

REGISTERED COMPANY NUMBER: 06486255 (England and Wales)
REGISTERED CHARITY NUMBER: 1124293

**STRATEGIC REPORT, REPORT OF THE TRUSTEES AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2018
FOR
SANDBACH SCHOOL**

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

SANDBACH SCHOOL
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

	Page
Reference and Administrative Details	1 to 2
Report of the Trustees	3 to 11
Governance Statement	12 to 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees Responsibilities	17
Report of the Independent Auditors	18 to 19
Independent Accountant's Report on Regularity	20 to 21
Consolidated Statement of Financial Activities (Incorporating the Consolidated Income & Expenditure Account)	22
Consolidated Balance Sheet	23 to 24
Company Balance Sheet	25 to 26
Consolidated Cash Flow Statement	27
Notes to the Consolidated Cash Flow Statement	28
Notes to the Consolidated Financial Statements	29 to 52

SANDBACH SCHOOL

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

MEMBERS

P Sherratt
C E Longden (Vice Chair)
J Cargill
S Kennerley (Chair of Governors)
P G Kelly (Resigned 27/09/18)

TRUSTEES

J Cargill
P Sherratt
M Roberts
Cllr G Merry
S I Burns
S Kennerley (Chair of Governors)
S C Dodds (Resigned 5/11/18)
C E Longden (Vice Chair)
D Surry
P G Kelly (Resigned 27/09/18)
S C Davies
A P Mitchell
R D England
C L Reel
D A Evans (Resigned 5/11/18)
L Austin (Appointed 4/12/17, Resigned 1/10/18)
L Lewis (Appointed 4/12/17)
J Wells (Appointed 4/12/17)
G Mackey (Appointed 4/12/17, Resigned 18/09/18)
S Brotherston (Appointed 4/12/17)
E M Hankey (Resigned 18/9/17)

COMPANY SECRETARY

D Osborne (Director of Finance & Resources)

SENIOR MANAGEMENT TEAM

S I Burns – Principal
D Osborne – Director of Finance & Resources
S Dodds – Deputy Head
J Cosgrove – Deputy Head
S Bielby - Assistant Head
N Darling – Assistant Head
K Sykes – Assistant Head
M Lowe – Assistant Head (left 31/08/2018)

REGISTERED OFFICE

Crewe Road
Sandbach
Cheshire
CW11 3NS

REGISTERED COMPANY NUMBER

06486255 (England and Wales)

SANDBACH SCHOOL

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

SENIOR STATUTORY AUDITOR	Fran Johnson BSc FCA
AUDITORS	Howard Worth Chartered Accountants and Statutory Auditors Drake House Gadbrook Park Northwich Cheshire CW9 7RA
SOLICITORS	Slater Heelis LLP Oaklands House 2 nd Floor Suite 2 34 Washway Road Sale M33 6FS
BANKERS	Lloyds Bank plc 1 Horsemarket Street Warrington WA1 1TP

SANDBACH SCHOOL
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 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.

Sandbach School is an 11-16 Comprehensive School for Boys with a co-educational Sixth Form. In 2011 Sandbach School became one of the first Free Schools to convert to an Academy. The school serves the communities of Sandbach, Haslington, Elworth and surrounding parishes in South Cheshire. In October 2017 there were 1,261 students on roll (1,019 Main School, 242 Sixth Form).

Sandbach School core ethos is Achievement, Excellence and Opportunity for all of our students. The School is determined to recognise the entitlement of all students to a quality and equality of experience, provision, care and support. The school endeavours to marry all that is seen as best in terms of educational development with all that is desirable from the traditions of the School.

The range of extra-curricular provision is outstanding, encompassing sport, the Arts, Combined Cadet Force and a myriad of clubs and activities. Extra-curricular relations are used positively to enhance in-class dynamic.

Sandbach School is committed to expanding as a community school via adult education, arts programmes, and via the wider use of sporting facilities. Sandbach School is fully committed to working in partnership with schools, community groups and arts organisations across a wide range of scales. Sandbach School also operates 'The Link' community business which helps to bridge wider relationships with the community and also to generate income to reinvest in the school.

INCORPORATION

The charitable company was incorporated on 28 January 2008.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

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 governors act as the trustees for the charitable activities of Sandbach School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Sandbach School.

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

COMMENCEMENT OF ACTIVITIES

On 4th July 2008 the assets and liabilities of Sandbach School (Charity Registration No. 525923), were transferred to the charitable company. The transfer excluded the whole of the freehold land and buildings and certain investments which were held by the charity on permanent endowment. These assets were retained within the charity, which under powers granted by the Charities Act 1993, was registered as a subsidiary charity of the charitable company Charity Registration No. 1124293-1.

On 17 August 2011 an agreement was reached with the ESFA to convert the Free School into an Academy.

Members' liability

The liability of the members of the Academy Trust is limited.

Every member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Academy Trust's debts and liabilities

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

If the Academy Trust is wound up or dissolved and after all its debts and liabilities have been satisfied there remains any property it shall not be paid to or distributed among the members of the Academy Trust, but shall be given or transferred to some other charity or charities having similar objects. Their objects must prohibit the distribution of its or their income and property to an extent at least as great as is imposed on the Academy Trust. The charity will be chosen by the members of the Academy Trust at or before the time of dissolution or as close to this time as practically possible.

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006 every Governor or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

The number of Governors shall be not less than three.

The Academy Trust per its Articles of Association shall have the following Governors:

(a) Up to 7 Governors, appointed by Members of the Governing Body.

(b) Up to 2 Staff Governors (in addition to the Headteacher). The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

(c) up to 1 LA Governor. The LA may appoint a LA Governor by not less than 1 month's notice in writing delivered or posted (by registered post), to the Office of the Academy Trust).

(d) Between 2 and 6 Parent Governors. The Parent Governors shall be elected by parents/guardians of registered students at the Academy. A Parent Governor must be a parent/guardian of a student at the Academy at the time when they are elected.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent/guardian of a registered student at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if they prefer, by having their ballot paper returned to the Academy Trust by a registered student at the Academy.

(e) the Headteacher;

(f) up to 3 Co-Opted Governors appointed by the Governors. The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Headteacher).

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Method of Recruitment and Appointment or Election of Trustees - continued

(g) any Additional Governors. The Secretary of State may appoint such Additional Governors as they think fit if the Secretary of State has:

- given the Governors a warning notice
- the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

-The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For these purposes, the grade or description received by Sandbach School on any inspection prior to the date of adoption of these Articles shall not be regarded as a grade or assessment received by the Academy on any Inspection.

- Where an Additional or Further Governor appointed ceases to hold office as a Governor for any reason, other than being removed by the Secretary of State, the Secretary of State shall be entitled to appoint an Additional or Further Governor in their place.

