

Company Registration No. 09449979 (England and Wales)

VIKING ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

**TRUSTEES' STRATEGIC REPORT AND AUDITED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2017

VIKING ACADEMY TRUST

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VIKING ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

R Macfarlane (Chairman)
M G Butler
N S Roby
N J Rowland-Hill
E A Somers-James
P J Votta (Appointed 1 September 2016)
R H Curtis (Appointed 1 September 2016)
J J Cleverdon (Appointed 1 September 2016)
M J Lewis (Appointed 1 September 2016)

Members

R Macfarlane
N J Rowland-Hill
P W Graham
R S Farr
A T Emby

Senior leadership team

M Lewis	- Executive Head Teacher
K Law	- Head of School Chilton Primary School
N Budge	- Head of School Ramsgate Free School
D Walker	- Head of Upper School Upton Junior School
D Arthur	- Head of Lower School Upton Junior School
V Sutherland	- Trust Business Manager

Company registration number

09449979 (England and Wales)

Registered office

Chilton Primary School
Chilton Lane
Ramsgate
Kent
CT11 0LQ

Academies operated

Chilton Primary School
Ramsgate Free School
Upton Junior School (Upper) From 1 September 2017
Upton Junior School (Lower) From 1 September 2017

Location

Kent
Kent
Kent
Kent

Executive Principal

K Law - Head of School
N Budge - Head of School
D Walker - Head of School
D Arthur - Head of School

Independent auditor

Wilkins Kennedy FKC
Stourside Place
Station Road
Ashford
Kent
TN23 1PP

VIKING ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

NatWest plc.
53 High Street
Ramsgate
Kent
CT11 9AG

VIKING ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operate three academies for pupils aged 4 to 11 serving catchment areas in Ramsgate and Broadstairs, Kent.

Chilton Primary School has a pupil capacity of 420 and had a roll of 423 in the school census in May 2017.

Ramsgate Arts Primary School (Formerly Ramsgate Free School) has a capacity of 90 pupils (Yr, 1 & a split Y3/4) and had 68 pupils on roll in the May 2017 census.

Upton Junior School has a pupil capacity of 512 and had a roll of 525 in the school census of May 2017.

Structure, governance and management

Constitution

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

The trustees of Viking Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of trustees

The number of Trustees shall be not less than 3, but shall not be subject to a maximum. The academy trust shall have the following Trustees; up to 6 Trustees appointed by the members under Article 50; the Chair of the three academies Local Governing Bodies and the CEO (Executive Head Teacher) of the Trust.

The Articles of Association have been redrafted to reflect the MAT and the structure of governance as of September 1st 2016.

The model for governance in place as of 1st September 2016 has allowed for additional schools to join the MAT.

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to any post which is held ex-officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected for three consecutive periods, serving a maximum of 12 years.

The Articles, Governance Handbook and Scheme of Delegation set out the procedures the Multi Academy Trust will undertake to recruit to the Board as well as the delegated duties of the Local Advisory Bodies (LABs).

VIKING ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new Governors depends on their existing experience. Where necessary, induction will provide training in charity and educational, legal and financial matters. Governors have regular training particularly in academy trust and financial management matters.

Organisational structure

The Board of Trustees has several committees including: Finance, Audit and Risk (FAR Committee) and Personnel & Appraisal (PA Committee). A designated Trustee is responsible for 'Standards' and attends Local Governing Body meetings to hold the Leadership Team and Local Governors to account for attainment and progress within the academy.

All Committees are formally constituted with Terms of Reference and comprise appropriately qualified and experienced members. There is a local governing body (LAB) for each school in the MAT which reports to the full Board of Trustees.

The Board of Trustees annually reviews Committee management and membership to ensure effectiveness.

VIKING ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Arrangements for setting pay and remuneration of key management personnel

The Board of Trustees abides by the requirements of all relevant national and local agreements with particular reference to:

- School Teachers' Pay and Conditions Document, including due regard to relevant guidance documents and accompanying circulars
- Conditions of Employment for School Teachers in England and Wales
- Kent Scheme Conditions of Service

Those on the leadership spine play a critical role in the life of the school. They inspire confidence in those around them and work with others to create a shared strategic vision which motivates pupils and staff. They take the lead in enhancing standards of teaching and learning and value enthusiasm and innovation in others. They have the confidence and ability to make management and organisational decisions and ensure equity, access and entitlement to learning.

The Board of Trustees confirms the membership of the school's Leadership team and the salary scales will be determined by the Pay Committee, taking into due account the respective levels of responsibilities, recruitment and retention issues, internal differentials throughout the school and affordability.

A successful performance appraisal review for teaching staff, as prescribed by the appraisal regulations, involves a performance appraisal management process of:

- Assessment against the relevant standards
- Performance objectives
- Classroom observation (where relevant)
- Other evidence

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board. Members of the senior leadership team are not involved in the setting of their own remuneration package. The day to day running of the remuneration policy is delegated to the Executive Headteacher and is monitored by the FAR Committee. All details of setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are, wherever possible, linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. The board always bears in mind the charitable status of the academy trust and in recognition of this fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust.

