

**Company Registration Number: 10098444** (England & Wales)

**THE ACADEMY FOR CHARACTER AND EXCELLENCE**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

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

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<b>Members</b>	T Falcao (appointed 1 November 2017) E Hall P Mantell (resigned 31 October 2017) C Mitchell (resigned 31 October 2017) P Gray (appointed 1 November 2017) A Church (appointed 1 November 2017) G Golder (appointed 1 November 2017)
<b>Trustees</b>	S Climie, Chair (resigned 15 September 2016) T Falcao, Chair (appointed 17 October 2016) M Cousins I Crocker (resigned 15 August 2017) S C Girling J W Powles (resigned 23 January 2017) A Slader (appointed 15 April 2017)
<b>Company registered number</b>	10098444
<b>Company name</b>	The Academy for Character and Excellence
<b>Principal and registered office</b>	Shaldon Primary School Bridge Road Shaldon Teignmouth Devon TQ14 0DD
<b>Accounting Officer</b>	C Weyman
<b>Senior management team</b>	C Weyman, Headteacher/ CEO S Busby, Headteacher/ CEO (resigned 31 August 2017)
<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
<b>Bankers</b>	Lloyds Bank plc 234 High Street Exeter Devon EX4 3NL
<b>Solicitors</b>	Browne Jacobson LLP 1 Manor Court Dix's Field Exeter Devon EX1 1UP

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
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**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. All comparative figures within the financial statements relate to the three month period ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 primary academies in Devon. Its academies have a combined pupil capacity of 630 and had a roll of 540 used in the ESFA funding calculations for 2017/18. 2 more schools have joined as at 1 November 2017 with a combined roll of 404, thus giving the Trust a consolidated roll of 944 pupils with effect from 1 November 2017.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust was incorporated on 1 April 2016 and opened its two current Academies on 1 June 2016. It 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 The Academy for Character and Excellence are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Academy for Character and Excellence.

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

**Members' Liability**

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

**Trustees' Indemnities**

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust.

**TRUSTEES**

**Method of Recruitment and Appointment or Election of Trustees**

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

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

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**Policies and Procedures Adopted for the Induction and Training of Trustees**

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academies and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

There is a Trustees' away day organised each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

**Organisational Structure**

The Board of Trustees normally meets once each half term. The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees and other groups where established. It will receive reports including policies from its Committees for ratification where applicable and will monitor the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale. During the first year no sub-committees were set up. However, although a Finance and Audit sub-committee was not formally set up, a number of meetings involving the CEO (and Accounting Officer), the Trust Finance Director and the Group Finance Manager did take place during the year. The Finance and Audit sub-committee will be set up within the next 12 months after a new Finance Director has been appointed to the Board.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteachers and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academies by the use of budgets and other data, and making major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the CEO.

The Academy Trust has a leadership structure which consists of:-

- The Strategic Board: Trustees and the CEO.
- The Executive Board: The CEO, Director of Finance and Operations and a Business Manager responsible for HR and Health and Safety.
- The Education Leadership Team comprised of the CEO, the Director of Education and the Heads of Schools.

The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making and accountability at all levels.

The Executive Board controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The CEO, Director of Finance and Operations and Business Manager are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The CEO is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor.

C Weyman, the CEO, is also the Accounting Officer.

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

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**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The Trustees consider the senior management team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year in respect of their work as a Trustee.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management and executive personnel is reviewed annually and by the Trustees having regard to a number of factors including performance.

The Trustees benchmark against pay levels in other Academies of a similar size.

**Connected Organisations, including Related Party Relationships**

There are no related parties which either control or significantly influence the decisions and operations of The Academy for Character and Excellence.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

**Mission Statement for The Academy for Character and Excellence**

Everything we do is underpinned by our enduring mission to secure a spirit of optimism and a passion for learning so that each of us can thrive and make a positive difference to ourselves, others and the world around us.

**Aims**

- To develop the Trust's USP of character education so that it continues to be a model of excellence.
- To enable all to "flourish, achieving a sense of purpose, leading a full life and thriving."
- To create new knowledge and skills that continually push the boundaries of learning possibilities.
- To create a culture of excellence where the leadership potential of all is recognised and developed in order to maximise the impact of actions.
- To develop an ethos which reflects shared and agreed values enabling all to thrive and succeed.
- To recognise each person's uniqueness and individuality in order to create a culture where aspiration and challenge are reflected in the highest standards achieved by all.
- To retain individual school's uniqueness through recognising the diversity of the communities served.

**Objectives, Strategies and Activities**

**Objectives to:-**

1. Ensure high levels of achievement for all through individualised teaching programmes that promote effective learning and outstanding progress.
2. Provide a wide range of learning opportunities where an individual's skills, qualities, interests and aspirations are recognised and developed in order to secure a lifetime of fulfilment.
3. Provide a curriculum that promotes a love of learning, curiosity and excellence.
4. Demonstrate a willingness to learn from global partners through developing research informed practice.
5. Enable all learners to develop their capacity to be independent thinkers, creative explorers, collaborative problem solvers and reflective evaluators so that all are confident to meet future life challenges.
6. Instil a belief in the ability for each person to continually learn, grow and thrive; and develop an excitement and appreciation of human endeavour and achievement where possibilities have no limits and motivation is engendered intrinsically.
7. Ensure that learners develop academic excellence, physical capability, spiritual reflectiveness, moral duty, social responsibility and cultural pride.
8. To develop an ethos of humility where in our group of schools each individual strives to be the best they can; we aim to develop like-minded people who will contribute to each other's learning through challenging, supporting and innovating.

Headteachers from each school have worked together to develop processes for raising the standards of teaching and learning. One particular example of this has been the implementation of 'peer reviews' between schools and the introduction of regular data analysis.

