth) £'000	Approximate increase to Employer Liability (Coritani) £'000	Total £'000
0.5% decrease in Real Discount Rate	344	123	44	511
0.5% increase in Salary Increase Rate	83	28	6	117
0.5% increase in Pension Increase Rate	275	93	38	406

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 2018	At 31 August 2017
Retiring today age 65		
Males	21.7	21.7
Females	24.2	24.2
Retiring in 20 years age 45 now		
Males	23.7	23.7
Females	26.4	26.4

22. CONTINGENT LIABILITIES

There are no contingent liabilities (2017: none).

23. CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Contracted but not provided for in the financial statements	-	1,337

Isle Education Trust

Notes to the Consolidated Financial Statements
For The Year Ended 31 August 2018

24. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

Isle Design & Marketing Limited - a company in which Mr M Chipp (a Governor of the South Axholme Academy board) is a director and has a majority interest:

- The trust purchased marketing supplies from Isle Design & Marketing Limited totalling £17,509 (2017: £18,034) during the period. There was £4,168 outstanding at 31 August 2018 (2017: £0)
- The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Chipp neither participated in, nor influenced
- In entering into the transaction the trust has complied with the requirements of ESFA's Academies Financial Handbook

Isle Education Trust Enterprises Limited, a company in which the Trust is the only shareholder:

- The Trust charged the company £8,575 for maintenance and accounting services (2017: £14,160) while the company charged the Trust £26,352 (2017: £23,833) for use of its facilities.
- At the year-end the Trust owed the company £2,635 (2017: £4,767) and the company owed the Trust £718 (2017: £1,409) in respect of the above
- At the year-end the Trust owed the subsidiary £59,567 in respect of amounts received by the Trust on behalf of the subsidiary and not yet reimbursed
- At the previous year-end the subsidiary owed the Trust £97,705 in respect of construction costs paid by the Trust and not yet reimbursed by the subsidiary

Y Robinson, mother of K Crompton, is employed by the academy trust as a teaching assistant. Y Robinson's appointment was made in open competition and K Crompton was not involved in the decision making process regarding appointment. Y Robinson is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to key management.

K Flowitt, wife of D Flowitt, is employed by the academy trust as a teacher. K Flowitt's appointment was made in open competition and D Flowitt was not involved in the decision making process regarding appointment. K Flowitt is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to key management.

25. LEGAL FORM

The Trust is a private limited company incorporated in England and Wales and limited by guarantee. Its registered office is South Axholme Academy, Burnham Road, Epworth, North Lincolnshire, DN9 1BY. Its principal activity is education.

Isle Education Trust

Notes to the Company Balance Sheet
For The Year Ended 31 August 2018

C1. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Furniture and fixtures £'000	Plant and equipment £'000	Totals £'000
COST					
At 1 September 2017	5,558	3,677	180	377	9,792
Additions	1,273	-	-	-	1,273
Disposals	-	-	(113)	-	(113)
At 31 August 2018	<u>6,831</u>	<u>3,677</u>	<u>67</u>	<u>377</u>	<u>10,952</u>
DEPRECIATION					
At 1 September 2017	1,338	233	46	248	1,865
Charge for year	304	76	6	96	482
Eliminated on disposal	-	-	-	-	-
At 31 August 2018	<u>1,642</u>	<u>309</u>	<u>52</u>	<u>344</u>	<u>2,347</u>
NET BOOK VALUE					
At 31 August 2018	<u>5,189</u>	<u>3,368</u>	<u>15</u>	<u>33</u>	<u>8,605</u>
At 31 August 2017	<u>4,220</u>	<u>3,444</u>	<u>134</u>	<u>129</u>	<u>7,927</u>

Included in cost or valuation of land and buildings is freehold land of £470,000 which is not depreciated.

C2. FIXED ASSET INVESTMENTS

Shares in group
undertakings
£'000

COST AND NET BOOK VALUE

At 1 September 2017 and 31 August 2018

-

The company's investments at the Balance Sheet date in the share capital of companies include the following:

The trust subscribed for the entire share capital of £1 of Isle Education Trust Enterprises Limited (registration number 09937898) on incorporation on 6 January 2016, a company operating sports facilities at South Axholme Academy.