The Board of Trustees ensures that suitable arrangements are in place to assess the total contributions of all support staff and use the assessment to determine annual pay decisions in accordance with the Kent Range.

Related parties and other connected charities and organisations

There are no related parties which either control or significantly influence the decisions and operations of Viking Academy Trust other than those detailed below.

Chilton Primary School works with the East Kent Learning Alliance (EKLA) which is a teaching school. Michaela Lewis (Executive Head Teacher) is a National Leader of Education deployed by EKLA. She worked with a range of staff from other schools who submit requests to EKLA and also delivers training courses to classroom based staff and school leaders.

VIKING ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and activities

Objects and aims

The principal activity of Viking Academy Trust is to advance for the public benefit, education in the United Kingdom, by providing an outstanding free education to children aged 4 – 11 years. More detailed summaries are available on each academy's website. There is a long tradition of providing the highest quality of education that would meet the needs of every child and enable them to achieve their personal best. Funding is obtained from the Department of Education (DfE) through the Education Funding & Skills Agency (EFSA) in the form of recurrent grants, the use of which is restricted to particular purposes.

Objectives, strategies and activities

The core objectives are as follows:

- to ensure the quality of educational provision;
- to challenge and monitor the performance of the schools;
- to manage the schools' finances and property – ensuring that the income and property are used only for the purposes set out in the Articles of Association and the Funding agreement;
- to employ high quality staff.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. All activities undertaken by the Company are for the public benefit.

Strategic report

Achievements and performance

Standards across the three schools improved from 2016 data across all points measured nationally (EYFS, Year 1 Phonics, Key Stage 1 & Key Stage 2 SATs).

The information below details comparison with Kent and National where applicable.

Non-Academic Achievements:

Upton and Chilton schools were both successful in their CIF applications and have had significant Health & Safety works completed across July & August 2017. Both schools have had updated Fire Systems which is ongoing in to the new academic year.

Upton is also having the flat roof upgraded. This project commenced summer 2017 and is expected to be completed December 2017.

The Ramsgate Arts Primary School moved across to its permanent site in August 2017. It is a 'partial handover' at present with full completion expected at the end of February 2018. The EFSA are still leading the building project with the Trustees and Leadership Team working in partnership to ensure the education of the pupils is not compromised by the building works.

Upton Junior School were able to re-open their swimming pool in January 2017 after 20 months closure. It was fully functional by Easter 2017 having successfully trained and recruited staff.

The Board of Trustees have delegated the FAR committee and Upton Resources Committee the task of monitoring the progress of the swimming pool; with cost analysis undertaken by accountants to assess whether a separate trading company will be required as we move forward.

VIKING ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

EYFS	Chilton	% GLD	Ramsgate	% GLD
All Pupils	78		73	
Boys	76		57	
Girls	83		88	

YEAR 1 Phonics	Chilton	%	Ramsgate	%
	Achieving Threshold		Achieving Threshold	
All Pupils	90		88	
Boys	91		86	
Girls	88		89	

CHILTON	Number of Pupils	Reading		Writing		Maths	
KS1		% Expected Standard	% Greater Depth	% Expected Standard	% Greater Depth	% Expected Standard	% Greater Depth
All Pupils	61	70	26	67	25	74	21
Boys	27	52	15	59	19	67	15
Girls	34	85	35	74	29	79	26

Key Stage 2 SATs %	Chilton	National	Kent	Upton
READING	90	71	74	80
GPS	88	77	76	87
MATHS	92	75	76	92
WRITING	90	76	80	92
R+M+W	85	61	64	76

Driving continuous improvement: The Trust Improvement Plan and individual school's improvement plans highlight the actions that will be taken across the schools and Trust-wide to further improve on attainment and progress in the new academic year.

The Local Governing Body and Standards Trustee have detailed reports on the data shown above. It forms part of the agenda for every LAB meeting (6x year).

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 the Board of Trustees 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

Most of the Academy's income is obtained from the Education Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

VIKING ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Academy Trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2017, total expenditure of £5,194k (2016: £2,376k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) for the period was £699k (2016: £118k income over expenditure).

At 31 August 2017 the net book value of fixed assets was £12,857k (2016: £3,382k). Movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The Kent County Council Local Government Pension Fund, in which the Academy participates, showed a deficit of £1,287k (2016: £825k) at 31 August 2017. Of this sum, £444k was inherited by the Academy Trust from Kent County Council on 1 March 2015, the date the local authority's staff transferred to employment with the Academy Trust. In addition to this, £616k was inherited by the Academy Trust from Kent County Council on 1 September 2016, the date Upton Junior School transferred in to the academy trust.

The Academy Trust held fund balances at 31 August 2017 of £12,574k (2016: £2,868k) comprising £11,931k (2016: £2,728k) of restricted funds and £643k (2016: £140k) of unrestricted general funds. Of the restricted funds £13,086k (2016: £3,354k) is represented by asset funds and £132k (2016: £199k) by unspent grants carried forward.