(h) any Further Governors. The Secretary of State may also appoint such Further Governors as they think fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy or if they are satisfied that any Governor or Member of the Academy Trust is not a suitable person and they exercise their powers further to clause 91A of the Funding Agreement.

The total number of Governors shall not exceed 23 at any one time.

Policies and Procedures Adopted for the Induction and Training of Trustees

Sandbach School is committed to the training and development of Governors. The School subscribes to the Key for School Governors, an online reference resource. The school also uses training material from the Modern Governor and Ofsted's website.

A secure Governor portal is in operation which enables important information to be shared on a timely basis with Governors.

New Governors on induction receive briefings on their roles and responsibilities as school governors and as Trustees of the Charitable Company. The school has 3 subcommittees which are Business & Resources, Teaching & Learning and Personnel & Pay. Each of the Committees are chaired by a Governor. Each committee has clear Terms of Reference and delegated powers which are reviewed annually. The skills of each Governor are assessed on appointment or election and they are appointed to the relevant committee which best matches up to their skills and experience.

Organisational structure

The school has a senior leadership team which comprises the Headteacher, the school's Director of Finance and Resources, 2 Deputy Headteachers, and 4 Assistant Head Teachers. Lead by the Head Teacher, this group is responsible for the strategic and operational day to day running of the school and delivery of education to the students. The Headteacher attends all Governing Body meetings and provide reports directly to Governors at these meetings and throughout the year.

The Governors of Sandbach School are responsible for determining the general policy and strategic direction of the school following recommendations from the Headteacher. Each Governing Body sub-committee has clear Terms of Reference, which detail the remit of that committee. Recommendations from sub committees are fed back to the Full Governing Body on a termly basis. Governors are actively involved in some of the day to day aspects of running the school such as recruitment, staff and student disciplinarians, and attending events.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

The school has a clear delegated authority listing which details the decision making powers of the relevant sub committees. In respect of school funds, the Finance Committee has the power to agree non salary payments up to £50,000. Any commitments in excess of this must have full Governing Body approval.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body annually agree the pay policy. This policy states that teachers pay will be set with reference to the recommendations of School Teachers Review Body. The Headteacher's, Deputies and Assistant heads' pay and remuneration are thus set in accordance with reference to the recommendations of School Teachers Review Body and are also benchmarked against other schools in the local area. The Director of Finance and Resources and other senior support staff pay is set in accordance with the Academy Trust's pay policy and is also benchmarked against other schools in the local area.

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1% - 50%	-
51% - 99%	-
100%	-

Percentage of pay bill spent of facility time

Provide the total cost of facility time	£570
Provide the total pay bill	£5,488K
Provide the % of total pay bill spent on facility time	< 1%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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SANDBACH SCHOOL

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018**

Related parties and other Connected Charities and Organisations

The Charitable company has two subsidiaries as detailed below:-

Sandbach School Property Trust (Registered Charity No. 1124293-1)

This subsidiary charity holds, on permanent endowment, the land and buildings known as Sandbach School, Cheshire and certain investments. The property and investments are held for the sole use of the Charitable Company, Sandbach School in furtherance of its objects as set out in the report of the trustees.

The assets of the Property Trust are included in the balance sheet of Sandbach School. No separate subsidiary disclosures are included in the financial statements.

Sandbach School Developments Limited (The Link Business)

The company has been established to manage the hire of the Sandbach School sporting facilities to clubs, associations and individuals in the Sandbach and surrounding areas. All profits from such activities are transferred to the school as a donation under gift aid.

The Love Music Trust (Registered No 1148615)

Sandbach School is the lead partner and fund holder of the Love Music Trust. The Love Music Trust is the lead partner of the Cheshire East Music Hub funded by the Arts Council and by parental fees and subscriptions. The Love Music Trust is committed to providing access to high quality music education and exposure to outstanding musical experiences to all students in Cheshire East. In September 2012, The Love Music Trust took over Cheshire East Councils existing music provision, staff and resources and with partners works collaboratively to provide music tuition across the county. Certain aspects of the management of The Love Music Trust are located within Sandbach School with a Service Level Agreement in place for any work undertaken by the School on behalf of The Love Music Trust.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Academy Trust's objects ("the Objects") are specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by:

(a) the provision and conduct in or near Sandbach of a day school ("the Academy") for boys or boys and girls offering a broad and balanced curriculum; and

(b) the provision of education through day and evening classes for persons over compulsory school age; including in each case academic, vocational, social, physical and recreational training and associated organised leisure time activities.

Objectives, Strategies and Activities

The main objectives for 2017/18 have been summarised within the four priorities listed below.

1. Securing outstanding levels of achievement and progress for all groups of students.
2. Consistent focus on the improvement of Learning and Teaching to ensure the highest quality experience in the classroom for all students.
3. All members of the school community model positive behaviours which enables students to develop as outstanding learners and people.
4. The community works together effectively to maximise use of resources to promote a great learning experience.

Public benefit

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit. Sandbach School provides a benefit to the public through the provision of a quality comprehensive education for 11-16 year old boys of Sandbach, Haslington and surrounding areas, and a co-educational Sixth Form.

In addition the school also opens all of its facilities to the local community. There is a large programme of adult education as well as a significant use of our sports facilities (Swimming pool, all weather pitch, sports hall, grass pitches) by local clubs, societies and casual users.

The Governors confirm that they have had due regard for the guidance published by the Charity Commission on public benefit.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT
Achievement and Performance
Academic Performance for 2017/18

In July 2018 the School was visited by OFSTED as part of its 3 year cycle. The school maintained its good OFSTED rating. In the summer of 2018, the school celebrated a strong set of GCSE examination results which demonstrated how well the challenges of the new GCSE examinations have been met by students, parents and teachers.

64% of students achieved the new Grade 5 benchmark in English and 61% in Maths. History (68%), Geography (61%) and Science (60%) results continue to be a strength of the school but particularly pleasing is the success achieved the breadth of the school curriculum with strong performances from students in Drama 77%, Art 97% and Music 87%.

Departments performing strongly at the highest level of GCSE, 9-7 included; Physics (48%), Computer Science (40%) and Music (63%).

The Sixth Form also demonstrated strong performance across the board with 11% of students achieving the very top grade of an A* with 27% achieving a grade A or an A*.

Overall the Sixth Form celebrated a pass rate of 99%.

Going Concern

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

FINANCIAL REVIEW

Financial position

During the year ending 31 August 2018, the total expenditure excluding actuarial pension adjustments and depreciation was £6,476,911 (2017: £6,598,069). This expenditure was met by recurrent grant funding from the ESFA and the local authority as well as self generated incoming resources. The surplus for the year on revenue funds was £19,988.

