

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**Members**

Peter I Fraser  
Donna C Harris (resigned 19 October 2017)  
Patricia E Bell (resigned 16 October 2017)  
James P Wright (resigned 26 September 2017)  
Peter N G Hardy (resigned 26 September 2017)  
Ben Turner (appointed 1 September 2017)  
John Andersen (appointed 1 September 2017)  
Tim Bishop (appointed 1 September 2017)

**Trustees**

Peter I Fraser, Chair of Trustees  
John Organ, Vice Chair  
Peter N G Hardy  
James P Wright  
Patricia E Bell  
Stephanie J Day (resigned 26 September 2017)  
Bruce R Wilson (resigned 26 September 2017)  
David R Mead (resigned 25 September 2017)  
Shirley J Gates  
Donna C Harris  
James Adams, Headteacher  
Juliet Clifton-Fearns (resigned 11 October 2017)  
Harriet Rowe (resigned 6 October 2017)  
Steven Gray (appointed 1 November 2017)

**Company registered number** 08347874

**Company name** Clarion Academy Trust

**Principal and registered office** Kittens Lane  
Loddon  
Norwich  
Norfolk  
NR14 6JU

**Chief executive officer** Mr J Adams

**Senior management team**

Mr J Adams, Headteacher  
Mrs A Hambley, Headteacher  
Mr M Quantrill, Deputy Headteacher  
Mr R Greenhalf, Assistant Headteacher  
Mr P Collins, Business Manager  
Mrs J Wilkinson, Assistant Headteacher  
Miss K Hall, Assistant Headteacher

**Independent auditors** Price Bailey LLP  
Chartered Accountants  
Anglia House, 6 Central Avenue  
St Andrews Business Park  
Thorpe St Andrew  
Norwich  
Norfolk  
NR7 0HR

**CLARION ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**Advisers (continued)**

**Bankers**

Lloyds TSB Bank Plc  
Gentlemans Walk  
Norwich  
Norfolk

NatWest  
1 Smallgate  
Beccles  
Suffolk  
NR34 9YY

**Solicitors**

Steeles Law LLP  
Lawrence House  
5 St Andrews Hill  
Norwich  
Norfolk  
NR2 1AD

**CLARION ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Clarion Academy Trust Limited (The Trust or the Charitable Company) for the year ended 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates Hobart High School for pupils aged 11-16 years, serving the rural catchment area covering Loddon and the surrounding villages south east of Norwich and Thurlton Primary School for pupils aged 5-11 draws its pupils from Thurlton, Norton Subcourse, Raveningham, Thorpe-Next-Haddiscoe and other surrounding villages. The High School has a capacity of 820 and a roll of 704 and the Primary has a capacity of 105 with current roll of 60 in the 2018 census.

**Structure, Governance and Management**

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company is known as Clarion Academy Trust.

The operation of The Trust's schools and employment of staff are the responsibility of the Trustees. The Trust retains control of the schools budget and finances, and monitors these through its Trust Resources Committee.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details section.

**Members' Liability**

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

**Trustees and Officers' Indemnities**

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim.

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

Trustees are appointed for a term of four years and are eligible for re-election. The Articles of Association of the Charitable Company set out the number and type of Trustees of the Academy in paragraphs 50 to 65. The Chief Executive Officer (CEO) is an ex-officio Trustee. Parent and Staff Trustees are elected by parents and staff respectively, or appointed by the Board of Trustees if there are insufficient candidates offering themselves for election. The Members may appoint up to 11 Trustees. The Board of Trustees can appoint Co-opted Trustees.

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

The Charitable Company is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. The Trust purchases a governor support service from Educator Solutions which enables all Trustees to obtain advice and undertake a wide range of training courses at no cost.

All new Trustees are entitled to an induction into the role, according to their need, which may include introductory sessions, mentoring and formal courses. The induction process will include a meeting with the Chair of Trustees and Chief Executive Officer (CEO); a tour of the school and the opportunity to meet with students and staff. All Trustees are provided with a range of policy and procedure documents that are appropriate to the role they undertake as Trustees and with particular emphasis on the committee work that they undertake.

**Organisational Structure**

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The Board of Trustees, which meets on at least five occasions per year, is responsible for: the strategic direction of the Trust; setting general policy and approving major decisions about the direction of the Trust, including senior appointments. The Board of Trustees approves an annual development plan and reviews progress towards educational objectives and academic results. They also approve major expenditure requests, set the budget for the following year and agree and review the performance objectives of the Chief Executive Officer (CEO) with the School Improvement Partner. The Board of Trustees receives reports from the three operational committees comprising of smaller groups of Trustees which conduct the business of the Trust; the Trust Resources Committee; the Curriculum and Progress Committee; and the Pastoral, Personnel and Communications Committee. The terms of reference of the committees are reviewed by the Board of Trustees annually and are published on the Trust website.

The Chief Executive Officer (CEO) is the designated Accounting Officer of the Trust and has overall responsibility for the day to day financial management of the Charitable Company. The Chief Executive Officer (CEO) has delegated responsibility for managing the budget within the agreed Schedule of Delegation as set out in the Finance Policy. The Trust Resources Committee monitor income and expenditure against the annual budget and a system of financial controls is in place to manage all financial processes and transactions.

The Chief Executive Officer (CEO) directs the Trust at an executive level, implementing policies and reporting to the Board of Trustees. The Chief Executive Officer (CEO) is supported by the Senior Leadership Teams in managing the operation of the Trust, in particular organising staff, resources and pupils. They are responsible for the authorisation of expenditure within agreed budgets and for the appointment of staff following vetting and safeguarding procedures.