The pension reserve which is considered part of restricted funds was £1,287k (2016: £825k) in deficit.

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of unrestricted reserves should be equivalent to 4 weeks expenditure, approximately £381k (2016: £182k). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of reserves is £643k (2016: £140k). Restricted funds held by the trust total £7,070k (2016: £2,728k).

Investment policy and powers

Under the Memorandum and Articles of Association, the academy trust has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis. All schools in the Company only invest money in accounts to which no risk of loss is attached. Speculative investments are not made.

VIKING ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Principal risks and uncertainties

Risk management

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Trustees have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Trustees are satisfied that the major risks identified have been adequately mitigated where necessary through risk management. Trustees recognise that systems and risk management can only provide reasonable but not absolute assurance that major risks have been adequately managed. The Trust buys in to the ESFA Risk Protection Arrangement.

A particular financial risk is that public funding will not rise in line with the cost base giving rise to potential unsustainable deficits within the Trust. This risk is mitigated by careful budget planning – overseen by the FAR Committee – and where possible securing additional resources to supplement government funding.

Plans for future periods

The principal task facing the Trust is to continue to provide excellent educational standards and to ensure that every child achieves his/her personal best.

Our main objectives for the future are:

- to raise pupil achievement and progress in all subjects;
- for teaching and learning to be outstanding;
- for vulnerable groups including Pupil Premium pupils to progress at the same rate as other groups, to close the gap.
- to continue to manage budget reductions and consider new ways to generate income.

CPS plans

With the removal of the Ramsgate Arts Primary School temporary accommodation, the Trust Business Manager will be submitting an application for the Conditions Improvement Fund (CIF) to extend the KeyStage 1 classrooms. The project will only go ahead if the grant application is successful due to affordability.

A grant application will be made to improve the EYFS/KS1 outdoor learning area.

RFS plans

Now open on its permanent site in a partial handover from the building contractors, full handover is planned for February 2018. Managing the site as an open primary school and building site requires continual updating with Risk, H&S, Safeguarding etc.

UJS plans

Upton swimming pool re-opened in January 2017. The CIF flat roof project is due to be completed in December 2017. The Upton LAB and FAR Committee are seeking advice as to the prospect of a separate trading arm for the swimming pool. A decision will be made during 2017-18.

Trust plans

A review of staffing will be undertaken in 2017-18 with the intention of creating a central staff team.

VIKING ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Auditor

In so far as the trustees are aware:

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

UHY Kent LLP have been appointed as auditors for the charitable company for the year 2017-2018.

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on ~~11.12.2017~~ and signed on its behalf by:



R Macfarlane
Chairman

VIKING ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO(Executive 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 Viking Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
R Macfarlane (Chairman)	5	5
M G Butler	3	5
N S Roby	3	5
N J Rowland-Hill	4	5
E A Somers-James	5	5
P J Votta (Appointed 1 September 2016)	4	5
R H Curtis (Appointed 1 September 2016)	5	5
J J Cleverdon (Appointed 1 September 2016)	4	5
M J Lewis (Appointed 1 September 2016)	5	5
Trustees attended a finance and governance training session delivered by the Trust Business Manager on 17th October 2016. A self-review was also carried out at the end of the meeting to be reviewed annually.		

The Finance, Audit and Risk committee is a sub-committee of the main Board of Trustees. Its purpose is to review the internal audit reports and consider any recommendations, approve the annual budget, review expenditure and forecast against the budget and propose larger items of expenditure. It receives and considers the findings of reports from the Business Manager.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
R Macfarlane (Chairman)	3	6
N S Roby	3	6
N J Rowland-Hill	5	6
E A Somers-James	6	6
R H Curtis (Appointed 1 September 2016)	5	6
J J Cleverdon (Appointed 1 September 2016)	6	6
M J Lewis (Appointed 1 September 2016)	6	6

VIKING ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of value for money

As accounting officer the executive head teacher 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 academy 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:

- Benchmarking expenditure against that in academies of similar size and nature
- The targeting of resources to best improve standards and quality of education;
- Collaborative working across the trust to improve educational outcomes for all students
- Improved purchasing decisions with trust-wide contracts to reduce unit expenditure

Reviewing Controls and Managing Risks

During the period, governors have undertaken a review of the major risks faced by the Trust, with a view to mitigating those risks in a cost effective manner, where insurance is not a viable option. The risk register will be revisited annually to update those risks, specifically in relation to teaching, provision of facilities, financial management and other operational areas of the Trust. Insurance requirements are reviewed annually and considered in line with the major risks to which the academy trust might be exposed e.g. mechanical insurance for the boilers.

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Wilkins Kennedy FKC as internal auditor;

VIKING ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- review and testing of the key procedures in regard to income, expenditure, tendering and procurement and wages and salaries;
- review and testing of key policies; and
- review of the Academy Trust's website.

The internal auditor reports to the Board of Trustees through the Finance, Personnel and Health and Safety committee (now called Finance, Audit & Risk Committee) on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Trustees.

Wilkins Kennedy LLP carried out internal audit visits during the year and have delivered a schedule of work carried out in the period. No material control issues were identified.