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**TRUSTEES' REPORT (continued)  
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**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

**STRATEGIC REPORT**

**Achievements and Performance**

The Academy has completed its first year of operation and has set up an Executive Board which aims to deliver the objectives identified above. We appointed a Group Finance Manager and Project Implementation Manager. The two academies have developed strong links through joint CPD and sharing of good practice through appointment of two Lead Practitioners and the setting up of a Data group.

Both schools have improved on their 2016 performance data and are above national with combined results as follows:

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

In Key Stage 2:

End KS2 (Y6)	Reading						Writing				Maths					
	Achievement						Achievement				Achievement					
	% EXP level or above		% at GD level		Average Scaled Score		% EXP level or above		% at GD level		% EXP level or above		% at GD level		Average Scaled Score	
	School	National	School	National	School	National	School	National	School	National	School	National	School	National	School	National
Redhills	91	71	32	25	107	104	94	76	14	18	92	75	12	23	106	104
Shaldon	97		33		108	104	93		30		93		53		108	104

KS2 (Y6)	Combined RWM Achievement			
	% EXP level or above		% at GD level	
	School	National	School	National
Redhills	90		6	9
Shaldon	90	61	27	

End KS2 (Y6)	YR6 Spelling and Grammar					
	Achievement					
	% EXP level or above		% at GD level		Average Scaled Score	
	School	National	School	National	School	National
Redhills	94	77	46	31	110	106
Shaldon	93		43		109	

In Key Stage 1:

End KS1 (Y2)	Reading				Writing				Maths			
	Achievement				Achievement				Achievement			
	% EXP level or above		% at GD level		% EXP level or above		% at GD level		% EXP level or above		% at GD level	
	School	National	School	National	School	National	School	National	School	National	School	National
Redhills	75	76	22	25	62	68	18	16	76	75	18	21
Shaldon	93		33		97		30		93		33	

KS1 (Y2) Combined RWM	Achievement			
	% EXP level or above		% at GD level	
	School	National	School	National
Redhills	60	64	13	11
Shaldon	90		23	



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**TRUSTEES' REPORT (continued)  
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In Early Years:

EYFS	Achievement	
	% at GLD	
	School	National
Redhills	68	71
Shaldon	90	

And in Phonics:

Phonics	% meeting threshold by end year 1		% meeting threshold by end year 2	
	School	National	School	National
	Redhills	80	81	89
Shaldon	97		100	

The Trust has achieved a very good set of results in 2016/17 when compared with the National Average as demonstrated by the data tables below:

Key Stage Two						
Attainment					Value Added	
	At least expected		Greater Depth		KS1 to KS2	
	National	ACE MAT	National	ACE MAT	National	ACE MAT
Reading	71%	91%	25%	37%	0	2.8
Writing	76%	94%	18%	29%	0	3
Maths	75%	92%	23%	32%	0	2.1
Spelling and Grammar	77%	92%	31%	42%		
Combined	61%	89%	9%	20%		
0 is national average; Positive figure indicates above average progress.						

<b>Key Stage One</b>				
<b>Attainment</b>				
	<b>At least expected</b>		<b>Greater Depth</b>	
	<b>National</b>	<b>ACE MAT</b>	<b>National</b>	<b>ACE MAT</b>
<b>Reading</b>	76%	85%	25%	27%
<b>Writing</b>	68%	78%	16%	21%
<b>Maths</b>	75%	84%	21%	23%
<b>Combined</b>	64%	75%	11%	16%

<b>Phonics</b>		
<b>Attainment</b>		
<b>Meeting Threshold</b>		
	<b>National</b>	<b>ACE MAT</b>
<b>By end Yr 1</b>	81%	89%
<b>By end yr 2</b>	92%	95%

Key lines of enquiry within the Trust are:

- EYFS to END KS1: How to ensure that all children who get 'Expected' at EYFS meet at least expected at end of KS1, and all that reach 'Exceeding' at EYFS achieve Greater Depth.
- Phonics: How to ensure 90%+ of children meet threshold across the trust by end year 1, and 100% by end year 2.
- KS1: How to ensure all schools are significantly above average for KS1 achievement across all subjects.
- KS1 to KS2 Progress: How to ensure that all schools achieve significantly above average progress between the end of year 2 and the end of year 6.
- Pupil Premium: Closing the gap between % of PP children and % of non pp children achieving 'Greater Depth' at KS1 and KS2.
- Developing measures of 'whole school' progress to reflect journey from foundation stage to end of year 6.
- Targeting 97% attendance for all schools.

Shaldon Primary won a The Speaker's Award giving national recognition of the school's work with the local community.

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**TRUSTEES' REPORT (continued)  
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**Key Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In the period under review, £7,063 (£35,404 as at 31 August 2016) of free reserves were carried forward representing 0.3% (2% as at 31 August 2016) of annual GAG. Other key performance indicators are as follows:

- Pupil numbers - to ensure that both current schools are full to their capacity (Shaldon 210, Redhills 420) and that this also the case for the 2 new schools (Galmpton 207 and Collaton 210) coming into the Trust on the 1st November 2017.
- Ofsted - that all schools improve a grade from their last Ofsted inspection, or retain outstanding.
- Pupil attainment and progress at least in line with the top 10% of schools nationally

**Going Concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the period ended 31 August 2017, excluding restricted fixed asset and pension reserves the Academy Trust received total income of £2,715,433 (£825,860 in June to August 2016) and incurred total expenditure of £2,808,415 (£682,958 in June to August 2016). The excess of expenditure over income for the year excluding restricted fixed asset funds and pension reserves and net of a £27,083 transfer (2016 - £15,774) to restricted fixed asset funds was £120,065 (£127,128 excess of income over expenditure in June to August 2016).

During 2017/18, a deficit occurred at Redhills for a number of reasons including:

- Unbudgeted capital and revenue expenditure. Regular financial reports were not made available until April/May 2017 so this was not obvious to the Trust until this time.
- Falling numbers at the school. The importance of the school role was not seen as a priority so no plans were in place to address the decline in numbers.
- Inappropriate staff structure. Even though the pupil numbers were falling no appropriate action was taken to address both the staff structure and the number of staff.