This subsidiary has been included in the group financial statements by full consolidation on a line by line basis using acquisition accounting. Its financial statements, prepared using its own accounting policies and not those of the group, are summarised thus:

	2018 £'000	2017 £'000
Turnover	49	41
Other income	34	35
Administrative expenses	<u>(62)</u>	<u>(53)</u>
Net profit/ (loss)	<u>21</u>	<u>23</u>
Tangible fixed assets	737	765
Current assets	98	204
Creditors due within one year	(41)	(148)
Creditors due after one year	<u>(751)</u>	<u>(799)</u>
Shareholder's funds	<u>43</u>	<u>22</u>

Isle Education Trust

**Notes to the Company Balance Sheet
For The Year Ended 31 August 2018**

C3. STOCKS

	2018	2017
	£'000	£'000
Clothing and Uniforms	<u>3</u>	<u>3</u>

C4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade debtors	37	32
Amounts owed by group undertakings	-	98
VAT recoverable	11	108
Prepayments and accrued income	<u>106</u>	<u>109</u>
	<u>154</u>	<u>347</u>

C5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade creditors	76	439
Taxation and social security	89	95
Amounts owed to group undertakings	60	-
Other creditors	80	87
Accruals and deferred income	<u>128</u>	<u>350</u>
	<u>433</u>	<u>971</u>

Deferred income

	2018	2017
	£'000	£'000
Deferred Income at 1 September 2017	86	84
Resources deferred in the year	86	86
Amounts released from previous years	<u>(86)</u>	<u>(84)</u>
Deferred Income at 31 August 2018	<u>86</u>	<u>86</u>

At the balance sheet date Isle Education Trust was holding funds received in advance as follows:

Trip income: £41,000 (2017: £41,000)
Local Authority funding £2,000 (2017: £2,000)
ESFA funding £43,000 (2017: £43,000)

C6. OPERATING LEASE COMMITMENTS

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

	2018	2017
	£'000	£'000
Amounts due within one year	32	11
Amounts due between one and five years	<u>91</u>	<u>12</u>
	<u>123</u>	<u>23</u>

C7. MEMBERS' LIABILITY

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

Isle Education Trust

**Notes to the Company Balance Sheet
For The Year Ended 31 August 2018**

C8. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset fund £'000	2018 Total funds £'000
Fixed assets	-	-	8,605	8,605
Current assets	102	790	123	1,015
Current liabilities	-	(390)	(43)	(433)
Pension liability	-	(1,087)	-	(1,087)
	<u>102</u>	<u>(687)</u>	<u>8,685</u>	<u>8,100</u>

	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset fund £'000	2017 Total funds £'000
Fixed assets	-	-	7,927	7,927
Current assets	-	812	977	1,789
Current liabilities	-	(358)	(613)	(971)
Pension liability	-	(1,342)	-	(1,342)
	<u>-</u>	<u>(888)</u>	<u>8,291</u>	<u>7,403</u>

C9. MOVEMENT IN FUNDS

2018

	Brought forward £'000	Income £'000	Expenditure £'000	Transfers £'000	Carried forward £'000
<u>Restricted</u>					
General Annual Grant (GAG)	454	5,286	(5,454)	114	400
Other revenue	-	526	(526)	-	-
Pupil Premium	-	215	(215)	-	-
Other ESFA grants	-	83	(83)	-	-
Other voluntary income	-	-	-	-	-
Local authority	-	141	(141)	-	-
Pension reserve	(1,342)	-	(177)	432	(1,087)
	<u>(888)</u>	<u>6,251</u>	<u>(6,596)</u>	<u>546</u>	<u>(687)</u>
<u>Fixed Assets</u>					
Inherited	7,006	-	(392)	-	6,614
Capital grants	1,001	1,107	(117)	-	1,991
Funded from GAG	284	-	(90)	(114)	80
	<u>8,291</u>	<u>1,107</u>	<u>(599)</u>	<u>(114)</u>	<u>8,685</u>
<u>Unrestricted</u>	-	119	(17)	-	102
TOTAL	<u>7,403</u>	<u>7,477</u>	<u>(7,212)</u>	<u>432</u>	<u>8,100</u>