Review of effectiveness

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

- the work of the internal auditor;
- 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, Personnel and Health and Safety committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 04/12/17 and signed on its behalf by:



R Macfarlane
Chairman



M Lewis
Accounting Officer

VIKING ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

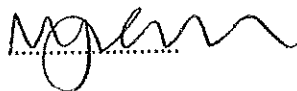
FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of Viking Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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

M Lewis
Accounting Officer



VIKING ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for Viking Academy Trust and are also the directors of Viking Academy Trust 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 its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the Board of Trustees on 04/12/17 and signed on its behalf by:



R Macfarlane
Chairman

VIKING ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIKING ACADEMY TRUST

Opinion

We have audited the financial statements of Viking Academy Trust (the 'Academy Trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts' Direction 2016 to 2017.

Basis for opinion

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

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

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.

VIKING ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIKING ACADEMY TRUST (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

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

VIKING ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIKING ACADEMY TRUST (CONTINUED)

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an 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 Academy Trust and the Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wilkins Kennedy FCA

Michelle Wilkes FCA (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy FKC

19th December 2017

Statutory Auditor
Chartered Accountants

Stourside Place
Station Road
Ashford
Kent
TN23 1PP

VIKING ACADEMY TRUST

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

In accordance with the terms of our engagement letter dated 27 March 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Viking Academy Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Viking Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Viking Academy Trust's funding agreement with the Secretary of State for Education dated 24 February 2015 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

VIKING ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO VIKING ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

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

Wilkins Kennedy FKC

Reporting Accountant

Wilkins Kennedy FKC
Stourside Place
Station Road
Ashford
Kent
TN23 1PP

Dated: *19th December 2017*

VIKING ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £000's	Restricted funds: General Fixed asset £000's £000's	Total 2017 £000's	Total 2016 £000's
Income and endowments from:					
Donations and capital grants	3	5	7	5,292	423
Donations - transfer from local authority on conversion	24	370	(616)	4,953	-
Charitable activities:					
- Funding for educational operations	4	104	4,234	-	4,338
Other trading activities	5	165	2	-	2,356
				167	38
Total income and endowments		<u>644</u>	<u>3,627</u>	<u>10,245</u>	<u>2,817</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	-	4,970	224	5,194
					2,376
Total expenditure	6	<u>-</u>	<u>4,970</u>	<u>224</u>	<u>2,376</u>
Net income/(expenditure)		644	(1,343)	10,021	9,322
Transfers between funds		(141)	430	(289)	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	19	-	384	-	384
					(350)
Net movement in funds		<u>503</u>	<u>(529)</u>	<u>9,732</u>	<u>9,706</u>
Reconciliation of funds					
Total funds brought forward		140	(626)	3,354	2,868
Total funds carried forward		<u>643</u>	<u>(1,155)</u>	<u>13,086</u>	<u>12,574</u>
					2,868

VIKING ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds £000's	General £000's	Fixed asset £000's	2016 £000's
Income and endowments from:					
Donations and capital grants	3	-	5	418	423
Charitable activities:					
- Funding for educational operations	4	15	2,341	-	2,356
Other trading activities	5	33	5	-	38
		<u>48</u>	<u>2,351</u>	<u>418</u>	<u>2,817</u>
Total income and endowments					
Expenditure on:					
Charitable activities:					
- Educational operations	7	-	2,281	95	2,376
		<u>-</u>	<u>2,281</u>	<u>95</u>	<u>2,376</u>
Total expenditure	6				
		<u>-</u>	<u>2,281</u>	<u>95</u>	<u>2,376</u>
Net income/(expenditure)		48	70	323	441
Transfers between funds		(5)	(37)	42	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	19	-	(350)	-	(350)
		<u>43</u>	<u>(317)</u>	<u>365</u>	<u>91</u>
Net movement in funds					
Reconciliation of funds					
Total funds brought forward		97	(309)	2,989	2,777
Total funds carried forward		<u>140</u>	<u>(626)</u>	<u>3,354</u>	<u>2,868</u>

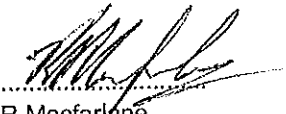
VIKING ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017	2016
	Notes	£000's	£000's
Fixed assets			
Tangible assets	12	12,857	3,382
Current assets			
Debtors	13	576	256
Cash at bank and in hand		1,884	434
		<u>2,460</u>	<u>690</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(1,437)	(356)
Net current assets		<u>1,023</u>	<u>334</u>
Total assets less current liabilities		<u>13,880</u>	<u>3,716</u>
Creditors: amounts falling due after more than one year	15	(19)	(23)
Net assets excluding pension liability		<u>13,861</u>	<u>3,693</u>
Defined benefit pension liability	19	(1,287)	(825)
Net assets		<u><u>12,574</u></u>	<u><u>2,868</u></u>
Funds of the academy trust:			
Restricted funds	17		
- Fixed asset funds		13,086	3,354
- Restricted income funds		132	199
- Pension reserve		(1,287)	(825)
Total restricted funds		<u>11,931</u>	<u>2,728</u>
Unrestricted income funds	17	<u>643</u>	<u>140</u>
Total funds		<u><u>12,574</u></u>	<u><u>2,868</u></u>