**Arrangements for setting pay and remuneration of key management personnel**

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust. The Senior Leadership Team is identified as key management personnel.

No Trustees receive any remuneration for their work as Trustees on behalf of the Trust.

The pay of all teaching members of the Senior Leadership Team is in accordance with the nationally agreed Leadership Pay Spine as set out in the Teachers Pay and Conditions Document. The pay of the non-teaching member of the Senior Leadership Team is in accordance with the nationally agreed pay scale set by the National Joint Council for Local Government Services. Within these frameworks, pay and remuneration is decided by a variety factors, such as the school group size, salary ranges, the level of responsibility of each post, the level of experience of each staff member and performance management outcomes. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment, pay and performance management policies.

**Related Parties and other Connected Charities and Organisations**

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook. The Trust maintains a Register of Business and Pecuniary Interest that is published on its website and an item requiring declaration of interests is included on the agendas of all meetings of the Board of Trustees and its Committees.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- Norfolk County Council
- Educator Solutions
- Maintained Cluster Primary Schools
- Academy Cluster Primary Schools
- Suffolk County Council
- ASCL
- Norfolk Constabulary

The Trust does not have a formal sponsor.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**Objectives and Activities**

**Objects and Aims**

As set out in the Articles of Association, the Trust's object is to advance for the public benefit education in the United Kingdom, and;

- to establish high quality teaching, learning and assessment;
- to provide a full and diverse curriculum and other activities;
- to provide an environment where every child and every member of staff matters;
- The provision of community facilities.

**Objectives, Strategies and Activities**

The School Improvement and Development Plan 2017/18 included the whole school priorities and objectives and provides the basis for activities. These are summarised as:

- Ensure disadvantaged students and those in receipt of Pupil Premium make good progress.
- Improve attendance across all student groups, particularly disadvantaged students.
- Develop CPD for non-teaching staff and middle & aspiring leaders.
- Improve teaching and learning particularly in key areas: differentiation, active and independent learning.
- Embed literacy and numeracy across the curriculum.

**During the year the Trust has worked towards these aims by:**

- Staff have attended a timetable programme of themed CPD sessions throughout the year including differentiation, active and independent learning, effective questioning and behaviour for learning. Teaching and Learning Communities have been formed in the areas of numeracy, literacy, new and emerging technologies and student leadership.
- Became an academy sponsor and developed a model to build capacity and expertise.
- Reviewed our existing assessment policies and practice; consulted with middle leaders.
- Developed leadership opportunities across the school and introduced a 'Leadership Passport' for all students to record their experiences.

**Our success in fulfilling our aims can be measured by:**

- Thematic groups in place and impacted positively on outcomes.
- Clarion Multi Academy Trust formed and sponsored its first academy in September 2017
- Tracking and data system in place and used to effectively track student progress.
- Student voice now established across a range of year groups; contributes to school improvement.

**Public Benefit**

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission. The catchment area is as stated in the introduction to this report.

**Strategic Report**

**Achievements and Performance**

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the Trust.

Specific achievements were as follows:

- Trustees have continued to offer both support and challenge to the school and set aspirational targets for improvement. Accountability at all levels has remains strong. The focus has continued to around raising standards in terms of student outcomes.

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- The Progress 8 measure for Hobart High School was +0.01 (2017: +0.21). The percentage of students gaining the English Baccalaureate was 29% (2017; 21%, 2016; 19%) and the percentage of students gaining at least a grade 4 or better in English and Mathematics was 70%. Although we are pleased with these results, there are areas we need to look at and we have begun to do so.
- Our latest Ofsted inspection in November 2017 rated Hobart High School as Good. There were a number of areas for which the school was highly praised. Pleasingly, these were areas that were a focus for improvement.

### **Key Performance Indicators**

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

As funding is based on student numbers this is a key performance indicator. Student numbers at 1st September 2017 were 700; 1st September 2016 were 726; 1st September 2015 were 742. This fall in student numbers is consistent with the Norfolk County Council student demographic data set.

Another key financial performance indicator is staffing costs as a percentage of total income (excluding amounts on conversion). For 2016/17 this was 81.1% and for 2017/18 this was 81.9%. The Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and staffing structures all approved by the Board of Trustees.

The Trust Resources Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board of Trustees.

### **Going Concern**

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

### **Financial Review**

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2018 the Trust received £4,678,079 of GAG and other funding, including £538,037 of assets transferred on conversion. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £4,583,973 on expenditure and transferred £41,466 to support capital new build and improvement projects on the academy site. The Trust brought forward from 2016/17 is £12,175,276 total funds, including £12,173,959 of fixed assets and £876,923 unrestricted funding. The carry forward for 2017/18 is £131,759 restricted funding, (£983,000) relating to the pension deficit, £876,178 of unrestricted funding, and £12,588,082 restricted fixed assets funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £983,000, included in the restricted funds noted above. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

### **Reserves Policy**

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via financial monitoring reports received by the Finance and Resources Committee. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £876,178. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trustees have made a decision to designate unrestricted balances of £475,000 for future capital projects, and is holding other unrestricted funds of £401,178 to cover future increases in costs and expenditure that may arise from uninsurable losses.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2018 was £1,007,937.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £1,204,111. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £125,000 to cover short term cash flow variances.

**Investment Policy**

A Treasury Management (Investment Policy) is reviewed annually by the Trust Resources Committee and was considered at the meeting on the 1 May 2018.

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk.