The Trust has introduced the following measures since becoming more aware of the situation and this will help to return the school to a surplus position by the end of 2018:

- Introduced a Consultant Head (Executive Head of the 2 new schools which joined the MAT on 1 November 2017) in the Summer term 2017 to review and manage the situation. A Head of School will be appointed on 1 January 2018 to ensure that the necessary changes are implemented.
- Carried out a full review of the staffing structure (involving taking extensive HR advice) including individual roles and responsibilities and this has resulted in a number of changes. Although a defined programme of redundancies has not been introduced cost savings have already been made via natural wastage.
- A full review of performance management was carried out and plans have been put in place for under-performing staff.
- Reviewed and changed policies and processes, including "custom and practice", within the school to make sure they are still fit for purpose and that those that are not have been replaced.
- Introduced tighter financial control from April/May 2017 onwards as part of the overall changes within the MAT.

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**TRUSTEES' REPORT (continued)  
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- Taken a nursery provision into the Trust with the aim of increasing the numbers for Reception in the coming years.
- Reviewed and changed the governance at the school which has resulted in a temporary suspension of the Local Governing Body while the Trust works to bring everything in line with the MAT.

The Central MAT costs reflect the cost of the central team and this includes costs of circa £35k (based on allocation of staff costs plus other costs) incurred as a direct result of the conversion project to bring 2 new schools into the Trust with effect from 1 November 2017. During 2016/17 these costs have been funded via the top slice paid by the 2 existing schools.

At 31 August 2017 the net book value of tangible fixed assets was £6,234,036 (£6,328,060 as at 31 August 2016) and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion on 1 June 2016. A professional valuation of the land and buildings was not undertaken for the purposes of these financial statements and have therefore been included in the financial statements at a best estimate, taking into account the size of the property and valuations for similar Academies. A desk top valuation by the ESFA has been undertaken but the outcome of this is not yet known so the valuation of land and buildings for the year ended 31 August 2017 does not reflect this. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Anti-Fraud and Corruption, Capital and Revenue Reserves, Financial Regulations, Procurement and Tendering and Write-Off and Asset Disposal.

#### **Reserves Policy**

The Trustees will review the reserve levels of the Academy Trust annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees will take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review. In the interim the Trustees consider a figure that equates to one month's normal expenditure plus any further amounts that need to be set aside for specific projects as identified in the academy development plan is appropriate. This equates to a figure in the region of £221,000 (expenditure excluding fixed assets depreciation and pension reserve). The current level of free reserves, at £7,063 (£35,404 as at 31 August 2016), are significantly below this and the Academy Trust will look to build this figure as resources permit. With the actions set out on page 9, the Trust is budgeting surpluses over the next four years and will use these to build reserves to a sustainable level.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

#### **Investment Policy**

Due to the nature and timing of receipt of funding, the Academy Trust may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most

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favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and Finance Director within strict guidelines approved by the Board of Trustees.

**Principal Risks and Uncertainties**

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy Trust are as follows:

**Financial** - the Academy Trust has considerable reliance on continued Government funding through the ESFA. In the last year 94% of the Academy Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**Failures in governance and/or management** - the risk in this area arises from potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

**Reputational** - the continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student success and achievement are closely monitored and reviewed.

**Safeguarding and child protection** - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

**Staffing** - the success of the Academy Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

**Fraud and mismanagement of funds** - The Academy Trust plans to appoint a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register format has been finalised and will be reviewed and updated on a regular basis – the next review is due in January 2018.

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

At the year end, the Academy Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

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**PLANS FOR FUTURE PERIODS**

The Trust will use the MAT Improvement Capacity Framework as a tool for evaluating the current position of the four schools and two pre-schools; and to set objectives to build capacity in the following areas:-

1. Vision, Culture and Ethos – clarity of purpose; understanding needs; leading a culture of improvement.
2. People and Partners – building capacity for improvement; recruiting, developing and retaining talent.
3. Teaching and Learning – approach to pedagogy; leadership of teaching evidence based professional learning.
4. Curriculum and Assessment – curriculum structure and alignment; intentional use of assessment.
5. Quality Assurance and Accountability – knowing schools quantitatively; knowing schools qualitatively.

The Trust will review its mission, vision and values to reflect the inclusion of two additional schools and two pre-schools.

The Trust will review its mission, vision and values to reflect the Church of England Vision statement for education.

The Trust will review and adapt its structure to reflect this growth.

The Trust will focus on embedding and aligning the four schools and two pre-schools.

The Academy Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels.

The Academy Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy Trust will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our Academy Development Plan(s).

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

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**AUDITORS**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 5 December 2017 and signed on the board's behalf by:



**T Falcao**  
**Chair of Trustees**

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that The Academy for Character and Excellence 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 C Weyman, 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 The Academy for Character and Excellence 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:

Trustee	Meetings attended	Out of a possible
S Climie, Chair until 15 September 2016	1	1
T Falcao, Chair from 17 October 2016	4	4
M Cousins	4	5
I Crocker	5	5
S C Girling	4	5
J W Powles	2	2
A Slader	1	2

S Climie, Chair, resigned as Chair on the 15 September 2016 and T Falcao was appointed as Chair on the 17 October 2016.

I Crocker, the Trustee acting as Finance Director, resigned on the 15 August 2017 and the Trust is currently seeking to fill this vacancy.

J W Powles resigned as a Trustee on the 23 January 2017 and this vacancy was filled by A Slader who was appointed on the 15 April 2017.

Due to a significant period of change, no sub-committees were set up during the year. However, a Finance and Audit sub-committee will be set up when a new Trustee, carrying out the role of Finance Director, is appointed.