The major source of funding for the academy is the Education and Skills Funding Agency in the form of recurrent grants provided for the delivery of education. For the year ended 31 August 2018 non capital income received from the ESFA totalled £6,086,625 (2017: £6,246,384) and capital funding received was £1,643,967 (2017: £798,746). The academy also received £178,125 (2017: £113,153) funding from the Local Authority.

SANDBACH SCHOOL
STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The academy generated £97,984 (2017: £139,841) of income from the provision of services for sport and room hire to the local and surrounding communities

During the year the school has undertaken a number of capital projects which have, in the main, been funded by CIF grants. The capital income recognised during the year amounted to £1,617,309 with associated capital expenditure of £823,913. The remaining capital funds are carried forward to be utilised in the forthcoming year.

Investment performance

The academy's investments during the year consisted of shares in the COIF Charity Investment Fund. During the year the investments were sold to provide additional revenue funds.

Reserves Policy

The Trustees review the reserve levels throughout the year. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves.

The academy's policy is to carry forward a prudent level of resources. Due to anticipated changes to future funding, the situation will be kept under regular review.

The academy generated a revenue surplus for the year of £19,988 which, together with the funds realised from the sale of the COIF investments have increased the revenue funds to £105,464 (2017: Deficit £47,091). The Trustees will continue to work towards maintaining surplus revenue funds by careful monitoring of costs against budgets and the implementation of cost saving measures. At 31 August 2018 the local government pension deficit was £698,000 (2017: £988,000) and the fixed asset restricted funds were £8,651,793 (2017: £7,385,230).

Investment Policy and Objectives

The academy receives funding on a monthly basis from the Education and Skills Funding Agency. This funding is kept in a low interest bearing current account.

For other longer term surplus funds the academy adopts a policy of keeping risk to a minimum with a preference for a guaranteed return (all interest/dividends earned by the academy are injected back into funding the academy's activities). During the year ended 31 August 2018, Sandbach School did not make any additional longer term investments.

Principal Risks and Uncertainties

The principal risk to the academy relates to changes to future national changes to funding for all schools, and ensuring that admission numbers remain high and on an upward trajectory. Governors are aware of the potential implications of reforms to schools funding. Central Government changes to the curriculum will also be a challenge to the school; however necessary steps are being taken in preparation for this. The school will continue to ensure during the next academic year that the necessary improvement is made in advance of the next Ofsted inspection.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The school runs a number of events throughout the year, such as concerts, drama productions and sports presentation evenings. Some of these events are free to attend, at other events members of the public are invited to buy tickets to attend. At these and other events the school sells refreshments and snacks, raffle tickets and other merchandise in order to raise funds for the school. Members of the public and organisations are also invited to sponsor the school and events.

Our fundraising activities are carried out without the need to involve commercial/professional fundraisers. The school has not received any fundraising complaints during the year.

PLANS FOR FUTURE PERIODS

The main priorities for the school are unchanged from those previously listed within this report. The school will now embed these priorities and address individual objectives and actions which sit beneath those objectives in order to deliver the success criteria that are outlined.

AUDITORS

So far as the trustees are aware,

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

The auditors, Howard Worth, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 3 December 2018 and signed on the board's behalf by:


.....
S Kennerley – Chair of the Governors

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Scope of Responsibility

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

The board of the trustees has delegated the day-to-day responsibility to the Head Teacher, 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 Sandbach School 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

	Meetings Attended	Out of a possible (where less than five – due to a member leaving or joining during the year)
Governor		
Mr M Roberts	3	5
Mr P Sherratt	5	5
Mr D Surry	4	5
Mr S C Davies	4	5
Mrs C L Reel	4	5
Mr R D England	5	5
Clr Mr G Merry	5	5
Mrs S Kennerley	4	5
Mr G Mackey	4	4
Mrs P G Kelly	4	5
Mr A P Mitchell	3	5
Mr S C Dodds	3	5
Mr D A Evans	3	5
Mrs S I Burns	5	5
Mr J Cargill	4	5
Mrs L Austin	1	4
Mrs C E Longden	5	5
Mrs L Lewis	3	4
Dr J Wells	3	4
Mr S Brotherston	4	4

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

The Business & Resources Committee is a subcommittee of the main governing body. Its purpose is to set and review the budget and annual accounts, make recommendations in respect of delegated financial limits, authorise levels of expenditure, agree adequate insurance cover, and ensure Health and Safety legislation is followed. Attendance at meetings in the year was as follows:-

Governor	Meetings Attended	Out of a possible
Mr M Roberts	3	4
Mr S C Davies	3	4
Mr R D England	4	4
Cllr Mr G Merry	3	4
Mr G Mackey	1	2
Mr A P Mitchell	3	4
Mrs S I Burns	4	4
Mr J Cargill	3	4
Mr P Sherratt	3	4
Mrs S Kennerley	2	4
Mr S Brotherston	2	2
Mrs L Lewis	2	2

Review of Value for Money

As accounting officer, the principal 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:

1. The economic, efficient and effective use of all resources to produce better educational results.
2. The avoidance of waste and extravagance.
3. The prudent and economical administration of the organisation.
4. The establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting.
5. Ensuring all financial transactions represent value for money.

The Purpose of the System of Internal Control

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

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 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 governing body;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, Governors have appointed Afford Bond to undertake the role of Responsible Officer (RO). Reports provided by Afford Bond are shared with the Finance Committee, and any actions required are agreed through this Committee. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

The RO function has been fully delivered in line with the ESFA's requirements. There has been no material control issues identified arising from the RO's work.

In particular the checks carried out in the current period included:

1. Verification of payroll information back to source information (i.e. employment contracts, accounting systems, bank payments)
2. Review of authorisation processes around invoicing in line with Delegated Authorities and available budgets.
3. Review of income to ensure appropriately collected, accounted and reconciled and used for appropriate purposes.
4. Checking of bank balances and reconciliations to ensure they are timely, appropriately approved, and entered correctly onto the finance system.
5. Review of management accounts to ensure reasonable, accurate and completed with sufficient detail.
6. Consideration of material contracts to ensure appropriate tender processes are followed, and decisions regarding award are taken appropriately.

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

On a termly basis, the RO reports to the board of trustees through the business and resources committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As accounting officer, Mrs SI Burns 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 Responsible Officer;
- The work of the external auditor;
- The financial management and governance self assessment process;
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 3 December 2018 and signed on its behalf by'


.....
S Kennerley – Chair of the Governors


.....
S I Burns - Accounting Officer

...