The Board of Trustees retains responsibility for approving the Treasury Management (Investment) Policy and authorising the opening of all bank and other financial institution accounts. The treasury management function and setting investment strategy is delegated to the Finance and Resources Committee and the day to day implementation of the agreed investment strategy is the responsibility of the Accounting Officer.

The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

**Principal Risks and Uncertainties**

The Trustees maintain a risk register identifying the major risks to which the Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to risks are monitored on behalf of the Trustees by the Trust Resources Committee at meetings. The principal risks facing the Trust are outlined below; those facing the Trust at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the Education and Skills Funding Agency (ESFA), and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- the Trust has considerable reliance on continued Government funding through the ESFA and 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 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 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 progress and outcomes 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 Trust is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

- fraud and mismanagement of funds - The Trust has appointed an independent internal auditor to carry out independent and external checks on financial systems and records as required by the Trust Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each school have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

#### **Plans for Future Periods**

The School Improvement and Development Plan for Hobart High School for 2018-19 provides a vision and sets out plans for the next 12 months. It will also enable strong and continued improvement in the mid and long term.

Key activities identified are:

- **To ensure that high ability and disadvantaged students in receipt of Pupil Premium funding make good progress:** By employing a range of strategies including improved monitoring, intervention plans and CPD for staff the gaps in achievement of disadvantaged students will be narrowed.
- **Improve attendance and engagement across all student groups, particularly disadvantaged students:** Good attendance is essential to ensure that all students achieve appropriate educational outcomes. Enhancing the role of the attendance officer, improved use of data and rewards will drive the key aim of improving educational outcomes for all students.
- **To ensure that students make good progress in non-EBACC subjects in line with those of the EBACC. Through extending intervention to non-EBacc subjects and by raising the profile of these subjects with students and parents we will address underperformance in these subjects. We will also target improvement of organisational and practical skills associated with these subjects.**
- **To improve the standard of teaching and learning, particularly the key areas of differentiation and active and independent learning;** Following on from the introduction of the Thematic Continuing Professional Development in the last academic year, teaching staff will continue to have access to high quality CPD driving the key aim of improving educational outcomes for all students.
- **Improve parental engagement with the School.** This will be achieved by best use of technology and marketing, raised profile of Parent Voice and additional open events.
- **Reducing unnecessary work load.** We are undertaking a review of meeting schedules and improving their focus and scope. These include: line management, performance management, seasonal meetings and our briefing schedule. A working group will look at key areas such as assessment, homework and sanctions. We are also introducing regular collaborative planning meetings to ensure departments work efficiently and effectively.

#### Thurlton Primary School Improvement Development Plan 2018-19

1. To raise the standard of and provide additional opportunities for WRITING across the school and in all areas of the curriculum and increase the number of pupils making expected or more than expected progress (OFSTED Framework: Outcomes for Pupils) Target: 60% by January 2019, 80% by April 2019, 100% by July 2019
2. To raise the standard of HANDWRITING across the school and in all areas of the curriculum with a joined script being evident by the end of Year 2 (some letters only) and a fluent, fully joined and cursive script evident by the end of Year 5. (OFSTED Framework: Outcomes for Pupils) Target: 60% by January 2019, 80% by April 2019, 100% by July 2019 (All pupils will be supported to meet this target but due to individual needs they may not meet the Age Related Expected standard)
3. To raise the quality of language acquisition in MATHS in order that all pupils acquire, embed and apply vocabulary and skills and increase the number of pupils making expected or more than expected progress (OFSTED Framework: Outcomes for Pupils) Target: 60% by January 2019, 80% by April 2019, 100% by July 2019

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4. To implement the agreed rolling programme to ensure each year group receives its entitled breadth and depth of curriculum coverage and they are making expected or more than expected progress. (OFSTED Framework: Outcomes for Pupils) Target: 70% by February 2019, 100% by July 2019
5. To update and implement Sex, Relationship Education (SRE), Social, Moral, Spiritual and Cultural (SMSC) and Religious Education (RE) in line with the new statutory requirements September 2018. (OFSTED Framework: Outcomes for Pupils) Target: 100% by July 2019.

**Trade union facility time**

The Trust had no employees who were relevant union officials during the year. Trade union facilities time was outsourced to Norfolk County Council who were paid £2,404 for costs associated with the outsourcing of trade union activities in the year ended 31 August 2018.

**Fundraising**

The Academy Trust only held small fundraising events during the year including approaching local businesses for support towards a fundraising event. The Academy Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

**Funds Held as Custodian Trustee on Behalf of Others**

The Trust does not hold funds as a custodian trustee on behalf of others.

**Auditor**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The auditors, Price Bailey LLP, are willing to continue in office and a decision on the appointment of auditors will be made at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 6 December 2018 and signed on its behalf by:

**Peter I Fraser**  
**Chair of Trustees**

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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Clarion Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 10 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
Peter I Fraser, Chair of Trustees	10	10
John Organ, Vice Chair	8	9
Peter N G Hardy	8	9
James P Wright	8	9
Patricia E Bell	5	9
Stephanie J Day	6	6
Bruce R Wilson	6	6
David R Mead	0	0
Shirley J Gates	9	9
Donna C Harris	2	9
James Adams, Headteacher	10	10
Juliet Clifton-Fearns	3	6
Harriet Rowe	4	6
Steven Gray	2	2

A skills audit is underway following the establishment of the full structure of Clarion Academy Trust and the Local Governing Bodies.