The financial statements set out on pages 21 to 45 were approved by the Board of Trustees and authorised for issue on 04.12.2017 and are signed on its behalf by:


 R Macfarlane
 Chairman

Company Number 09449979

VIKING ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £000's	2016 £000's
Cash flows from operating activities			
Net cash provided by operating activities	20	538	218
Cash funds transferred on conversion		370	-
		<u>908</u>	<u>218</u>
Cash flows from investing activities			
Capital grants from DfE and ESFA		5,292	418
Payments to acquire tangible fixed assets		(4,746)	(455)
		<u>546</u>	<u>(37)</u>
Cash flows from financing activities			
Repayment of other loan		(4)	(5)
		<u>(4)</u>	<u>(5)</u>
Change in cash and cash equivalents in the reporting period		<u>1,450</u>	<u>176</u>
Cash and cash equivalents at 1 September 2016		434	258
Cash and cash equivalents at 31 August 2017		<u><u>1,884</u></u>	<u><u>434</u></u>

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Viking Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

1.1 Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA (other than in respect of the disclosure of remuneration received by staff Governors under employment contracts – see note 9 for details), the Charities Act 2011 and the Companies Act 2006.

Viking Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements 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.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Upton Junior School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised for net loss. Charitable activities – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 23.

1.4 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants receivable

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

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

Transfer of lease

On conversion to Academy status the Local Authority gifted the school land and buildings to the Academy Trust with 125 year long term leases. The land and properties have been professionally valued as at the dates of transfers. The valuation is underpinned by SORP 2015 and has adopted the Depreciated Replacement Cost (DRC) for specialist property and the land uses the market value. As the buildings are of a specialist nature then a Depreciated Replacement Cost method has been used to calculate the fair value of the buildings.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

1.6 Tangible fixed assets and depreciation

Individual assets costing £1,000 or more or a group of assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold land and buildings	Land: no depreciation; Buildings 2%
Leasehold improvements	2%
Assets under construction	No depreciation
Fixtures, fittings & equipment	Computer equipment 3 years, other FFE 5 years
Motor vehicles	5 years

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

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

1.7 Liabilities

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

1.8 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.9 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. 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. 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.

1.10 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.

1.11 Pensions benefits

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

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 19, 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 are 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.

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.12 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

2 Critical accounting estimates and areas of judgement

Accounting 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.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Defined Benefit Pension Scheme

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 17, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Critical areas of judgement

There are no critical areas of judgement.

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Donations and capital grants

	Unrestricted funds £000's	Restricted funds £000's	Total 2017 £000's	Total 2016 £000's
Capital grants	-	5,292	5,292	418
Other donations	5	7	12	5
	<u>5</u>	<u>5,299</u>	<u>5,304</u>	<u>423</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £000's	Restricted funds £000's	Total 2017 £000's	Total 2016 £000's
DfE / ESFA grants				
General annual grant (GAG)	-	3,701	3,701	1,847
Other DfE / ESFA grants	-	385	385	378
	<u>-</u>	<u>4,086</u>	<u>4,086</u>	<u>2,225</u>
Other government grants				
LA grants	-	148	148	116
	<u>-</u>	<u>148</u>	<u>148</u>	<u>116</u>
Other funds				
Other incoming resources	104	-	104	15
	<u>104</u>	<u>-</u>	<u>104</u>	<u>15</u>
Total funding	<u>104</u>	<u>4,234</u>	<u>4,338</u>	<u>2,356</u>

5 Other trading activities

	Unrestricted funds £000's	Restricted funds £000's	Total 2017 £000's	Total 2016 £000's
Hire of facilities	17	-	17	1
Supply teacher insurance	-	2	2	5
School trips	66	-	66	22
Extended Day income	82	-	82	10
	<u>165</u>	<u>2</u>	<u>167</u>	<u>38</u>

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure

	Staff costs £000's	Premises & equipment £000's	Other costs £000's	Total 2017 £000's	Total 2016 £000's
Academy's educational operations					
- Direct costs	2,510	144	348	3,002	1,546
- Allocated support costs	992	650	550	2,192	830
	<u>3,502</u>	<u>794</u>	<u>898</u>	<u>5,194</u>	<u>2,376</u>
Total expenditure	<u>3,502</u>	<u>794</u>	<u>898</u>	<u>5,194</u>	<u>2,376</u>

Net income/(expenditure) for the year includes:

	2017 £000's	2016 £000's
Fees payable to auditor for:		
- Audit	14	10
- Other services	7	7
Operating lease rentals	5	5
Depreciation of tangible fixed assets	224	95
	<u></u>	<u></u>

Central services

The academy trust has provided the following central services to its academies during the year:

- Insurance;
- Audit and accountancy

The academy trust charges for these services on the following basis:

- Insurance - pupil numbers;
- Audit and accountancy - equal split;