SANDBACH SCHOOL

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

As accounting officer of Sandbach School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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



.....
S I Burns - Accounting Officer

Date: 3 December 2018

SANDBACH SCHOOL

**STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 3 December 2018 and signed on its behalf by:


.....
S Kennerley – Chair of the Governors

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SANDBACH SCHOOL**

Opinion

We have audited the group's and parent company's financial statements of Sandbach School (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 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 group's and parent company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the EFA.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SANDBACH SCHOOL**

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 Report of the Trustees.

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

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

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 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.

Fran Johnson BSc FCA (Senior Statutory Auditor)
for and on behalf of Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA



Date: 3 December 2018

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
SANDBACH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 July 2013 and further to the requirements of the Education 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 Sandbach School 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 Sandbach School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sandbach School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Sandbach School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sandbach School's accounting officer and the reporting accountant
The accounting officer is responsible, under the requirements of Sandbach School's funding agreement with the Secretary of State for Education 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes confirmation of the following:-

1. There is a policy for receiving hospitality gifts, awards & prizes and that this is communicated to all staff. Confirmation that any such transactions are in line with the policy.
2. Staff severance payments outside the contractual obligations are approved by the Secretary of State.
3. An up to date register of Trustees business interests is maintained.
4. Any payments to Trustees are in line with those in the Articles and funding agreement.
5. A competitive tendering process is in place for high value purchases
6. Any borrowing is in line with the Funding Agreement.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
SANDBACH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

7. Purchasing is in line with the set levels of delegated authority. Obtained an up to date list of authorised departmental personnel with the limits of the expenditure for each person.
8. The nature of the expenditure is reasonable given the objects of the school to provide education.
9. The funds position is under control and that the Academy is not generating an unsustainable deficit.
10. There are sufficient controls over procedures for changing payment details to suppliers.
11. The nature of credit card and petty cash expenditure is reasonable and in line with the objects of the Academy.

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.



Howard Worth
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 3 December 2018

SANDBACH SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE CONSOLIDATED INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	31.08.18 Total funds £	31.08.17 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	3	5,374	-	1,643,967	1,649,341	804,014
Charitable activities:						
Funding for the academy's educational operations	4	7,628	6,275,250	-	6,282,878	6,373,010
Other trading activities	5	202,287	-	-	202,287	223,233
Investments	6	2,876	-	-	2,876	6,980
Total		218,165	6,275,250	1,643,967	8,137,382	7,407,237
EXPENDITURE ON						
Raising funds	7	83,298	-	-	83,298	68,319
Charitable activities						
Academy's educational operations	8	167,295	6,431,318	244,837	6,843,450	6,974,517
Total		250,593	6,431,318	244,837	6,926,748	7,042,836
Net gains/(losses) on investments		3,484	-	-	3,484	22,956
NET INCOME/(EXPENDITURE)		(28,944)	(156,068)	1,399,130	1,214,118	387,357
Gross transfers between funds		132,567	-	(132,567)	-	-
Other recognised gains / losses						
Actuarial losses on defined benefit schemes		-	495,000	-	495,000	1,200,000
Net movement in funds		103,623	338,932	1,266,563	1,709,118	1,587,357
RECONCILIATION OF FUNDS						
Total funds brought forward		41,682	(1,076,773)	7,385,230	6,350,139	4,762,782
TOTAL FUNDS CARRIED FORWARD		105,464	(698,000)	8,651,793	8,059,257	6,350,139

The notes form part of these financial statements

SANDBACH SCHOOL
Registered Company No. 06486255 (England & Wales)
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2018

				31/8/18	31/8/17	
	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Assets Fund £	Total funds £	Total funds £
FIXED ASSETS						
Tangible assets	12	-	-	8,399,386	8,399,386	7,689,100
Investments	13	-	-	-	-	184,952
		-	-	8,399,386	8,399,386	7,874,052
CURRENT ASSETS						
Debtors	14	15,794	165,561	-	181,355	154,681
Cash at bank and in hand		219,253	142,525	888,002	1,249,780	300,697
		235,047	308,086	888,002	1,431,135	455,378
CREDITORS						
Amounts falling due within one year	15	(129,583)	(308,086)	(101,892)	(539,561)	(503,995)
NET CURRENT ASSETS/(LIABILITIES)						
		105,464	-	786,110	891,574	(48,617)
TOTAL ASSETS LESS CURRENT LIABILITIES						
		105,464	-	9,185,496	9,290,960	7,825,435
CREDITORS						
Amounts falling due after more than one year	16	-	-	(533,703)	(533,703)	(487,296)
PENSION LIABILITY	20	-	(698,000)	-	(698,000)	(988,000)
NET ASSETS						
		105,464	(698,000)	8,651,793	8,059,257	6,350,139

The notes form part of these financial statements

SANDBACH SCHOOL
Registered Company No. 06486255 (England & Wales)
CONSOLIDATED BALANCE SHEET - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	31/8/18 Total funds £	31/8/17 Total funds £
FUNDS			
Unrestricted funds:			
General fund	19	103,623	-
Headteachers Account		<u>1,841</u>	<u>1,841</u>
		105,464	1,841
Restricted funds:			
General Annual Grant (GAG)		-	(51,584)
Pension Reserve		(698,000)	(988,000)
Other Restricted Funds		-	2,652
Fixed Asset Restricted Fund		<u>8,651,793</u>	<u>7,385,230</u>
		7,953,793	6,348,298
TOTAL FUNDS		<u>8,059,257</u>	<u>6,350,139</u>

The financial statements were approved by the Board of Trustees on 3 December 2018 and were signed on its behalf by:



 Mrs S Kennerley – Chair of the Governors

The notes form part of these financial statements

SANDBACH SCHOOL
Registered Company No. 06486255 (England & Wales)
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2018

				31/8/18	31/8/17	
	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Assets Fund £	Total funds £	Total funds £
FIXED ASSETS						
Tangible assets	12	-	-	8,399,386	8,399,386	7,689,100
Investments	13	-	-	1	1	184,953
		-	-	8,399,387	8,399,387	7,874,053
CURRENT ASSETS						
Debtors	14	97,984	165,561	-	263,545	181,141
Cash at bank and in hand		<u>135,763</u>	<u>142,525</u>	<u>888,001</u>	<u>1,166,289</u>	<u>271,864</u>
		233,747	308,086	888,001	1,429,834	453,055
CREDITORS						
Amounts falling due within one year	15	(128,283)	(308,086)	(101,892)	(538,261)	(501,623)
NET CURRENT ASSETS/(LIABILITIES)						
		<u>105,464</u>	-	<u>786,109</u>	<u>891,573</u>	<u>(48,618)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES						
		105,464	-	9,185,496	9,290,960	7,825,435
CREDITORS						
Amounts falling due after more than one year	16	-	-	(533,703)	(533,703)	(487,296)
PENSION LIABILITY	20	-	(698,000)	-	(698,000)	(988,000)
NET ASSETS						
		<u>105,464</u>	<u>(698,000)</u>	<u>8,651,793</u>	<u>8,059,257</u>	<u>6,305,139</u>