During the year, the board of trustees has dealt with the following challenges:

- Integration of Thurlton Primary School into the trust has led to a rethink of systems and processes involving them.
- The retirement of the Business Manager led to a period of three months without the post being covered. The support staff managers stepped up to the mark and, with a day a fortnight support brought in, were able to ensure that the support functions were all managed effectively.
- Growth of the Trust is important and the new Business Manager and Facilities Manager have been outsourced to Pakefield High School for part of the year, this has in part led to the school requesting to join the Trust and an Academy order being agreed for 2019. This has meant that both have been out of the trust on a regular basis.
- The CEO has had to split time between three roles being Head Teacher, CEO and Executive Head Teacher.

The Trust Resources Committee is a sub-committee of the main board of trustees. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Patricia E Bell	4	6
Peter I Fraser	6	6
James Adams, Head Teacher	6	6
Peter N Hardy	5	6
John Organ	5	6

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**GOVERNANCE STATEMENT (continued)**

The Trust Resources Committee performs the functions of an Audit Committee with items relating to internal audit chaired by the Trustee with responsibility for internal audit, Patricia Bell. Two internal audit reports were prepared by an independent accountancy practice and covered systems of internal financial control at Thurilton Primary School and the progress toward GDPR compliance for the Trust. Each of the reports were considered by the Trust Resources Committee.

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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'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 has delivered improved value for money during the year by:

- The award of a new photocopier contract which provides savings of £29,469 on the three year contract.
- Reviewing the structure within the Trust to ensure that this relates appropriately to numbers on roll, curriculum requirements and enables the driving forward of educational outcomes for students. Any vacancies arising are considered prior to recruitment taking place to confirm that the post is required. This approach has resulted in savings in the region of £60,000 for the 2018/19 academic year.
- Tender and award of the new Grounds contract; savings of £3,000 per annum were made.
- Savings have been made on central services for the Trust combining services that were originally purchased individually in each school.
- Time savings and efficiency improvements made by introducing a new lettings system.

**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 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 Clarion Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the Academy 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's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Price Bailey as internal auditor.

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

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

On a semi-annual basis, the auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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

- testing of internal Financial controls at Thurlton Primary School
- testing GDPR readiness for the Trust

Two day long visits are made by the internal auditor. An internal audit report is produced after each visit which is considered by the Trust Resources Committee and the Board of Trustees. Each report provides an evaluation of the operation of the systems of control and the discharge of the Board of Trustees financial responsibilities. No material control issues were identified in the reports and remedial action for more minor matters are recorded as part of each report and checked at the next visit.

Reviews for the coming year include a review of the MAT Governance structure, procurement (focus on higher value purchasing, contracts and agreements, value for money) and Hobart Financial Controls.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 Trust Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 6 December 2018 and signed on their behalf, by:

**Peter I Fraser**  
**Chair of Trustees**

**James Adams**  
**Accounting Officer**

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

**James Adams**  
**Accounting Officer**

Date: 6 December 2018

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 on 6 December 2018 and signed on its behalf by:

**Peter I Fraser**  
Chair of Trustees

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
CLARION ACADEMY TRUST**

**OPINION**

We have audited the financial statements of Clarion Academy Trust (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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.

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
CLARION ACADEMY TRUST**

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

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

We have nothing to report in this regard.

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

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

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

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

In the light of 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 Strategic Report and the Directors' Report.

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
CLARION ACADEMY TRUST**

**AUDITORS' 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 Auditors' 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). This description forms part of our Auditors' Report.

**USE OF OUR REPORT**

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Warren BSc FCA (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Anglia House, 6 Central Avenue  
St Andrews Business Park  
Thorpe St Andrew  
Norwich  
Norfolk  
NR7 0HR  
12 December 2018

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CLARION  
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 2 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Clarion Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF CLARION ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Clarion Academy Trust's funding agreement with the Secretary of State for Education dated 30 August 2018, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CLARION  
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Price Bailey LLP**

Reporting Accountant

Anglia House, 6 Central Avenue  
St Andrews Business Park  
Thorpe St Andrew  
Norwich  
Norfolk  
NR7 0HR

12 December 2018

**CLARION ACADEMY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Assets transferred on conversion to academy	2	55,710	(178,000)	660,327	538,037	-
Other donations and capital grants	2	-	142,594	20,904	163,498	81,862
Charitable activities	3	6,882	3,870,668	-	3,877,550	3,772,152
Other trading activities	4	54,869	40,124	-	94,993	105,456
Investments	5	4,001	-	-	4,001	2,134
<b>TOTAL INCOME</b>		<u>121,462</u>	<u>3,875,386</u>	<u>681,231</u>	<u>4,678,079</u>	<u>3,961,604</u>
<b>EXPENDITURE ON:</b>						
Charitable activities	7	<u>122,207</u>	<u>4,153,192</u>	<u>308,574</u>	<u>4,583,973</u>	<u>4,314,967</u>
<b>TOTAL EXPENDITURE</b>	6	<u>122,207</u>	<u>4,153,192</u>	<u>308,574</u>	<u>4,583,973</u>	<u>4,314,967</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		(745)	(277,806)	372,657	94,106	(353,363)
Transfers between Funds	18	-	(41,466)	41,466	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		(745)	(319,272)	414,123	94,106	(353,363)
Actuarial gain/(losses) on defined benefit pension schemes	23	-	396,000	-	396,000	301,000
<b>NET MOVEMENT IN FUNDS</b>		<u>(745)</u>	<u>76,728</u>	<u>414,123</u>	<u>490,106</u>	<u>(52,363)</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		<u>876,923</u>	<u>(927,969)</u>	<u>12,173,959</u>	<u>12,122,913</u>	<u>12,175,276</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>876,178</u></u>	<u><u>(851,241)</u></u>	<u><u>12,588,082</u></u>	<u><u>12,613,019</u></u>	<u><u>12,122,913</u></u>

The notes on pages 23 to 45 form part of these financial statements.