Even though a Finance and Audit sub-committee was not formally set up, there were a number of meetings attended by the Finance Director, the Accounting Officer and the Group Finance Manager during the year and there were also further meetings with the finance portfolio-holders on each Local Governing Body.

The Group Finance Manager prepares monthly management accounts (including a variance analysis, narrative and key ratio analysis) for the Trust and the individual schools and has also attends Trustees and Local Governing Body meetings to present the Financial position.

An internal review of Governance has been carried out during the year and is still on-going and a result of this some significant changes have been made.

The two new Church schools joined the Trust on 1 November 2017 and the Trust is taking advantage of the network of governance practitioners to ensure that governance is in line with current statutory requirements.

The Trust has now incorporated the Church of England's vision for Education which aligns completely with the Trust's vision and this will only help to improve practices and procedures over the coming months and years.



**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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As a result of the new Church schools joining the Trust, the Trust has reviewed and changed its Articles so that they are compatible with operating as a mixed MAT. This exercise has been completed and the Trust looks forward to working with a stronger Board of Trustees following the appointment of three new Trustees with effect from 1 November 2017.

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the C Weyman 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 appropriate.

The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Robust financial governance and budget management.
- Value for money purchasing.
- Reviewing controls and managing risk.
- Considering allocation/targeting/use of resources.
- Not allocating time/resources to areas where few improvements can be achieved.
- Making comparisons with similar Academies using data provided by the EFA and the Government.
- Challenging proposals and examining their effectiveness and efficiency.
- Deploying staff effectively.
- Reviewing quality of curriculum provision and quality of teaching.
- Reviewing quality of children's learning to enable children to achieve nationally expected progress.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust 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 The Academy for Character and Excellence for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of 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 year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

This process is regularly reviewed by the Board of Trustees.

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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**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;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees plan to appoint a reviewer to perform additional checks and these external audits will commence in Spring term 2018.

For 2017/18, on a termly basis, the reviewer will report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The auditors' 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:

- the Teachers' Pension audit.
- Help and advice regarding the Subsidiary Company – ACE Enhanced Services Limited.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the C Weyman has responsibility for reviewing the effectiveness of the system of internal control.

During the year in question the review has been informed by:

- regular meeting with the Finance Director and Group Finance Manager;
- the financial management and governance self-assessment process;
- the work of the headteachers 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 Strategic Board.

A plan to address weaknesses and ensure continuous improvement of the system is in place.

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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Approved by order of the members of the Board of Trustees on 5 December 2017 and signed on their behalf, by:



**T Falcao  
Chair of Trustees**



**C Weyman  
Accounting Officer**

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



**C Weyman  
Accounting Officer**

Date: 5 December 2017

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees (who act as governors of The Academy for Character and Excellence and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, 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 of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**T Falcao**  
**Chair of Trustees**

**Date: 5 December 2017**

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
ACADEMY FOR CHARACTER AND EXCELLENCE**

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**OPINION**

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

- the 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 information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
ACADEMY FOR CHARACTER AND EXCELLENCE**

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
ACADEMY FOR CHARACTER AND EXCELLENCE**

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**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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



Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date:

13.12.17



**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
ACADEMY FOR CHARACTER AND EXCELLENCE AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 19 January 2017 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 The Academy for Character and Excellence during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Academy for Character and Excellence and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Academy for Character and Excellence and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Academy for Character and Excellence and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE ACADEMY FOR CHARACTER AND EXCELLENCE'S  
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Academy for Character and Excellence's funding agreement with the Secretary of State for Education dated 17 May 2016, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
ACADEMY FOR CHARACTER AND EXCELLENCE AND THE EDUCATION AND SKILLS FUNDING AGENCY  
(continued)**

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**CONCLUSION**

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



Tim Borton FCA DChA (Reporting Accountant)

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

Date:

13-12-17

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted Fixed Asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Funds from Local Authority on conversion	2	-	-	-	-	5,987,650
Other donations and capital grants	2	19,025	49,818	-	68,843	8,110
Charitable activities	3	38,900	2,574,738	-	2,613,638	687,618
Other trading activities	4	32,792	-	-	32,792	7,640
Investments	5	160	-	-	160	45
<b>TOTAL INCOME</b>		<b>90,877</b>	<b>2,624,556</b>	<b>-</b>	<b>2,715,433</b>	<b>6,691,063</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		157,750	2,833,665	123,966	3,115,381	733,927
<b>TOTAL EXPENDITURE</b>	6	<b>157,750</b>	<b>2,833,665</b>	<b>123,966</b>	<b>3,115,381</b>	<b>733,927</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>(66,873)</b>	<b>(209,109)</b>	<b>(123,966)</b>	<b>(399,948)</b>	<b>5,957,136</b>
Transfers between Funds	19	-	(27,083)	27,083	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>(66,873)</b>	<b>(236,192)</b>	<b>(96,883)</b>	<b>(399,948)</b>	<b>5,957,136</b>
Actuarial gains/(losses) on defined benefit pension schemes	23	-	91,000	-	91,000	(343,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(66,873)</b>	<b>(145,192)</b>	<b>(96,883)</b>	<b>(308,948)</b>	<b>5,614,136</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		32,969	(754,841)	6,336,008	5,614,136	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>(33,904)</b>	<b>(900,033)</b>	<b>6,239,125</b>	<b>5,305,188</b>	<b>5,614,136</b>

The notes on pages 28 to 51 form part of these financial statements.