The amounts charged during the year were as follows:

	Total £000's
Chilton Primary School	18
Ramsgate Free School	10
Upton Junior School	21
	<u>49</u>

7 Charitable activities

	2017 £000's	2016 £000's
All from restricted funds:		
Direct costs - educational operations	3,002	1,546
Support costs - educational operations	2,192	830
	<u>5,194</u>	<u>2,376</u>

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

		(Continued)	
7	Charitable activities	2017 £000's	2016 £000's
	Analysis of support costs		
	Support staff costs	992	386
	Depreciation and amortisation	80	36
	Technology costs	61	-
	Premises costs	705	203
	Other support costs	275	160
	Governance costs	79	45
		<u>2,192</u>	<u>830</u>
8	Governance costs	Total 2017 £000's	Total 2016 £000's
	All from restricted funds:		
	Amounts included in support costs		
	Legal and professional fees	58	27
	Auditor's remuneration		
	- Audit of financial statements	14	10
	- Other audit costs	7	7
	Other governance costs	-	1
		<u>79</u>	<u>45</u>
9	Staff costs	2017 £000's	2016 £000's
	Wages and salaries	2,591	1,266
	Social security costs	206	78
	Operating costs of defined benefit pension schemes	634	243
		<u>3,431</u>	<u>1,587</u>
	Staff costs		
	Supply staff costs	29	32
	Staff restructuring costs	-	6
	Staff development and other staff costs	42	45
		<u>3,502</u>	<u>1,670</u>
	Total staff expenditure		

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

(Continued)

Staff numbers

The average number of persons, by headcount, employed by the academy trust during the year was as follows:

	2017 Number	2016 Number
Teachers	51	28
Administration and support	107	54
Management	9	2
	<u>167</u>	<u>84</u>

Higher paid staff

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

	2017 Number	2016 Number
£90,001 - £100,000	<u>1</u>	<u>-</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 and employers national insurance contributions) received by key management personnel for their services to the academy trust was £438k (2016: £330k).

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The executive principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of executive principal and staff members under their contracts of employment, and not in respect of their services as trustees.

The other staff Governors listed above only received remuneration for their role as a member of staff and the salaries have been aggregated as the Governors believe any further detailed breakdown would be prejudicial to the structure of the Governing Board. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

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

M J Lewis (Executive headteacher from 1 September 2016)

- Remuneration £90,001-£95,000 (2016: £Nil)
- Employers pension contributions £15,001-£20,000 (2016: £Nil)

N Budge, C Isaac, A O'Grady (Staff governors until 31 August 2016)

- Remuneration £Nil (2016: £100,001-£105,000)
- Employers pension contributions £Nil (2016: £10,001-£15,000)

During the year, travel and subsistence payments totalling £20 (2016: £1,211) were reimbursed or paid directly to 1 (2015: 2 trustees).

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Trustees and officers insurance

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

12 Tangible fixed assets

	Leasehold land and buildings £000's	Leasehold improvements £000's	Assets under construction £000's	Fixtures, fittings & equipment £000's	Motor vehicles £000's	Total £000's
Cost						
At 1 September 2016	2,974	19	359	138	22	3,512
Transfer on conversion	4,953	-	-	-	-	4,953
Additions	-	128	4,483	135	-	4,746
At 31 August 2017	7,927	147	4,842	273	22	13,211
Depreciation						
At 1 September 2016	78	1	-	45	6	130
Charge for the year	144	4	-	72	4	224
At 31 August 2017	222	5	-	117	10	354
Net book value						
At 31 August 2017	7,705	142	4,842	156	12	12,857
At 31 August 2016	2,896	19	359	92	16	3,382

Included in land and buildings is land valued at £729k which is not depreciated.

	2017 £000's	2016 £000's
13 Debtors		
Trade debtors	4	-
VAT recoverable	376	44
Other debtors	155	195
Prepayments and accrued income	41	17
	576	256

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

14	Creditors: amounts falling due within one year	2017 £000's	2016 £000's
	Other loans	5	5
	Trade creditors	12	217
	Other taxation and social security	49	20
	Other creditors	-	24
	Accruals and deferred income	1,371	90
		<u>1,437</u>	<u>356</u>
		<u><u>1,437</u></u>	<u><u>356</u></u>
15	Creditors: amounts falling due after more than one year	2017 £000's	2016 £000's
	Other loans	19	23
		<u>19</u>	<u>23</u>
	Analysis of loans		
	Not wholly repayable within five years by instalments	-	4
	Wholly repayable within five years	24	24
		<u>24</u>	<u>28</u>
	Less: included in current liabilities	(5)	(5)
		<u>(5)</u>	<u>(5)</u>
	Amounts included above	19	23
		<u>19</u>	<u>23</u>
		<u><u>19</u></u>	<u><u>23</u></u>
	Loan maturity		
	Debt due in one year or less	5	5
	Due in more than one year but not more than two years	5	5
	Due in more than two years but not more than five years	14	14
	Due in more than five years	-	4
		<u>24</u>	<u>28</u>
		<u><u>24</u></u>	<u><u>28</u></u>

The Academy Trust took out a Salix Loan in November 2014 to fund the improvement of the LED lighting. The loan is due for repayment in January 2022.