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08347874**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	14		12,588,015		12,163,787
<b>CURRENT ASSETS</b>					
Debtors	15	139,365		137,518	
Cash at bank and in hand		1,204,111		1,238,980	
		<u>1,343,476</u>		<u>1,376,498</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(335,472)		(365,372)	
<b>NET CURRENT ASSETS</b>			<u>1,008,004</u>		<u>1,011,126</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>13,596,019</u>		<u>13,174,913</u>
Defined benefit pension scheme liability	23		(983,000)		(1,052,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>12,613,019</u></u>		<u><u>12,122,913</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	18	131,759		124,031	
Restricted fixed asset funds	18	12,588,082		12,173,959	
Restricted income funds excluding pension liability		12,719,841		12,297,990	
Pension reserve		(983,000)		(1,052,000)	
Total restricted income funds			<u>11,736,841</u>		<u>11,245,990</u>
Unrestricted income funds	18		876,178		876,923
<b>TOTAL FUNDS</b>			<u><u>12,613,019</u></u>		<u><u>12,122,913</u></u>

The financial statements on pages 20 to 45 were approved by the Trustees, and authorised for issue, on 6 December 2018 and are signed on their behalf, by:

**Peter I Fraser**  
**Chair of Trustees**

The notes on pages 23 to 45 form part of these financial statements.

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	20	(114,466)	3,846
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		4,001	2,134
Purchase of tangible fixed assets		(72,475)	(64,505)
Capital grants from DfE Group		92,361	16,420
Local authority balance received on conversion		55,710	-
<b>Net cash provided by/(used in) investing activities</b>		<b>79,597</b>	<b>(45,951)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(34,869)</b>	<b>(42,105)</b>
Cash and cash equivalents brought forward		1,238,980	1,281,085
<b>Cash and cash equivalents carried forward</b>		<b>1,204,111</b>	<b>1,238,980</b>

The notes on pages 23 to 45 form part of these financial statements.

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Clarion Academy Trust constitutes a public benefit entity as defined by FRS 102.

Clarion Academy Trust is a private company limited by guarantee incorporated in England and Wales and registered at the following address: Hobart High School, Kittens Lane, Loddon, Norwich, Norfolk, NR14 6JU.

The financial statements are prepared in pounds sterling and rounded to the nearest pound.

**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 statements

**1.3 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.4 Income**

All income is recognised once the academy trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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.

**CLARION ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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:

Leasehold land	-	over the term of the lease being 125 years
Leasehold property	-	2% straight line
Furniture and fixtures	-	15% reducing balance
Plant and equipment	-	15% reducing balance
Computer equipment	-	25% straight line
Artificial turf pitch	-	10% 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 incorporating Income and Expenditure Account .

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

**1.8 Taxation**

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

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 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.

**1.11 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. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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

**1.12 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 15. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. 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 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.13 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.

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

**1.14 Redundancy and termination payments**

Redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the Academy Trust is demonstrably committed to either:

- terminate the employment of an employee or group of employees before normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The Trust is considered to be demonstrably committed only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan.

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

**1.15 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Assets transferred on conversion to academy	55,710	(178,000)	660,327	538,037	-
Donations	-	71,137	-	71,137	65,441
Capital Grants	-	71,457	20,904	92,361	16,421
Subtotal	-	142,594	20,904	163,498	81,862
	55,710	(35,406)	681,231	701,535	81,862
Total 2017	-	65,441	16,421	81,862	

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	3,641,067	3,641,067	3,488,644
Other DfE / ESFA grants	-	185,475	185,475	150,769
Start up and improvement grant	-	-	-	70,000
	<u>-</u>	<u>3,826,542</u>	<u>3,826,542</u>	<u>3,709,413</u>
<b>Other government grants</b>				
Local authority grants	-	44,126	44,126	55,768
	<u>-</u>	<u>44,126</u>	<u>44,126</u>	<u>55,768</u>
<b>Other funding</b>				
Catering income	6,882	-	6,882	6,971
	<u>6,882</u>	<u>-</u>	<u>6,882</u>	<u>6,971</u>
	<u>6,882</u>	<u>3,870,668</u>	<u>3,877,550</u>	<u>3,772,152</u>
Total 2017	<u>6,971</u>	<u>3,765,181</u>	<u>3,772,152</u>	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Rental income	33,866	-	33,866	51,461
Other income	21,003	-	21,003	14,103
Music lessons	-	40,124	40,124	39,892
	<u>54,869</u>	<u>40,124</u>	<u>94,993</u>	<u>105,456</u>
Total 2017	<u>64,564</u>	<u>40,892</u>	<u>105,456</u>	

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

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank Interest	4,001	-	4,001	2,134
	<u>4,001</u>	<u>-</u>	<u>4,001</u>	
Total 2017	<u>2,134</u>	<u>-</u>	<u>2,134</u>	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Provision of Education:					
Direct costs	2,844,214	-	370,483	3,214,697	3,106,137
Support costs	547,388	553,133	268,755	1,369,276	1,208,830
	<u>3,391,602</u>	<u>553,133</u>	<u>639,238</u>	<u>4,583,973</u>	<u>4,314,967</u>
Total 2017	<u>3,213,563</u>	<u>465,526</u>	<u>668,645</u>	<u>4,347,734</u>	

**7. CHARITABLE ACTIVITIES**

	2018 £	2017 £
Direct costs - educational operations	3,214,697	3,106,137
Support costs - educational operations	1,369,276	1,208,830
	<u>4,583,973</u>	<u>4,314,967</u>
Total	<u>4,583,973</u>	<u>4,314,967</u>