**THE ACADEMY FOR CHARACTER AND EXCELLENCE**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 10098444**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Intangible assets	14		5,089		7,948
Tangible assets	15		6,234,036		6,328,060
			<u>6,239,125</u>		<u>6,336,008</u>
<b>CURRENT ASSETS</b>					
Debtors	16	116,292		100,979	
Cash at bank and in hand		74,325		280,689	
		<u>190,617</u>		<u>381,668</u>	
<b>CREDITORS:</b> amounts falling due within one year	17	(183,554)		(254,540)	
<b>NET CURRENT ASSETS</b>			<u>7,063</u>		<u>127,128</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,246,188</u>		<u>6,463,136</u>
Defined benefit pension scheme liability	23		(941,000)		(849,000)
<b>NET ASSETS</b>			<u><u>5,305,188</u></u>		<u><u>5,614,136</u></u>
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	19	40,967		94,159	
Fixed asset funds	19	6,239,125		6,336,008	
		<u>6,280,092</u>		<u>6,430,167</u>	
Restricted funds excluding pension liability					
Pension reserve		(941,000)		(849,000)	
		<u></u>		<u></u>	
Total restricted funds			<u>5,339,092</u>		<u>5,581,167</u>
Unrestricted funds	19		(33,904)		32,969
<b>TOTAL FUNDS</b>			<u><u>5,305,188</u></u>		<u><u>5,614,136</u></u>

The financial statements on pages 25 to 51 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:



**T Falcao**  
**Chair of Trustees**

The notes on pages 28 to 51 form part of these financial statements.

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	21	<u>(193,471)</u>	<u>173,971</u>
<b>Cash flows from investing activities:</b>			
Interest received		160	45
Purchase of tangible fixed assets		(27,083)	(7,111)
Capital grants from DfE/ESFA		14,030	-
Purchase of intangible fixed assets		-	(8,663)
<b>Net cash used in investing activities</b>		<u>(12,893)</u>	<u>(15,729)</u>
<b>Cash transferred on conversion to an academy trust:</b>			
Cash transferred		-	122,447
<b>Net cash provided by conversion to an academy trust</b>		<u>-</u>	<u>122,447</u>
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents brought forward		<u>280,689</u>	-
<b>Cash and cash equivalents carried forward</b>	22	<u><u>74,325</u></u>	<u><u>280,689</u></u>

The notes on pages 28 to 51 form part of these financial statements.

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
(A COMPANY LIMITED BY GUARANTEE)**

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

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**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. All comparative figures within the financial statements relate to the three month period ended 31 August 2016.

A wholly owned subsidiary company, ACE Enhanced Services Limited, was incorporated on 26 January 2017 to operate preschools on the Academy Trust Sites. The preschools commenced operation in summer 2017. However, the level of activity and balances from commencement of operation to 31 August 2017 was immaterial to The Academy for Character and Excellence. The level of activity and balances in the subsidiary company was also immaterial to The Academy for Character and Excellence. Accordingly consolidated financial statements have not been prepared.

The Academy for Character and Excellence constitutes a public benefit entity as defined by FRS 102.

**1.2 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust 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 statement.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance 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.

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

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

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 and services

**1.4 EXPENDITURE**

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

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

All expenditure is inclusive of irrecoverable VAT.

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**1. ACCOUNTING POLICIES (continued)**

**1.5 INTANGIBLE FIXED ASSETS AND AMORTISATION**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Software	-	33% straight line
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**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities 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.

On conversion the Academy Trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

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

Freehold and long term leasehold property	-	Buildings 50 years / Land 125 years
Motor vehicles	-	33% straight line
Fixtures and fittings	-	15% straight line
Computer equipment	-	33% straight line

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

**1.7 DEBTORS**

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.



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**1. ACCOUNTING POLICIES (continued)**

**1.8 CASH AT BANK AND IN HAND**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

**1.9 LIABILITIES AND PROVISIONS**

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

**1.10 FINANCIAL INSTRUMENTS**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. 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 costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.11 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 11 Part 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.12 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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**1. ACCOUNTING POLICIES (continued)**

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 net income/(expenditure) 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.

**1.13 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 funders where the asset acquired or created is held for a specific purpose.

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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**1. ACCOUNTING POLICIES (continued)**

**1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT**

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

Critical accounting estimates and assumptions:

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

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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**1.15 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted Fixed Asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Funds from Local Authority on conversion	-	-	-	-	5,987,650
Donations	19,025	35,788	-	54,813	8,110
Capital Grants	-	14,030	-	14,030	-
Subtotal	19,025	49,818	-	68,843	8,110
	19,025	49,818	-	68,843	5,995,760
<i>Total 2016</i>	37,531	(391,974)	6,350,203	5,995,760	

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	2,149,234	2,149,234	530,583
Start up Grants	-	50,000	50,000	50,000
Other DfE/ESFA grants	-	276,904	276,904	65,375
	-	2,476,138	2,476,138	645,958
<b>Other Government grants</b>				
High Needs	-	49,191	49,191	8,052
Other government grants non capital	-	24,169	24,169	555
	-	73,360	73,360	8,607
<b>Other funding</b>				
Internal catering income	38,877	-	38,877	6,885
Sales to students	23	-	23	8
Other	-	25,240	25,240	26,160
	38,900	25,240	64,140	33,053
	38,900	2,574,738	2,613,638	687,618
<i>Total 2016</i>	6,893	680,725	687,618	

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	2,763	-	2,763	385
Consultancy	16,608	-	16,608	7,255
Fees and charges	13,421	-	13,421	-
	<u>32,792</u>	<u>-</u>	<u>32,792</u>	<u>7,640</u>
<i>Total 2016</i>	<u>7,640</u>	<u>-</u>	<u>7,640</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income - local cash	160	-	160	45
	<u>160</u>	<u>-</u>	<u>160</u>	<u>45</u>
<i>Total 2016</i>	<u>45</u>	<u>-</u>	<u>45</u>	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Activities:					
Direct costs	2,052,894	86,776	148,912	2,288,582	519,144
Support costs	302,329	187,255	337,215	826,799	214,783
	<u>2,355,223</u>	<u>274,031</u>	<u>486,127</u>	<u>3,115,381</u>	<u>733,927</u>
<i>Total 2016</i>	<u>539,475</u>	<u>71,671</u>	<u>122,781</u>	<u>733,927</u>	

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
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**7. DIRECT COSTS**