The notes form part of these financial statements

SANDBACH SCHOOL
Registered Company No. 06486255 (England & Wales)
COMPANY BALANCE SHEET - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	31/8/18 Total funds £	31/8/17 Total funds £
FUNDS	19		
Unrestricted funds:			
General fund		103,623	-
Headteachers Account		<u>1,841</u>	<u>1,841</u>
		105,464	1,841
Restricted funds:			
General Annual Grant (GAG)		-	(51,584)
Pension Reserve		(698,000)	(988,000)
Other Restricted Funds		-	2,652
Fixed Asset Restricted Fund		<u>8,651,793</u>	<u>7,385,230</u>
		<u>7,953,793</u>	<u>6,348,298</u>
TOTAL FUNDS		<u>8,059,257</u>	<u>6,350,139</u>

The financial statements were approved by the Board of Trustees on 3 December 2018 and were signed on its behalf by:



 S Kennerley – Chair of the Governors

The notes form part of these financial statements

SANDBACH SCHOOL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	31/8/18 £	31/8/17 £
Cash flows from operating activities:			
Cash generated from operations	1	(23,023)	(469,780)
Interest paid		<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities		<u>(23,023)</u>	<u>(469,780)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(955,123)	(779,901)
Capital grants from DfE/ESFA		1,643,967	798,746
Interest received		369	623
Dividends received		<u>2,507</u>	<u>6,357</u>
Net cash provided by (used in) Investing activities		<u>880,156</u>	<u>25,825</u>
Cash flows from financing activities:			
New loans in year		102,166	-
Loan repayments in year		<u>(10,216)</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>91,950</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		<u>949,084</u>	<u>(443,955)</u>
Cash and cash equivalents at the end of the reporting period		<u>1,249,780</u>	<u>300,697</u>

The notes form part of these financial statements

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

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

	31/8/18	31/8/17
	£	£
Net Income/(expenditure) for the reporting period (as per the statement of financial activities)	1,214,118	387,357
Adjustments for:		
Depreciation	244,837	231,767
Capital grants from DfE/ESFA	(1,643,967)	(798,748)
Gain on investments	(3,484)	(22,956)
Interest received	(369)	(623)
Dividends received	(2,507)	(6,357)
Decrease/(increase) in stocks	-	8,352
(Decrease)/(increase) in debtors	(26,674)	37,439
(Decrease)/(increase) in creditors	(9,977)	(519,013)
Difference between pension charge and cash contributions	<u>205,000</u>	<u>213,000</u>
Net cash provided by (used in) operating activities	<u>(23,023)</u>	<u>(469,780)</u>

SANDBACH SCHOOL

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

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Sandbach School meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future 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.

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.

Sponsorship income

Sponsorship income provided to the charity which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where it is probable that the income will be received and the amount can be measured reliably.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES - continued

Donations

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

Other income

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

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

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

Allocation and apportionment of costs

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent and depreciation charges are allocated on the proportion of asset use.

Tangible fixed assets

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

Freehold property	- 2% on cost
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 20% on cost

Included within the value of freehold property is a land value of £1,370,000 which is not depreciated.

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES - continued

Taxation

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

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA/DfE.

Endowment funds comprise the freehold property of the Academy and a COIF investment. These assets were held on endowment pre-conversion when the Academy was a free school.

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES - continued

Investments

There are currently no investments held by the Academy.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 15. 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.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

2. GENERAL ANNUAL GRANT

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2018.

3. DONATIONS AND CAPITAL GRANTS

	31/8/18	31/8/17
	£	£
Donations	5,374	5,268
Grants	<u>1,643,967</u>	<u>798,746</u>
	<u>1,649,341</u>	<u>804,014</u>

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

	31/8/18	31/8/17
	£	£
ESFA capital grants	<u>1,643,967</u>	<u>798,746</u>

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	31/8/18 Total funds	31/8/17 Total funds
	£	£	£	£
Adult education course fees	7,628	-	7,628	6,491
Grants	<u>-</u>	<u>6,275,250</u>	<u>6,275,250</u>	<u>6,366,519</u>
	<u>7,628</u>	<u>6,275,250</u>	<u>6,282,878</u>	<u>6,373,010</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS – CONTINUED

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	31/8/18 Total funds £	31/8/17 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	5,903,348	5,903,348	6,092,227
Other DfE/ESFA Grants	-	<u>183,277</u>	<u>183,277</u>	<u>154,157</u>
	-	6,086,625	6,086,625	6,246,384
Other government grant				
Adult Education Grant	-	-	-	5,932
Cheshire East Council Grant	-	178,125	178,125	113,153
Other Grants	-	<u>10,500</u>	<u>10,500</u>	<u>1,050</u>
	-	<u>188,625</u>	<u>188,625</u>	<u>120,135</u>
	-	<u>6,275,250</u>	<u>6,275,250</u>	<u>6,366,519</u>

5. OTHER TRADING ACTIVITIES

	31/8/18 £	31/8/17 £
Hire of facilities	184,250	211,609
Sundry income	8,789	3,724
Service charges receivable	<u>9,248</u>	<u>7,9000</u>
	<u>202,287</u>	<u>223,233</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

5. OTHER TRADING ACTIVITIES - CONTINUED

The wholly owned trading subsidiary; Sandbach School Developments Limited, which is incorporated in England and Wales, has gift aided 100% of its profits to the charity. Sandbach School Developments Limited operates the hire of sporting facilities on behalf of Sandbach School. A summary of the trading results is set out below:

	31/8/18	31/8/17
	£	£
Turnover	181,250	208,094
Cost of sales	(80,352)	(64,474)
Administrative expenses	(2,946)	(3,845)
Interest receivable and similar income	32	66
	<u>97,984</u>	<u>139,841</u>
Net profit	97,984	139,841
Amount gift aided to the charity	97,984	(139,841)
	<u>-</u>	<u>-</u>
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:	31/8/18	31/8/17
	£	£
Current assets	99,285	48,570
Total liabilities	(99,284)	(48,569)
	<u>1</u>	<u>1</u>
Net assets	1	1
	<u>1</u>	<u>1</u>
Capital and reserves	1	1

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

6. INVESTMENT INCOME

	31/8/18	31/8/17
	£	£
Dividends received	2,507	6,357
Deposit account interest	<u>369</u>	<u>623</u>
	<u>2,876</u>	<u>6,980</u>