	2018 £	2017 £
Analysis of support costs		
Support staff costs	547,388	534,938
Depreciation	239,778	226,558
Technology costs	50,180	53,312
Premises costs	313,355	238,968
Other support costs	206,657	144,194
Governance costs	11,918	10,860
	<u>1,369,276</u>	<u>1,208,830</u>
Total	<u>1,369,276</u>	<u>1,208,830</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Provision of Education	3,214,697	1,369,276	4,583,973	4,314,967
Total 2017	<u>3,106,137</u>	<u>1,208,830</u>	<u>4,314,967</u>	

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	308,574	292,249
Auditors' remuneration - audit	6,865	5,600
Auditors' remuneration - other services	4,535	3,510
Governance Internal audit costs	2,550	1,750
Operating lease rentals	10,675	8,916
	<u>333,199</u>	<u>340,825</u>

**10. CENTRAL SERVICES**

Central services were provided by the Trust to its academies during the year however no central charges were made by the Trust to the academies for these services.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,531,709	2,425,725
Social security costs	231,877	221,877
Operating costs of defined benefit pension schemes	542,338	490,907
	3,305,924	3,138,509
Agency staff costs	68,493	32,767
Staff restructuring costs	17,185	42,287
	3,391,602	3,213,563

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	1,255	29,633
Severance payments	15,930	12,654
	17,185	42,287

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs is one non-statutory/non-contractual payment of £7,500 paid on 17 November 2017 (2017: two payments of £9,010 and £3,644 totalling £12,654).

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	55	52
Administration and support	60	52
Management	7	6
	122	110

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	41	39
Administration and support	34	36
Management	7	6
	82	81

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. STAFF COSTS (continued)**

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £ 60,001 - £ 70,000	1	1
In the band £ 70,001 - £ 80,000	0	1
In the band £ 80,001 - £ 90,000	1	0

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £492,881 (2017: £455,196).

Included in the above are employer pension contributions of £64,182 (2017: £59,451).

Included in the above are employer national insurance contributions of £45,104 (2017: £41,087).

**12. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
James Adams	Remuneration	80,000-85,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Bruce R Wilson	Remuneration	0-5,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000
Shirley Gates	Remuneration	0-5,000	None in year
	Pension contributions paid	0-5,000	None in year

During the year ended 31 August 2018, 1 Trustee received reimbursement for expenses amounting to £611 (2017 - £402 to 2 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, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

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

**14. TANGIBLE FIXED ASSETS**

	Leasehold Property £	Furniture and fixtures £	Plant and equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2017	12,921,909	198,556	121,928	158,496	13,400,889
Additions	-	26,951	31,793	13,731	72,475
Transfer on conversion	640,000	-	12,480	7,847	660,327
At 31 August 2018	<u>13,561,909</u>	<u>225,507</u>	<u>166,201</u>	<u>180,074</u>	<u>14,133,691</u>
<b>Depreciation</b>					
At 1 September 2017	1,047,790	66,346	34,982	87,984	1,237,102
Charge for the year	239,553	19,901	15,486	33,634	308,574
At 31 August 2018	<u>1,287,343</u>	<u>86,247</u>	<u>50,468</u>	<u>121,618</u>	<u>1,545,676</u>
<b>Net book value</b>					
At 31 August 2018	<u><u>12,274,566</u></u>	<u><u>139,260</u></u>	<u><u>115,733</u></u>	<u><u>58,456</u></u>	<u><u>12,588,015</u></u>
At 31 August 2017	<u><u>11,874,119</u></u>	<u><u>132,210</u></u>	<u><u>86,946</u></u>	<u><u>70,512</u></u>	<u><u>12,163,787</u></u>

**15. DEBTORS**

	2018 £	2017 £
Trade debtors	14,411	34,558
VAT recoverable	48,537	23,299
Prepayments and accrued income	76,417	79,661
	<u>139,365</u>	<u>137,518</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. CREDITORS: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	160,290	140,660
Taxation and social security	61,008	57,150
Other creditors	54,591	49,617
Accruals and deferred income	59,583	117,945
	335,472	365,372
	335,472	365,372
	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	46,704	73,395
Resources deferred during the year	30,729	46,704
Amounts released from previous years	(46,704)	(73,395)
	30,729	46,704
	30,729	46,704

At the balance sheet date, included in deferred income were amounts relating to deposits for future school trips, rates relief from the ESFA and donations received for future trips.

**17. FINANCIAL INSTRUMENTS**

	2018 £	2017 £
Financial assets measured at amortised cost	1,242,907	1,297,027
	1,242,907	1,297,027
	1,242,907	1,297,027
Financial liabilities measured at amortised cost	243,735	261,518
	243,735	261,518
	243,735	261,518

Financial assets measured at amortised cost comprise trade debtors, bank balances and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, pension creditor and accruals.