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Pension finance cost	18,000	5,000
Educational supplies	77,626	17,368
Staff development	21,678	1,397
Other costs	31,608	4,869
Supply teachers	17,499	6,400
Wages and salaries	1,475,603	357,770
National insurance	119,624	31,443
Pension cost	440,168	73,919
Depreciation and amortisation	86,776	20,978
	<u>2,288,582</u>	<u>519,144</u>
<i>Total 2016</i>	<u>519,144</u>	

**8. SUPPORT COSTS**

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Other costs	14,154	160
Recruitment and support	2,231	425
Maintenance of premises and equipment	20,825	10,785
Cleaning	74,606	24,679
Rent and rates	25,581	4,628
Energy costs	26,891	1,468
Insurance	11,105	3,362
Security and transport	16,305	2,687
Catering	98,420	18,097
Technology costs	36,518	349
Office overheads	9,131	2,145
Legal and professional	140,740	60,936
Bank interest and charges	823	128
Governance	9,950	6,000
Wages and salaries	250,302	52,996
National insurance	13,168	3,112
Pension cost	38,859	13,835
Depreciation and amortisation	37,190	8,991
	<u>826,799</u>	<u>214,783</u>
<i>Total 2016</i>	<u>214,783</u>	

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
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**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amortisation of intangible fixed assets	<b>2,859</b>	715
Depreciation of tangible fixed assets:		
- owned by the charity	<b>121,107</b>	29,254
Auditors' remuneration - audit	<b>9,950</b>	6,000
Operating lease rentals	<b>5,400</b>	1,350
	<u><u>          </u></u>	<u><u>          </u></u>

**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
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**10. STAFF COSTS**

Staff costs were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,703,905</b>	410,766
Social security costs	<b>132,792</b>	34,555
Operating costs of defined benefit pension schemes	<b>479,027</b>	87,754
	<u><b>2,315,724</b></u>	<u>533,075</u>
Supply teacher costs	<b>17,499</b>	6,400
Staff restructuring costs	<b>22,000</b>	-
	<u><b>2,355,223</b></u>	<u>539,475</u>

Staff restructuring costs comprise:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Severance payments	<b>22,000</b>	-

Included in severance payments above are payments of £10,000 (paid in January 2017) and £12,000 (paid in March 2017) (2016: no payments).

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>39</b>	25
Administration and support	<b>71</b>	67
Management	<b>2</b>	3
	<u><b>112</b></u>	<u>95</u>

Average headcount expressed as a full time equivalent:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>24</b>	23
Administration and support	<b>35</b>	29
Management	<b>2</b>	3
	<u><b>61</b></u>	<u>55</u>

The number of employees whose employee benefits (excluding employers national insurance and pension costs) exceeded £60,000 was:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
In the band £70,001 - £80,000	<b>2</b>	2



**THE ACADEMY FOR CHARACTER AND EXCELLENCE  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. STAFF COSTS (continued)**

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employers national insurance and pension contributions) received by key management personnel for their services to the Academy Trust was £179,426 (2016: £58,387). Only part of these salaries relate to duties performed as key management.

**11. CENTRAL SERVICES**

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

- Strategic support
- Financial support

The Academy Trust charges for these services on the following basis:

- 3% of GAG income

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Shaldon Primary School	23,382	5,845
Redhills Primary School	41,095	10,274
Total	<u>64,477</u>	<u>16,119</u>

**12. TRUSTEES' REMUNERATION AND EXPENSES**

During the year, no Trustees received any remuneration (2016: £NIL).

During the year, no Trustees received any benefits in kind (2016: £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016: £nil to 0 Trustees).

**13. TRUSTEES' AND OFFICERS' INSURANCE**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. INTANGIBLE FIXED ASSETS**

	<b>Software £</b>
<b>COST</b>	
At 1 September 2016 and 31 August 2017	8,663
<b>AMORTISATION</b>	
At 1 September 2016	715
Charge for the year	2,859
At 31 August 2017	3,574
<b>CARRYING AMOUNT</b>	
At 31 August 2017	5,089
At 31 August 2016	7,948

**15. TANGIBLE FIXED ASSETS**

	<b>Freehold and long term leasehold property £</b>	<b>Motor vehicles £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>COST</b>					
At 1 September 2016	6,300,643	1,000	30,466	25,205	6,357,314
Additions	-	-	16,924	10,159	27,083
At 31 August 2017	6,300,643	1,000	47,390	35,364	6,384,397
<b>DEPRECIATION</b>					
At 1 September 2016	25,968	83	1,124	2,079	29,254
Charge for the year	103,918	330	6,081	10,778	121,107
At 31 August 2017	129,886	413	7,205	12,857	150,361
<b>NET BOOK VALUE</b>					
At 31 August 2017	6,170,757	587	40,185	22,507	6,234,036
At 31 August 2016	6,274,675	917	29,342	23,126	6,328,060

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. DEBTORS**

	2017 £	2016 £
Trade debtors	1,118	-
Amounts owed by group undertakings	16,684	-
Other debtors	2,733	-
Prepayments and accrued income	67,873	80,301
VAT recoverable	27,884	20,678
	<u>116,292</u>	<u>100,979</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade creditors	59,391	108,404
Other taxation and social security	30,261	33,840
Other creditors	31,631	33,010
Accruals and deferred income	62,271	79,286
	<u>183,554</u>	<u>254,540</u>

	2017 £	2016 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2016	68,951	-
Resources deferred during the year	46,114	68,951
Amounts released from previous years	(68,951)	-
Deferred income at 31 August 2017	<u>46,114</u>	<u>68,951</u>

At the balance sheet date the Academy was holding funds received in advance primarily for UIFSM.