7. EXPENDITURE

	Staff costs	Non-pay expenditure		31/8/18	31/8/17
	£	Premises	Other costs	Total	Total
		£	£	£	£
Expenditure on raising funds	78,815	-	4,483	83,298	68,319
Academy's educational operations					
Direct costs	4,798,162	335,629	510,746	5,644,537	5,793,499
Allocated support costs	<u>719,491</u>	<u>194,092</u>	<u>285,330</u>	<u>1,198,913</u>	<u>1,181,018</u>
	<u>5,596,468</u>	<u>529,721</u>	<u>800,559</u>	<u>6,926,748</u>	<u>7,042,836</u>

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

	31/8/18	31/8/17
	£	£
Auditors' remuneration	9,000	8,500
Auditors' remuneration for non-audit work	2,600	2,650
Depreciation - owned assets	244,837	231,767
Other operating leases	<u>11,177</u>	<u>5,460</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/18 Total funds £	31/8/17 Total Funds £
Direct costs	165,956	5,478,581	-	5,644,537	5,793,499
Support costs	1,339	1,197,574	-	1,198,913	1,181,018
	<u>167,295</u>	<u>6,676,155</u>	<u>-</u>	<u>6,843,450</u>	<u>6,947,517</u>

	31/8/18 Total £	31/8/17 Total £
Analysis of support costs		
Support staff costs	719,491	794,949
Depreciation	17,139	18,503
Technology costs	62,174	17,438
Premises costs	194,092	218,926
Other support costs	194,417	118,467
Governance costs	<u>11,600</u>	<u>12,735</u>
Total support costs	<u>1,198,913</u>	<u>1,181,018</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

S I Burns (headteacher and trustee):

Remuneration £100,000 - £105,000 (2017: £95,000 - £100,000)

Employer's pension contributions paid £15,000 - £20,000 (2017: £15,000 - £20,000)

S Dodds (deputy head and trustee):

Remuneration £65,000 - £70,000 (2017: £60,000 - £65,000)

Employer's pension contributions paid £10,000 - £15,000 (2017: £10,000 - £15,000)

D Evans (teacher and trustee):

Remuneration £45,000 - £50,000 (2017: £35,000 - £40,000)

Employer's pension contributions paid £5,000 - £10,000 (2017: £5,000 - £10,000)

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2018 nor for the year ended 31 August 2017.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS

Staff costs during the period were:

	31/8/18	31/8/17
	£	£
Wages and salaries	4,209,320	4,302,965
Social security costs	407,576	419,700
Operating costs of defined benefit pension schemes	<u>871,522</u>	<u>879,458</u>
	5,488,418	5,602,123
Supply staff costs	93,050	20,003
Staff restructuring costs:		
Redundancy payments	-	16,491
Severance payments	<u>15,000</u>	<u>49,437</u>
	<u>5,596,468</u>	<u>5,688,054</u>

Included in staff restructuring costs are non-statutory severance payments totalling £15,000 (2017: £34,637). Individually, the payments was £15,000.

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

	31/8/18	31/8/17
Teaching & peripatetic	103	105
Administration	9	11
Support	<u>46</u>	<u>44</u>
	<u>158</u>	<u>160</u>

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

	31/8/18	31/8/17
£60,001 - £70,000	2	2
£90,001 - £100,000	-	1
£100,001 - £110,000	<u>1</u>	<u>-</u>
	<u>3</u>	<u>3</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £375,497 (2017: £362,040).

11. 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.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

12. TANGIBLE FIXED ASSETS

GROUP & CHARITABLE COMPANY	Freehold property £	Assets under construction £	Plant and machinery £	
COST				
At 1 September 2017	8,522,491	-	399,037	
Additions	<u>323,546</u>	<u>200,741</u>	<u>-</u>	
At 31 August 2018	<u>8,846,037</u>	<u>200,741</u>	<u>399,037</u>	
DEPRECIATION				
At 1 September 2017	1,253,345	-	212,769	
Charge for year	<u>149,530</u>	<u>-</u>	<u>27,940</u>	
At 31 August 2018	<u>1,402,875</u>	<u>-</u>	<u>240,709</u>	
NET BOOK VALUE				
At 31 August 2018	<u>7,443,162</u>	<u>200,741</u>	<u>158,328</u>	
At 31 August 2017	<u>7,289,146</u>	<u>-</u>	<u>186,268</u>	
	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2017	411,418	6,768	464,741	9,804,455
Additions	<u>430,578</u>	<u>-</u>	<u>258</u>	<u>955,123</u>
At 31 August 2018	<u>841,996</u>	<u>6,768</u>	<u>464,999</u>	<u>10,759,578</u>
DEPRECIATION				
At 1 September 2017	178,719	6,768	463,754	2,115,355
Charge for year	<u>66,328</u>	<u>-</u>	<u>1,039</u>	<u>244,837</u>
At 31 August 2018	<u>245,047</u>	<u>6,768</u>	<u>464,793</u>	<u>2,360,192</u>
NET BOOK VALUE				
At 31 August 2018	<u>596,949</u>	<u>-</u>	<u>206</u>	<u>8,399,386</u>
At 31 August 2017	<u>232,699</u>	<u>-</u>	<u>987</u>	<u>7,689,100</u>

Included in cost or valuation of land and buildings is freehold land of £1,370,000 (2017 - £1,370,000) which is not depreciated.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

13. FIXED ASSET INVESTMENTS

	GROUP	CHARITY	CHARITY	CHARITY
	Listed	Shares in	Listed	Total
	Investments	group	Investments	£
	£	undertakings	£	£
MARKET VALUE				
At 1 September 2017	184,952	1	184,952	184,953
Disposals	<u>(184,952)</u>	-	<u>(184,952)</u>	<u>(184,952)</u>
At 31 August 2018	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

There were no investments outside the UK.