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

**18. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Designated funds</b>						
Emergency Fund	125,000	-	-	-	-	125,000
Artificial Turf Pitch Maintenance / Resurfacing	150,000	-	-	-	-	150,000
Premises Capital Improvement and Maintenance Fund	200,000	-	-	-	-	200,000
	<u>475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,000</u>
<b>General funds</b>						
Unrestricted funds	401,923	121,462	(122,207)	-	-	401,178
Total Unrestricted funds	<u>876,923</u>	<u>121,462</u>	<u>(122,207)</u>	<u>-</u>	<u>-</u>	<u>876,178</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	59,390	3,641,067	(3,651,481)	(24,986)	-	23,990
Other Dfe/ESFA grants	-	185,475	(168,995)	(16,480)	-	-
Other government grants	-	44,126	(44,126)	-	-	-
Start up and improvement grant	36,154	-	(36,154)	-	-	-
Educational visits	28,487	71,137	(63,312)	-	-	36,312
Other restricted	-	40,124	(40,124)	-	-	-
CIF income - not capitalised	-	71,457	-	-	-	71,457
Pension reserve	(1,052,000)	(178,000)	(149,000)	-	396,000	(983,000)
	<u>(927,969)</u>	<u>3,875,386</u>	<u>(4,153,192)</u>	<u>(41,466)</u>	<u>396,000</u>	<u>(851,241)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset	11,857,750	660,327	(266,816)	31,610	-	12,282,871
DfE/ESFA capital grants	10,753	20,904	-	(31,610)	-	47
Capital expenditure from GAG	305,456	-	(41,758)	41,466	-	305,164
	<u>12,173,959</u>	<u>681,231</u>	<u>(308,574)</u>	<u>41,466</u>	<u>-</u>	<u>12,588,082</u>
Total restricted funds	<u>11,245,990</u>	<u>4,556,617</u>	<u>(4,461,766)</u>	<u>-</u>	<u>396,000</u>	<u>11,736,841</u>
Total of funds	<u><u>12,122,913</u></u>	<u><u>4,678,079</u></u>	<u><u>(4,583,973)</u></u>	<u><u>-</u></u>	<u><u>396,000</u></u>	<u><u>12,613,019</u></u>

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

**Emergency Fund**

This is a designated fund, representing the level of free reserves set aside as contingency by the Trustees for any potential unforeseen future requirements.

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

**Artificial Turf Pitch Maintenance / Resurfacing**

This is a designated fund, set aside maintain the artificial sports pitch and to have it resurfaced when this becomes necessary.

**Premises Capital Improvement and Maintenance Fund**

This is a designated fund, set aside to use against future capital improvements and maintenance costs to premises.

**General Annual Grant (GAG)**

This represents funding from the ESFA to cover the costs of recurrent expenditure.

There was a transfer from GAG in the year to the Restricted Fixed Asset Fund to help pay for capital improvements and fixed assets for which no capital grant funding was available.

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 2018.

**Other DfE/ESFA grants**

This represents other DfE and ESFA grants towards the provision of education, including Pupil Premium funding.

**Other government grants**

This includes other government grants towards the provision of education, including Cluster funding and Local Authority grants.

**Start up and improvement grant**

There were two grants received in the prior year in respect of the take on of a new academy after the end of the period of account. The grants were spent on costs in relation to professional fees and staff time dedicated to the conversion and take on process.

**Educational visits**

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips.

**Other restricted funds**

This represents funding received from other bodies towards a specific purpose, including the provision of music lessons and instruments.

**Pension reserve**

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from a state controlled school.

The restricted pension fund is materially in deficit and plans to eliminate the liability on the defined benefit pension scheme are set out in note 22 based on the year end actuarial valuation.

**Restricted fixed asset fund**

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose. All assets purchased from the GAG and DfE/ESFA capital grants have been transferred to the restricted fixed asset fund.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Central Trust	-	36,154
Hobart High School	902,031	964,800
Thurlton Primary School	105,906	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	1,007,937	1,000,954
Restricted fixed asset fund	12,588,082	12,173,959
Pension reserve	(983,000)	(1,052,000)
	<hr/>	<hr/>
Total	<u>12,613,019</u>	<u>12,122,913</u>

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

**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 2018 £	Total 2017 £
Central Trust	-	-	-	36,154	36,154	33,846
Hobart High School	2,551,533	391,087	341,592	458,293	3,742,505	4,088,410
Thurlton Primary School	221,715	42,774	20,061	63,190	347,740	-
	<u>2,773,248</u>	<u>433,861</u>	<u>361,653</u>	<u>557,637</u>	<u>4,126,399</u>	<u>4,122,256</u>

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

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Designated funds</b>						
Emergency Fund	125,000	-	-	-	-	125,000
Artificial Turf Pitch Maintenance / Resurfacing	150,000	-	-	-	-	150,000
Premises Capital Improvement and Maintenance Fund	200,000	-	-	-	-	200,000
	<u>475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,000</u>
Unrestricted funds	<u>368,726</u>	<u>73,669</u>	<u>(40,472)</u>	<u>-</u>	<u>-</u>	<u>401,923</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	128,227	3,488,644	(3,522,730)	(34,751)	-	59,390
Other Dfe/ESFA grants	-	150,769	(150,769)	-	-	-
Other government grants	-	55,768	(55,768)	-	-	-
Start up and improvement grant	-	70,000	(33,846)	-	-	36,154
Educational visits	29,287	65,441	(66,241)	-	-	28,487
Other restricted	-	40,892	(40,892)	-	-	-
Pension reserve	(1,241,000)	-	(112,000)	-	301,000	(1,052,000)
	<u>(1,083,486)</u>	<u>3,871,514</u>	<u>(3,982,246)</u>	<u>(34,751)</u>	<u>301,000</u>	<u>(927,969)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset	12,092,064	-	(263,487)	29,173	-	11,857,750
DfE/ESFA capital grants	23,505	16,421	-	(29,173)	-	10,753
Capital expenditure from GAG	299,467	-	(28,762)	34,751	-	305,456
	<u>12,415,036</u>	<u>16,421</u>	<u>(292,249)</u>	<u>34,751</u>	<u>-</u>	<u>12,173,959</u>
Total restricted funds	<u>11,331,550</u>	<u>3,887,935</u>	<u>(4,274,495)</u>	<u>-</u>	<u>301,000</u>	<u>11,245,990</u>
Total of funds	<u><u>12,175,276</u></u>	<u><u>3,961,604</u></u>	<u><u>(4,314,967)</u></u>	<u><u>-</u></u>	<u><u>301,000</u></u>	<u><u>12,122,913</u></u>