**18. FINANCIAL INSTRUMENTS**

	2017 £	2016 £
Financial assets measured at amortised cost	<u>53,392</u>	<u>76,556</u>
Financial liabilities measured at amortised cost	<u>(75,548)</u>	<u>(118,739)</u>

Financial assets measured at amortised cost comprise trade debtors, group debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors and accrued expenditure.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**19. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>UNRESTRICTED FUNDS</b>						
General funds	32,969	90,877	(157,750)	-	-	(33,904)
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	2,435	2,149,234	(2,124,586)	(27,083)	-	-
High needs	-	49,191	(49,191)	-	-	-
Donations	-	22,541	(22,541)	-	-	-
Pupil premium	-	161,772	(161,772)	-	-	-
Start up grant	-	50,000	(9,033)	-	-	40,967
Devolved formula capital	13,264	14,030	(27,294)	-	-	-
UIFSM	-	74,728	(74,728)	-	-	-
Other DfE/ ESFA grants	52,300	40,404	(92,704)	-	-	-
Other government grants	-	24,169	(24,169)	-	-	-
Educational trips	-	13,247	(13,247)	-	-	-
Other non-government grants	26,160	25,240	(51,400)	-	-	-
Pension reserve	(849,000)	-	(183,000)	-	91,000	(941,000)
	(754,841)	2,624,556	(2,833,665)	(27,083)	91,000	(900,033)
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	6,321,173	-	(116,119)	-	-	6,205,054
Fixed assets purchases from GAG and other restricted funds	14,835	-	(7,847)	27,083	-	34,071
	6,336,008	-	(123,966)	27,083	-	6,239,125
Total restricted funds	5,581,167	2,624,556	(2,957,631)	-	91,000	5,339,092
Total of funds	5,614,136	2,715,433	(3,115,381)	-	91,000	5,305,188

**STATEMENT OF FUNDS - PRIOR YEAR**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>UNRESTRICTED FUNDS</b>						
General funds	-	52,109	(19,140)	-	-	32,969
	-	52,109	(19,140)	-	-	32,969

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

**RESTRICTED FUNDS**

General Annual Grant (GAG)	-	530,583	(512,374)	(15,774)	-	2,435
	-	8,052	(8,052)	-	-	-
High needs	-	163	(163)	-	-	-
Donations	-	47,740	(47,740)	-	-	-
Pupil premium	-	50,000	(50,000)	-	-	-
Devolved formula capital	-	13,264	-	-	-	13,264
UIFSM	-	20,725	(20,725)	-	-	-
Other DfE/ESFA grants	-	65,375	(13,075)	-	-	52,300
Other government grants	-	5,112	(5,112)	-	-	-
Educational trips	-	6,577	(6,577)	-	-	-
Other non-government grants	-	26,160	-	-	-	26,160
Pension reserve	-	(485,000)	(21,000)	-	(343,000)	(849,000)
	-	288,751	(684,818)	(15,774)	(343,000)	(754,841)

**RESTRICTED FIXED ASSET FUNDS**

Fixed assets transferred on conversion	-	6,350,203	(29,030)	-	-	6,321,173
Fixed assets purchases from GAG and other restricted funds	-	-	(939)	15,774	-	14,835
	-	6,350,203	(29,969)	15,774	-	6,336,008
Total restricted funds	-	6,638,954	(714,787)	-	(343,000)	5,581,167
Total of funds	-	6,691,063	(733,927)	-	(343,000)	5,614,136

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

**Restricted Funds**

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy Trust, including education and support costs.

High needs - Funding received by the Local Authority to fund further support for student with additional needs.

Pupil premium - Pupil premium represents funding received from the EFA for children that qualify for free school meals to enable the Academy Trust to address the current underlying inequalities between those children and their wealthier peers.

Start up grant - This represents one off funding received from the EFA to contribute to the cost of schools converting from a local authority maintained school to an academy and the take on of additional schools.

Devolved formula capital - This represents funding from the EFA to cover the maintenance and purchase of the Trust's assets.

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**19. STATEMENT OF FUNDS (continued)**

UIFSM - Funding received to enable all pupil in reception, year 1 and year 2 to be offered a free school meal.

Other restricted income - Other forms of income with specific restrictions on its spending.

Pension reserve - This represents the Academy Trust's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy Trust.

**Fixed Asset Funds**

Fixed assets transferred on conversion - This represent the buildings and equipment donated to the trust from the Local Authority on conversion to an Academy Trust.

Fixed assets purchased from GAG - This represents fixed assets which were purchased from GAG funding.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Shaldon Primary School	<b>26,319</b>	42,164
Redhills Community Primary School	<b>(39,462)</b>	27,726
Central	<b>20,206</b>	57,238
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	<b>7,063</b>	127,128
Restricted fixed asset fund	<b>6,239,125</b>	6,336,008
Pension reserve	<b>(941,000)</b>	(849,000)
	<hr/>	<hr/>
Total	<b>5,305,188</b>	5,614,136
	<hr/> <hr/>	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

<b>Name of academy</b>	<b>Amount of deficit £</b>
Redhills Community Primary School	<b>(39,462)</b>

The deficit at Redhills occurred for a number of reasons including:

- Unbudgeted capital and revenue expenditure. Regular financial reports were not made available until April/May 2017 so this was not obvious to the Trust until this time.
- Falling numbers at the school. The importance of the school role was not seen as a priority so no plans were in place to address the decline in numbers.
- Inappropriate staff structure. Even though the pupil numbers were falling no appropriate action was taken to address both the staff structure and the number of staff.