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

Sandbach School Developments Ltd

Nature of business: Hire of school sporting facilities

Class of share:	%
Ordinary	holding 100

	31/8/18	31/8/17
	£	£
Aggregate capital and reserves	<u>1</u>	<u>1</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP	GROUP	CHARITY	CHARITY
	31/8/18	31/8/17	31/8/18	31/8/17
	£	£	£	£
Trade debtors	15,794	19,737	-	-
Amounts owed by group undertakings	-	-	97,984	46,197
Other debtors	82,037	42,587	82,037	42,587
VAT	23,511	24,283	23,511	24,283
Prepayments & accrued income	60,013	68,074	60,013	68,074
	<u>181,355</u>	<u>154,681</u>	<u>263,545</u>	<u>181,141</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP	GROUP	CHARITY	CHARITY
	31/8/18	31/8/17	31/8/18	31/8/17
	£	£	£	£
Other loans (see note 18)	47,069	1,527	47,069	1,527
Trade creditors	25,565	150,936	25,565	150,936
Social security and other taxes	101,488	101,243	101,488	101,243
Accruals and deferred income	279,857	183,810	278,557	181,438
Advances	85,582	66,479	85,582	66,479
	<u>539,561</u>	<u>503,995</u>	<u>538,261</u>	<u>501,623</u>

Deferred income

	2018
	£
Deferred income at 1 September 2017	67,839
Resources deferred in the year	2,943
Amounts released from previous years	<u>-</u>
Deferred income at 31 August 2018	<u>70,782</u>

The principal elements of deferred income are £44,606 in respect of capital funding and £26,000 in respect of an ESFA PNA.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

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

GROUP & CHARITABLE COMPANY

	31/8/18	31/8/17
	£	£
Other loans (see note 18)	<u>533,703</u>	<u>487,296</u>
	<u>533,703</u>	<u>487,296</u>

17. LOANS

GROUP & CHARITABLE COMPANY

An analysis of the maturity of loans is given below:

	31/8/18	31/8/17
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>47,069</u>	<u>1,527</u>
	<u>47,069</u>	<u>1,527</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>92,246</u>	<u>26,636</u>
	<u>92,246</u>	<u>26,636</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>441,457</u>	<u>224,741</u>
	<u>441,457</u>	<u>224,741</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Other loans more than 5yrs by instalments	<u>-</u>	<u>235,919</u>
	<u>-</u>	<u>235,919</u>

The loan balance comprises £477,371 from the ESFA received for the purpose of refinancing existing borrowing. This loan has a 3 year repayment holiday and will be repaid commencing in the academic year beginning September 2018. The rate of interest is 2.55% over the 10 year term. The other loans are Salix loans totalling £103,402.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

18. LEASING AGREEMENTS

GROUP & CHARITABLE COMPANY

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

	Other operating leases	
	31/8/18 £	31/8/17 £
Within one year	51,396	14,431
Between one and five years	<u>66,393</u>	<u>85,541</u>
	<u>117,789</u>	<u>99,972</u>

19. MOVEMENT IN FUNDS

GROUP & CHARITABLE COMPANY

	At 1/9/17 £	Net movement in funds £	Transfers between funds £	At 31/8/18 £
Unrestricted funds				
General fund	-	(28,944)	132,567	103,623
Headteachers Account	1,841	-	-	1,841
	<u>1,841</u>	<u>(28,944)</u>	<u>132,567</u>	<u>105,464</u>
Restricted funds				
General Annual Grant (GAG)	(51,584)	51,584	-	-
Pension Reserve	(988,000)	290,000	-	(698,000)
Other Restricted Fund	2,652	(2,652)	-	-
Fixed Asset Restricted Fund	<u>7,385,230</u>	<u>1,399,130</u>	<u>(132,567)</u>	<u>8,651,793</u>
	<u>6,348,298</u>	<u>1,738,062</u>	<u>(132,567)</u>	<u>7,953,793</u>
TOTAL FUNDS	<u>6,350,139</u>	<u>1,709,118</u>	<u>-</u>	<u>8,059,257</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

19. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	134,867	(167,295)	3,484	(28,944)
Restricted funds				
Other DfE/ESFA Grants	144,717	(144,717)	-	-
General Annual Grant (GAG)	5,803,348	(5,851,764)	-	51,584
Pension Reserve	-	(205,000)	495,000	290,000
Other Restricted Fund	227,185	(229,837)	-	(2,652)
Fixed Asset Restricted Fund	<u>1,643,987</u>	<u>(244,837)</u>	-	<u>1,399,130</u>
	7,919,217	(6,676,155)	495,000	1,738,062
TOTAL FUNDS	<u>8,054,084</u>	<u>(6,843,450)</u>	<u>498,484</u>	<u>1,709,118</u>

Comparatives for movement in funds

	At 1/9/16 £	Net movement in funds £	Transfers between funds £	At 31/8/17 £
Unrestricted funds				
Headteachers Account	1,232	609	-	1,841
Restricted funds				
Other DfE/ESFA Grants	23,500	(23,500)	-	-
General Annual Grant (GAG)	(7,029)	33,313	(77,868)	(51,584)
Pension Reserve	(1,975,000)	987,000	-	(988,000)
Other Restricted Fund	2,652	-	-	2,652
Fixed Asset Restricted Fund	<u>6,717,427</u>	<u>589,935</u>	<u>77,868</u>	<u>7,385,230</u>
	4,761,550	1,586,748	-	6,348,298
TOTAL FUNDS	<u>4,762,782</u>	<u>1,587,357</u>	<u>-</u>	<u>6,350,139</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

19. MOVEMENT IN FUNDS - continued

Comparative net movements in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	166,412	(166,412)	-	-
Headteachers Account	750	(141)	-	609
	<u>167,162</u>	<u>(166,553)</u>	<u>-</u>	<u>609</u>
Restricted funds				
Other DfE/ESFA Grants	155,207	(178,707)	-	(23,500)
General Annual Grant (GAG)	6,092,227	(6,058,914)	-	33,313
Other Restricted Fund	125,576	(125,576)	-	-
Pension Reserve	-	(213,000)	1,200,000	987,000
Fixed Asset Restricted Fund	798,746	(231,767)	22,958	(589,935)
	<u>7,171,756</u>	<u>(6,807,964)</u>	<u>1,222,956</u>	<u>1,586,748</u>
TOTAL FUNDS	<u>7,338,918</u>	<u>(6,974,517)</u>	<u>1,222,956</u>	<u>1,587,357</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1/9/16 £	Net movement in funds £	Transfers between funds £	At 31/8/18 £
Unrestricted funds				
General fund	-	(28,944)	132,567	103,623
Headteachers Account	1,232	609	-	1,841
	<u>1,232</u>	<u>(28,335)</u>	<u>132,567</u>	<u>105,464</u>
Restricted funds				
Other DfE/ESFA Grants	23,500	(23,500)	-	-
General Annual Grant (GAG)	(7,029)	84,897	(77,868)	-
Pension Reserve	(1,975,000)	1,277,000	-	(698,000)
Other Restricted Fund	2,652	(2,652)	-	-
Fixed Asset Restricted Fund	6,717,427	1,989,065	(54,699)	8,651,793
	<u>4,761,550</u>	<u>3,324,810</u>	<u>(132,567)</u>	<u>7,953,793</u>
TOTAL FUNDS	<u>4,762,782</u>	<u>3,296,475</u>	<u>-</u>	<u>8,059,257</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

19. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	301,279	(333,707)	3,484	(28,944)
Headteachers Account	750	(141)	-	609
	<u>302,029</u>	<u>(333,848)</u>	<u>3,484</u>	<u>(28,335)</u>
Restricted funds				
Other DfE/ESFA Grants	299,924	(323,424)	-	(23,500)
General Annual Grant (GAG)	11,995,575	(11,910,678)	-	84,897
Pension Reserve	-	(418,000)	1,695,000	1,277,000
Other Restricted Fund	352,761	(355,413)	-	(2,652)
Fixed Assets Restricted Fund	2,442,713	(476,604)	22,956	1,989,065
	<u>15,090,973</u>	<u>(13,484,119)</u>	<u>1,717,956</u>	<u>3,324,810</u>
TOTAL FUNDS	<u>15,393,002</u>	<u>(13,817,967)</u>	<u>1,721,440</u>	<u>3,296,475</u>

General Annual Grant funding deficit

Before conversion to an academy, the school operated as a free school. In 2009 the school undertook major capital projects for the construction of the performing arts block, refurbishment of 2 science labs and the construction of maths classrooms. The total capital spend on these project in 2009 was £1,067,000. The capital projects were funded by commercial bank loans of £725,000, specialism funding of £150,000 and £192,000 from revenue reserves. In the period from 2009 to the date of conversion to an academy, the school financed the loans from school revenue funds to the sum of £167,000. The total pre-conversion capital spending from revenue funding was therefore (£192,000 + £167,000) £359,000.

At the date of conversion the school had a deficit on revenue funds of £354,000 which is wholly explained by the capital funding detailed above.

Since the conversion date the school has achieved surpluses on revenue funds each year which have eliminated the deficit.

At 31 August 2018 the academy was carrying a revenue funds surplus of £105,464 (2017; deficit £47,091). The Trustees and senior management team are continuing their work on controlling and monitoring costs and introduce cost saving measures. Included in these accounts are costs associated with staff structure changes the effects of which will continue to benefit the academy in future years.

Transfers between funds

During the year the following transfers between funds have taken place.

£132,567 has been transferred from the capital fund to revenue funds following the transfer of the COIF investment sales proceeds offset by £50,000 of revenue funds contribution to capital projects.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

19. MOVEMENT IN FUNDS - continued

Nature of material funds

General fund

Represents amounts derived from the trading activity of the school, from fees receivable from adult education, investment income and donations.

General Annual Grant

This represents the balance remaining from core funding provided by the ESFA for the schools core educational activities.

Pension Reserve

This is the Local Government Pension Scheme deficit attributable to the school and is derived from the report of the actuary produced as at 31st August 2018.

Fixed Asset Restricted Funds

This represents the value of fixed assets purchased from specific capital grants. The assets underlying the fund are the school's furniture, fixtures & fittings and computer equipment.

Endowment funds

The endowment fund represents the pre-conversion value of the freehold property of the school and an investment in the Charities Investment Fund.

The property has historically been held on endowment in a separate registered charity as detailed below:-

Sandbach School Property Trust (Registered Charity No. 1124293-1)

This subsidiary charity holds, on permanent endowment, the land and buildings known as Sandbach School, Cheshire and certain investments. The property and investments are held for the sole use of the Charitable Company, Sandbach School in furtherance of its objects as set out in the report of the trustees.

20. PENSION COMMITMENTS

GROUP & CHARITABLE COMPANY

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 Cheshire Pension Fund. Both are multi-employer defined benefit schemes.

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

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

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

20. PENSION COMMITMENTS - continued

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £501,000 (2017: £505,000).

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.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

20. PENSION COMMITMENTS - continued

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £263,000 (2017: £279,000), of which employer's contributions totalled £203,000 (2017: £217,000) and employees' contributions totalled £60,000 (2017: £62,000). The agreed contribution rates for future years are 22.2% per cent for employers and 5.5% - 8.5% per cent for employees.

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

Principal actuarial assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.7%	2.7%
Rate of increase in pensions in payment/inflation	2.4%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.4%	2.4%
Commutation of pensions to lump sums	50.0%	50.0%

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

	At 31 August 2018	At 31 August 2017
<u>Retiring today</u>		
Males	22.3	22.3
Females	24.5	24.4
<u>Retiring in 20 years</u>		
Males	23.9	24.1
Females	26.5	26.7

Sensitivity analysis	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	(149)	(144)
Discount rate -0.1%	149	144
Mortality assumption - 1 year increase	40	40
Mortality assumption - 1 year decrease	(40)	(40)
CPI rate +0.1%	121	113
CPI rate -0.1%	(121)	(113)

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

20. PENSION COMMITMENTS - continued

Local government pension scheme

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	2,542	2,468
Corporate bonds	2,277	2,026
Property	423	346
Cash and other liquid assets	<u>53</u>	<u>98</u>
Total market value of assets	<u>5,295</u>	<u>4,936</u>

The actual return on scheme assets was £126,000 (2017: £84,000).

Amount recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost	(382)	(389)
Interest income	126	84
Interest cost	<u>(152)</u>	<u>(125)</u>
Total amount recognised in the SOFA	<u>(408)</u>	<u>(430)</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

20. PENSION COMMITMENTS
- continued

Local government pension scheme

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

	2018	2017
	£000	£000
At 1 September	5,924	6,060
Current service cost	382	389
Interest cost	152	125
Employee contributions	60	62
Actuarial (gain)/loss	(440)	(628)
Benefits paid	(85)	(84)
	5,993	5,924
At 31 August	5,993	5,924

Changes in the fair value of academy's share of scheme assets:

	2018	2017
	£000	£000
At 1 September	4,936	4,085
Interest income	126	84
Actuarial gain/(loss)	55	572
Employer contributions	203	217
Employee contributions	60	62
Benefits paid	(126)	(84)
	5,295	4,936
At 31 August	5,295	4,936

21. RELATED PARTY TRANSACTIONS

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 the trust 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 transaction took place in the period of account.

Love Music Trust (LMT) is a related party of the school as the head teacher is a director.

During the year a management charge of £9,248 (2017: £7,900) was made to Love Music Trust.

In addition the academy recharges 90% of the wages and on-costs of a music teacher to LMT. The charge, which amounted to £61,687, is based on the teacher's total salary allocated on the basis of time spent on the affairs of LMT.

Mr D Surry is a governor of the academy and a director of Skill Supply Limited. During the year, Skill Supply Limited hired rooms from the academy for fees of £660 (2017: £800).

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

21. RELATED PARTY TRANSACTIONS - continued

Mr R England is a governor of the academy and has close family members employed as teachers in the school. In the year to 31 August 2018 they received remuneration in line with the normal teachers' pay scale.

S I Burns, a Trustee of the Academy, is also a director of The Chimney House Teaching School Foundation (CHTSF). During the year costs of £3,145 were paid to CHTSF for membership fees and training.