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16	Deferred income	2017 £000's	2016 £000's
	Deferred income is included within:		
	Creditors due within one year	76	57
		<u>76</u>	<u>57</u>
	Deferred income at 1 September 2016	57	45
	Released from previous years	(57)	(45)
	Amounts deferred in the year	76	57
		<u>76</u>	<u>57</u>
	Deferred income at 31 August 2017	<u>76</u>	<u>57</u>

At the balance sheet date the Academy Trust was holding funds received in advance for rates, trips and Universal Infant Free School Meals.

17	Funds	Balance at 1 September 2016 £000's	Incoming resources £000's	Resources expended £000's	Gains, losses & transfers £000's	Balance at 31 August 2017 £000's
	Restricted general funds					
	General Annual Grant	79	3,701	(4,078)	430	132
	Start up grants	105	-	(105)	-	-
	Other DfE / EFA grants	8	385	(393)	-	-
	Other government grants	7	148	(155)	-	-
	Other restricted funds	-	9	(9)	-	-
		<u>199</u>	<u>4,243</u>	<u>(4,740)</u>	<u>430</u>	<u>132</u>
	Funds excluding pensions	(825)	(616)	(230)	384	(1,287)
		<u>(626)</u>	<u>3,627</u>	<u>(4,970)</u>	<u>814</u>	<u>(1,155)</u>
	Restricted fixed asset funds					
	DfE / EFA capital grants	-	5,292	(224)	(4,908)	160
	Fixed asset fund	3,382	4,953	-	4,614	12,949
	Loan	(28)	-	-	5	(23)
		<u>3,354</u>	<u>10,245</u>	<u>(224)</u>	<u>(289)</u>	<u>13,086</u>
	Total restricted funds	<u>2,728</u>	<u>13,872</u>	<u>(5,194)</u>	<u>525</u>	<u>11,931</u>
	Unrestricted funds					
	General funds	140	644	-	(141)	643
		<u>140</u>	<u>644</u>	<u>-</u>	<u>(141)</u>	<u>643</u>
	Total funds	<u>2,868</u>	<u>14,516</u>	<u>(5,194)</u>	<u>384</u>	<u>12,574</u>

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

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

Other DfE/ESFA grants: This includes the pupil premium, sports funding, UIFSM and capital maintenance grant funding for revenue expenditure.

Other government grants: This includes SEN funding, AEN funding, additional pupil premium and additional funding received from the Local Authority.

DfE/ESFA capital grants: This includes Devolved Formula Capital grants.

General fixed assets fund: This includes restricted PTA donations for capital items.

The transfer of funds relate to the purchase of fixed assets during the period and to cover the excess of expenditure over income.

Total funds analysis by academy

	Total £000's
Fund balances at 31 August 2017 were allocated as follows:	
Chilton Primary School	200
Ramsgate Free School	110
Upton Junior School	465
	<hr/>
Total before fixed assets fund and pension reserve	775
	<hr/>
Restricted fixed asset fund	13,086
Pension reserve	(1,287)
	<hr/>
Total funds	12,574
	<hr/>

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000's	Other support staff costs £000's	Educational supplies £000's	Other costs excluding depreciation £000's	Total £000's
Chilton Primary School	1,076	288	72	408	1,844
Ramsgate Free School	248	89	40	225	602
Upton Junior School	1,159	405	76	492	2,132
	<u>2,483</u>	<u>782</u>	<u>188</u>	<u>1,125</u>	<u>4,578</u>

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds (Continued)

Movements in funds - previous year	Balance at 1 September 2015 £000's	Income £000's	Expenditure £000's	Gains, losses and transfers £000's	Balance at 31 August 2016 £000's
Restricted general funds					
General Annual Grant	-	1,847	(1,731)	(37)	79
Start up grants	105	-	-	-	105
Other DfE / ESFA grants	-	378	(370)	-	8
Other government grants	-	116	(109)	-	7
Other restricted funds	-	10	(10)	-	-
	<u>105</u>	<u>2,351</u>	<u>(2,220)</u>	<u>(37)</u>	<u>199</u>
Funds excluding pensions	(414)	-	(61)	(350)	(825)
Pension reserve	<u>(309)</u>	<u>2,351</u>	<u>(2,281)</u>	<u>(387)</u>	<u>(626)</u>
	<u>2,989</u>	<u>418</u>	<u>(95)</u>	<u>42</u>	<u>3,354</u>
Restricted fixed asset funds					
Fixed asset fund	2,989	-	-	-	2,989
DfE / ESFA capital grants	-	418	(17)	(401)	-
Capital expenditure from GAG	-	-	(78)	438	360
Loan	-	-	-	5	5
	<u>2,989</u>	<u>418</u>	<u>(95)</u>	<u>42</u>	<u>3,354</u>
Total restricted funds	<u>2,680</u>	<u>2,769</u>	<u>(2,376)</u>	<u>(345)</u>	<u>2,728</u>
Unrestricted funds					
General funds	97	48	-	(5)	140
Total funds	<u>2,777</u>	<u>2,817</u>	<u>(2,376)</u>	<u>(350)</u>	<u>2,868</u>