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**19. STATEMENT OF FUNDS (continued)**

The Academy Trust is taking the following action to return the academies to surplus:

- Introduced a Consultant Head (Executive Head of the 2 new schools which joined the MAT on the 1st November 2017) in the Summer term 2017 to review and manage the situation. A Head of School will be appointed on the 1st January 2018 to ensure that the necessary changes are implemented.
- Carried out a full review of the staffing structure (involving taking extensive HR advice) including individual roles and responsibilities and this has resulted in a number of changes. Although a defined programme of redundancies has not been introduced cost savings have already been made via natural wastage.
- A full review of performance management was carried out and plans have been put in place for under-performing staff.
- Reviewed and changed policies and processes, including "custom and practice", within the school to make sure they are still fit for purpose and that those that are not have been replaced.
- Introduced tighter financial control from April/May 2017 onwards as part of the overall changes within the MAT.
- Taken a nursery provision into the Trust with the aim of increasing the numbers for Reception in the coming years.
- Reviewed and changed the governance at the school which has resulted in a temporary suspension of the Local Governing Body while the Trust works to bring everything in line with the MAT.

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Shaldon Primary School	685,559	77,269	57,390	194,190	1,014,408	223,172
Redhills Community Primary School	1,343,333	156,606	59,186	306,182	1,865,307	415,149
Central	24,000	68,455	1,577	17,667	111,699	65,637
	<u>2,052,892</u>	<u>302,330</u>	<u>118,153</u>	<u>518,039</u>	<u>2,991,414</u>	<u>703,958</u>

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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted Fixed Asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	5,089	5,089
Tangible fixed assets	-	-	6,234,036	6,234,036
Current assets	-	190,617	-	190,617
Creditors due within one year	(33,904)	(149,650)	-	(183,554)
Pension scheme liability	-	(941,000)	-	(941,000)
	<u>(33,904)</u>	<u>(900,033)</u>	<u>6,239,125</u>	<u>5,305,188</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted Fixed Asset funds 2016 £	Total funds 2016 £
Intangible fixed assets	-	-	7,948	7,948
Tangible fixed assets	-	-	6,328,060	6,328,060
Current assets	32,969	348,699	-	381,668
Creditors due within one year	-	(254,540)	-	(254,540)
Provisions for liabilities and charges	-	(849,000)	-	(849,000)
	<u>32,969</u>	<u>(754,841)</u>	<u>6,336,008</u>	<u>5,614,136</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(399,948)	5,957,136
<b>Adjustment for:</b>		
Depreciation and amortisation charges	123,966	29,969
Interest received	(160)	(45)
Increase in debtors	(15,313)	(100,979)
(Decrease)/increase in creditors	(70,986)	254,540
Capital grants from DfE and other capital income	(14,030)	-
Defined benefit pension scheme obligation inherited	-	485,000
Defined benefit pension scheme cost less contributions payable	165,000	16,000
Defined benefit pension scheme finance cost	18,000	5,000
Net assets from local authority on conversion	-	(6,472,650)
<b>Net cash (used in)/provided by operating activities</b>	<u>(193,471)</u>	<u>173,971</u>



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**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash at bank and in hand	74,325	280,689
	<u>74,325</u>	<u>280,689</u>

**23. PENSION COMMITMENTS**

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

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

Contributions amounting to £31,631 were payable to the schemes at 31 August 2017 (2016: 33,010) 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.

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

**Valuation of the Teachers' Pension Scheme**

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

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

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**23. PENSION COMMITMENTS (continued)**

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

The employer's pension costs paid to TPS in the period amounted to £185,610 (2016: £39,010).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £154,000 (2016: £35,000), of which employer's contributions totalled £118,000 (2016: £27,000) and employees' contributions totalled £36,000 (2016: £8,000). The agreed contribution rates for future years are 15.4% plus £20,000 per annum for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.70 %

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

	2017	2016
Retiring today		
Males	23.4	22.9
Females	25.5	26.2
Retiring in 20 years		
Males	25.7	25.2
Females	27.9	28.6

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis on defined benefit obligations</b>		
Discount rate +0.1%	(41,000)	(34,000)
Discount rate -0.1%	42,000	34,000
Mortality assumption - 1 year increase	51,000	33,000
Mortality assumption - 1 year decrease	(49,000)	(32,000)
CPI rate +0.1%	37,000	28,000
CPI rate -0.1%	(36,000)	(28,000)

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**23. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities and gilts	400,000	267,000
Other bonds	16,000	11,000
Property and infrastructure	81,000	59,000
Cash	15,000	7,000
Target return portfolio and alternative assets	131,000	86,000
	<u>643,000</u>	<u>430,000</u>

The actual return on scheme assets was £60,000 (2016: £31,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £	2016 £
Current service cost	(283,000)	(43,000)
Interest income	11,000	3,000
Interest cost	(29,000)	(8,000)
	<u>(301,000)</u>	<u>(48,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	1,279,000	-
Upon conversion	-	849,000
Current service cost	283,000	43,000
Interest cost	29,000	8,000
Employee contributions	36,000	8,000
Actuarial (gains)/losses	(42,000)	371,000
Benefits paid	(1,000)	-
	<u>1,584,000</u>	<u>1,279,000</u>

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**23. PENSION COMMITMENTS (continued)**

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

	2017	2016
	£	£
Opening fair value of scheme assets	430,000	-
Upon conversion	-	364,000
Interest income	11,000	3,000
Actuarial losses	49,000	28,000
Employer contributions	118,000	27,000
Employee contributions	36,000	8,000
Benefits paid	(1,000)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>643,000</u>	<u>430,000</u>

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**24. OPERATING LEASE COMMITMENTS**

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

	2017 £	2016 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	5,400	5,400
Between 1 and 5 years	10,799	16,199
Total	<u>16,199</u>	<u>21,599</u>

**25. MEMBERS' LIABILITY**

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

**26. GENERAL INFORMATION**

The Academy for Character and Excellence is a company limited by guarantee, incorporated in England and Wales. The registered office is Shaldon Primary School, Bridge Road, Shaldon, Teignmouth, Devon, EX4 2BY.

**27. RELATED PARTY TRANSACTIONS**

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

No related party transactions took place in the period.

**28. POST BALANCE SHEET EVENTS**

On 1 November 2017, Collaton St Mary Church of England Primary School and Galmpton Church of England Primary School converted to academies and joined the Academy Trust.