Isle Education Trust

**Notes to the Company Balance Sheet
For The Year Ended 31 August 2018**

C9. MOVEMENT IN FUNDS continued

2017

	Brought forward £'000	Income £'000	Expenditure £'000	Transfers £'000	Carried forward £'000
<u>Restricted</u>					
General Annual Grant (GAG)	951	5,475	(5,761)	(211)	454
Other revenue	-	474	(474)	-	-
Pupil Premium	-	212	(212)	-	-
Other ESFA grants	-	28	(28)	-	-
Other voluntary income	-	-	-	-	-
Local authority	-	66	(66)	-	-
Pension reserve	(1,718)	-	(174)	550	(1,342)
	(767)	6,255	(6,715)	339	(888)
<u>Fixed Assets</u>					
Inherited	7,301	-	(295)	-	7,006
Capital grants	45	1,013	(57)	-	1,001
Funded from GAG	150	-	(77)	211	284
	7,496	1,013	(429)	211	8,291
<u>Unrestricted</u>	-	134	(134)	-	-
TOTAL	6,729	7,402	(7,278)	550	7,403

2018 and 2017 combined

	Brought forward £'000	Income £'000	Expenditure £'000	Transfers £'000	Carried forward £'000
<u>Restricted</u>					
General Annual Grant (GAG)	951	10,761	(11,215)	(97)	400
Other revenue	-	1,000	(1,000)	-	-
Pupil Premium	-	427	(427)	-	-
Other ESFA grants	-	111	(111)	-	-
Other voluntary income	-	-	-	-	-
Local authority	-	207	(207)	-	-
Pension reserve	(1,718)	-	(351)	982	(1,087)
	(767)	12,506	(13,311)	885	(687)
<u>Fixed Assets</u>					
Inherited	7,301	-	(687)	-	6,614
Capital grants	45	2,120	(174)	-	1,991
Funded from GAG	150	-	(167)	97	80
	7,496	2,120	(1,028)	97	8,685
<u>Unrestricted</u>	-	253	(151)	-	102
TOTAL	6,729	14,879	(14,490)	982	8,100

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

The restricted fixed assets funds represent the net book values of donated fixed assets and assets purchased from ESFA and other government grants, which have to be held for the continuing use of the academy, along with unspent grants for capital purposes.

Transfer to fixed asset funds represents fixed asset purchases funded from general funds

The balance on restricted general funds represents the balance of unspent grants and other revenue to be spent in future periods, including unspent General Annual Grant.

Isle Education Trust

Notes to the Company Balance Sheet
For The Year Ended 31 August 2018

C9. MOVEMENT IN FUNDS continued

Analysis of academies by fund balance

Fund balances were allocated as follows:

	2018 Total £000	2017 Total £000
South Axholme Academy	359	414
Epworth Primary Academy	94	50
Coritani Academy	69	30
Central Services	(20)	(40)
Total before fixed assets and pension reserve	502	454
Restricted fixed asset fund	8,685	8,291
Pension reserve	(1,087)	(1,342)
Total	8,100	7,403

C10. CONTINGENT LIABILITIES

There are no contingent liabilities (2017: none).

C11. CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Contracted but not provided for in the financial statements	-	1,337

C12. LEGAL FORM

The trust is a private limited company incorporated in England and Wales and limited by guarantee. Its registered office is South Axholme Academy, Burnham Road, Epworth, North Lincolnshire, DN9 1BY. Its principal activity is education.

C13. RESULTS OF PARENT CHARITABLE COMPANY

The results of the charitable company, are summarised thus:

	2018 £'000	2017 £'000
Donations and capital grants	1,107	1,013
Funding for the academy trust's educational operations	6,179	6,182
Other trading activities	189	203
Investment income	2	4
Expenditure on academy trust's educational operations	(7,212)	(7,278)
Actuarial gains/ (losses) on defined benefit schemes	432	550
Net income / (expenditure)	697	674