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Analysis of net assets between funds

	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total 2017 £000's
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	12,857	12,857
Current assets	2,080	132	248	2,460
Creditors falling due within one year	(1,437)	-	-	(1,437)
Creditors falling due after one year	-	-	(19)	(19)
Defined benefit pension liability	-	(1,287)	-	(1,287)
	<u>643</u>	<u>(1,155)</u>	<u>13,086</u>	<u>12,574</u>

	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total 2016 £000's
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	3,382	3,382
Current assets	343	199	148	690
Creditors falling due within one year	(203)	-	(153)	(356)
Creditors falling due after one year	-	-	(23)	(23)
Defined benefit pension liability	-	(825)	-	(825)
	<u>140</u>	<u>(626)</u>	<u>3,354</u>	<u>2,868</u>

19 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £27k (2016: £24k) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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 pension costs paid to the TPS in the period amounted to £274k (2016: £127k.)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % for employees. The estimated value of employer contributions for the forthcoming year is £161k (2016: £71k.)

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 24) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

		(Continued)	
19	Pensions and similar obligations		
	Total contributions made	2017 £000's	2016 £000's
	Employer's contributions	161	70
	Employees' contributions	47	20
		<hr/>	<hr/>
	Total contributions	208	90
		<hr/>	<hr/>
	Principal actuarial assumptions	2017 %	2016 %
	Rate of increases in salaries	4.2	4.1
	Rate of increase for pensions in payment	2.7	2.3
	Discount rate	2.6	2.2
		<hr/>	<hr/>
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:			
		2017 Years	2016 Years
	Retiring today		
	- Males	23	22.9
	- Females	25.1	25.3
	Retiring in 20 years		
	- Males	25.2	25.2
	- Females	27.4	27.7
		<hr/>	<hr/>
	The academy trust's share of the assets in the scheme	2017 Fair value £000's	2016 Fair value £000's
	Equities	1,075	501
	Other bonds	147	79
	Gilts	11	7
	Cash	48	18
	Property	187	104
	Other assets	59	32
		<hr/>	<hr/>
	Total market value of assets	1,527	741
		<hr/>	<hr/>
	Actual return on scheme assets - gain/(loss)	73	(87)
		<hr/>	<hr/>

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Amounts recognised in the statement of financial activities	2017 £000's	2016 £000's
Current service cost (net of employee contributions)	360	115
Net interest cost	31	16
Total operating charge	391	131
Changes in the present value of defined benefit obligations	2017 £000's	2016 £000's
Obligations at 1 September 2016	1,566	976
Current service cost	360	112
Interest cost	58	-
Employee contributions	47	20
Actuarial loss	(338)	413
Benefits paid	165	-
Plan introductions, benefit changes, curtailments and settlements	956	45
At 31 August 2017	2,814	1,566
Changes in the fair value of the academy trust's share of scheme assets	2017 £000's	2016 £000's
Assets at 1 September 2016	741	562
Interest income	27	24
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain	46	63
Employer contributions	161	70
Employee contributions	47	20
Benefits paid	165	-
Plan introductions, benefit changes, curtailments and settlements	340	2
At 31 August 2017	1,527	741

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Reconciliation of net income to net cash flows from operating activities

	2017 £000's	2016 £000's
Net income for the reporting period	9,322	441
Adjusted for:		
Net surplus on conversion to academy	(4,707)	-
Capital grants from DfE/ESFA and other capital income	(5,292)	(418)
Defined benefit pension costs less contributions payable	199	45
Defined benefit pension net finance cost	31	16
Depreciation of tangible fixed assets	224	95
(Increase) in debtors	(320)	(177)
Increase in creditors	1,081	216
Net cash provided by operating activities	538	218

21 Capital commitments

	2017 £000's	2016 £000's
Expenditure contracted for but not provided in the financial statements	509	398

The capital commitment at the year end consisted of the roof works at Upton Junior School (£307k) and the Fire Safety work at Upton Junior School (£202k).

22 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 academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

During the year HR services were provided by Coastal Academies Trust, a trust in which R H Curtlis is a director, to the value of £4,419 (2016: £Nil).

23 Members' liability

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

VIKING ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24 Conversion to an academy

On 1 September 2016 Upton Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Viking Academy Trust from the Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the statement of financial activities as charitable activities – transfer from local authority on conversion.

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

Academy	Location	Date of conversion
Upton Junior School	Kent	1 September 2016

	2017 £000's
Net assets transferred:	
Leasehold land and buildings	4,953
Cash	370
LGPS pension surplus/(deficit)	(616)
	<u>4,707</u>

	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total 2017 £000's
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	4,953	4,953
LA budget funds	370	-	-	370
LGPS pension funds	-	(616)	-	(616)
	<u>370</u>	<u>(616)</u>	<u>4,953</u>	<u>4,707</u>