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	12,588,015	12,588,015
Current assets	876,178	467,231	67	1,343,476
Creditors due within one year	-	(335,472)	-	(335,472)
Provisions for liabilities and charges	-	(983,000)	-	(983,000)
	<u>876,178</u>	<u>(851,241)</u>	<u>12,588,082</u>	<u>12,613,019</u>

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	12,163,787	12,163,787
Current assets	876,923	489,403	10,172	1,376,498
Creditors due within one year	-	(365,372)	-	(365,372)
Provisions for liabilities and charges	-	(1,052,000)	-	(1,052,000)
	<u>876,923</u>	<u>(927,969)</u>	<u>12,173,959</u>	<u>12,122,913</u>

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

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	94,106	(353,363)
<b>Adjustment for:</b>		
Depreciation charges	308,574	292,249
Dividends, interest and rents from investments	(4,001)	(2,134)
(Increase)/decrease in debtors	(1,847)	14,671
Decrease in creditors	(29,900)	(43,157)
Capital grants from DfE and other capital income	(92,361)	(16,420)
Defined benefit pension scheme cost less contributions payable	149,000	112,000
Income on conversion	(538,037)	-
<b>Net cash (used in)/provided by operating activities</b>	<u>(114,466)</u>	<u>3,846</u>

**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash in hand	774,352	811,558
Notice deposits (less than 3 months)	429,759	427,422
<b>Total</b>	<u>1,204,111</u>	<u>1,238,980</u>

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**22. CONVERSION TO AN ACADEMY TRUST**

On 1 September 2017 Thurlton Primary converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Clarion Academy Trust from Norfolk County Council for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account .

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	640,000	640,000
- Other tangible fixed assets	-	-	20,327	20,327
Budget surplus/(deficit) on LA funds	55,710	-	-	55,710
LGPS pension surplus/(deficit)	-	(178,000)	-	(178,000)
<b>Net assets/(liabilities)</b>	<b>55,710</b>	<b>(178,000)</b>	<b>660,327</b>	<b>538,037</b>

The above net assets include £55,710 that were transferred as cash.

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**23. PENSION COMMITMENTS**

The 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 Norfolk 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 £54,591 were payable to the schemes at 31 August 2018 (2017 - £49,551) 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%.

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

The employer's pension costs paid to TPS in the period amounted to £ 296,372 (2017 - £280,172).

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 an unfunded 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.

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**23. PENSION COMMITMENTS (continued)**

**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 2018 was £186,064 (2017 - £139,000), of which employer's contributions totalled £151,234 (2017 - £108,000) and employees' contributions totalled £34,830 (2017 - £31,000). The agreed contribution rates for employers are specific to each individual academy within the Trust and range between 19.8% and 21.8%, plus an additional annual deficit contribution in aggregate of £2,100 to 31 March 2019 and £8,100 to 31 March 2020. The agreed contribution rate for employees is tiered based on salary levels between the following rates, 5.5% and 12.5%.

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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.60 %	2.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %
Commutation of pensions to lump sums	50.00 %	50.00 %

The commutation rate of 50% relates to pre April 2008 service and increased to 75% for post April 2008 service.

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.4	26.4

As at the 31 August 2018 the Trust had a pension liability of £983,000 (2017 - £1,052,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way;

<b>Sensitivity Movement</b>	At 31 August 2018	At 31 August 2017
	£	£
Discount rate +0.1%	(83,888)	(73,948)
Discount rate -0.1%	83,888	73,948
Mortality assumption - 1 year increase	23,968	21,128
Mortality assumption - 1 year decrease	(23,968)	(21,128)
CPI rate +0.1%	65,912	58,102
CPI rate -0.1%	(65,912)	(58,102)

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**23. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,026,630	985,180
Bonds	684,420	397,250
Property	241,560	174,790
Cash	60,390	31,780
	<u>2,013,000</u>	<u>1,589,000</u>

The actual return on scheme assets was £112,000 (2017 - £27,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	2017 £
Current service cost	(256,000)	(193,000)
Past service cost	(11,000)	-
Interest income	45,000	31,000
Interest cost	(78,000)	(58,000)
	<u>(300,000)</u>	<u>(220,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	2,641,000	2,680,000
Upon conversion	324,000	-
Current service cost	256,000	193,000
Interest cost	78,000	58,000
Employee contributions	36,000	31,000
Actuarial gains	(329,000)	(305,000)
Benefits paid	(21,000)	(16,000)
Past service costs	11,000	-
	<u>2,996,000</u>	<u>2,641,000</u>

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**23. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	1,589,000	1,439,000
Upon conversion	146,000	-
Interest income	45,000	31,000
Actuarial gains/(losses)	67,000	(4,000)
Employer contributions	151,000	108,000
Employee contributions	36,000	31,000
Benefits paid	(21,000)	(16,000)
	<u>2,013,000</u>	<u>1,589,000</u>
Closing fair value of scheme assets	<u>2,013,000</u>	<u>1,589,000</u>

**24. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	9,161	2,154
Between 1 and 5 years	11,303	1,552
	<u>20,464</u>	<u>3,706</u>
Total	<u>20,464</u>	<u>3,706</u>

**25. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

**26. 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.