

Company Registration No. 09148900 (England and Wales)

**POND MEADOW ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

# POND MEADOW ACADEMY TRUST

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# POND MEADOW ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Governors

Mr D J Monk (Headteacher and Accounting Officer)  
Mr M W Gambold (Chair from 11 September 2018 to 27 November 2018)  
Mr S S Jones  
Mr S J Mundy (Co-Chair - appointed 27 November 2018)  
Mrs M A Taylor (Resigned 27 September 2018)  
Lady E Toulson (Resigned 27 September 2018)  
Mrs L Davies (Staff Governor)  
Ms A C Walsh (Co-Chair - appointed 27 November 2018)  
Mrs T Moroney  
Mr C Stafford (Appointed 27 March 2018 and resigned 18 July 2018)

### Members

Mrs M A Taylor (resigned 27 November 2018)  
Mr M W Gambold  
Lady E Toulson (resigned 27 November 2018)  
Mr S J Mundy (appointed 27 November 2018)  
Ms A C Walsh (appointed 27 November 2018)

### Senior leadership team

Mr D J Monk	- Headteacher
Mrs C Attridge	- Deputy Headteacher
Ms R Greig	- Assistant Headteacher

### Company registration number

09148900 (England and Wales)

### Registered office

Larch Avenue  
Guildford  
Surrey  
GU1 1DR

### Independent auditor

Wilkins Kennedy Audit Services  
Mount Manor House  
16 The Mount  
Guildford  
Surrey  
GU2 4HN

### Bankers

HSBC Bank Plc  
6 Commercial Way  
Woking  
Surrey  
GU21 6EZ

Lloyds Bank Plc  
147 High Street  
Guildford  
Surrey  
GU1 3AG

# POND MEADOW ACADEMY TRUST

## GOVERNORS' REPORT

### *FOR THE YEAR ENDED 31 AUGUST 2018*

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The Governors present their Annual Report together with the Financial Statements and Independent Auditor's reports of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Academy Trust operates an Academy for pupils aged 2 to 19 serving a catchment area in South West Surrey. The school has a DfE pupil capacity of 150 and had a roll of 126.

#### **Structure, governance and management**

##### Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no. 09148900) and is an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

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

The Governors note the ESFA recommendations for separation between the roles of Members and Trustees and discussed this at a 'Governance' meeting in September 2018 with any agreements or resolutions being tabled at the Full Governing Body Meeting in November.

##### 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.

##### Governors' indemnities

The Academy Trust has opted in to the Government's Risk Protection Arrangements for Academies (RPA) and this arrangement insures the Governors' liability expense. Further details of the full scheme can be found at:

<https://www.gov.uk/guidance/academies-risk-protection-arrangement-rpa>

# POND MEADOW ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### Method of recruitment and appointment or election of Governors

The number of Governors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 45-50 and 59, the Academy Trust shall have the following Governors:

- up to 13 Governors, appointed under Article 50;
- a minimum of 2 and up to 4 Parent Governors appointed under Articles 53-58;
- up to 2 Staff Governors, subject to Article 50A;
- the Headteacher;
- any further Governors, if appointed under Article 49

The Academy Trust may also have up to 3 Co-opted Governors appointed under Article 59.

Each of the persons entitled to appoint members above shall have the right, from time to time by written notice delivered to the office, to remove any member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

Potential Governors are identified based on the skill set required by the skills register kept by the Governors.

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

#### Policies and procedures adopted for the induction and training of Governors

During the period under review the Governors held three meetings. The training and induction provided for new Governors will depend on their existing experience. All new Governors are given a tour of the School and the chance to meet with staff and pupils. As there are normally only two or three new Governors a period, induction tends to be done informally and is tailored specifically to the individual.

#### Organisational structure

The structure consists of three levels: the Governors, Senior Leadership Team and Senior Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy Trust by the use of budgets and making major decisions about the direction of the Academy Trust, capital expenditure and participate in senior staff appointments.

The Senior Leadership Team comprises of the Headteacher, Deputy Headteacher and Assistant Headteacher. This supervises the Senior Management Team, implementing the policies laid down by the Governing Body. As a group, the Senior Management Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment Boards for Middle and Senior Leader posts will include the Chair of Governors where possible. Some spending control is devolved to the Senior Leadership and Administration Teams, with limits above which the Headteacher must countersign up to a certain limit, after which Governor approval is required. The Finance and Staffing Committee monitors all spending.

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

The pay and remuneration of key management is based on the Surrey County Council pay structure, reviewed annually through a performance management process linked by the headteacher and approved by the Governors. The headteacher's remuneration is set through a performance management process overviewed by the Chair and Vice-Chair of Governors and an independent SEN Consultant. The pay and remuneration of the finance officer is based on the Surrey County Council pay structure.

# POND MEADOW ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### Related parties and other connected charities and organisations

The Academy Trust has a related party in the form of a separate charity, Destination Pond Meadow, Charity No. 1123416, who fundraise on behalf of the pupils at the Academy Trust for specialised minibuses, sensory equipment, support for fayres and festivals, and support for the specialised aspects of school visits, outings and Duke of Edinburgh Award field trips.

The Academy Trust has a further related party in the form of Chaddesley Sanford Limited of whom Mr M Gambold, Chair of the Finance Committee and Director of the Academy, is a Director and Shareholder. Chaddesley Sanford Limited have provided accounting software licences to the Academy Trust at cost during the period in question. The value of these services is disclosed in note 21.

#### **Objectives and activities**

##### Objects and aims

The object of the Academy Trust is specifically restricted to the following: to advance the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing an Academy offering a broad and balanced curriculum being Pond Meadow Academy Trust.

##### Objectives, strategies and activities

Pond Meadow Academy Trust is a mixed Special Needs Academy for pupils aged 2 -19, which sees pupil progress at its centre. We aim for all pupils to reach their full potential and we foster a genuine sense of respect for the individual.

Safeguarding runs through everything we do in school, from recruitment and training to working with children and families.

The ethos and values of the school can be summarised in four words:

#### **Learning, Independence, Respect and Equality**

The curriculum is tailored to meet the individual needs of each pupil and supports independent learning and the development of independence skills.

##### Equal Opportunities Policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to establish equal opportunity in all its activities including creating a working environment in which the contributions of all people are fully valued.

The Academy Trust complies fully with the Equality Act 2010 regulations and is equipped to welcome and/or teach any child or young person who has a disability where possible. Governors have adopted an updated the Equality Policy and Single Equality Scheme.

<https://www.gov.uk/guidance/equality-act-2010-guidance>

##### Public benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

'Public Benefit' can be seen through the offer of places to the community that the Academy Trust serves. The basic catchment area for Pond Meadow Academy Trust is South West Surrey, centred on Guildford but can offer places to pupils beyond this if circumstances permit. All pupils admitted to Pond Meadow Academy Trust must have a statement of special educational need, or be an emergency admission because they have just moved to the area or a placement at another Academy or School has broken down. This is subject to a place being available at the Academy Trust. The Admissions Authority for the Academy Trust remains with Surrey Local Authority (LA).

# **POND MEADOW ACADEMY TRUST**

## **GOVERNORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Strategic report**

#### **Achievements and performance**

The Academy Trust continues to grow in pupil population. Total pupils in the period ended 31 August 2018 numbered 121 full time equivalents (FTE) and the Academy Trust has a full complement in all class groups with some groups being over numbers based on a class group size of 7.

The school is predicted to expand again over the next 2 years adding approximately 5 pupils per year to the school roll with 8 new Nursery/Reception Year pupils joining and an average of 3 leavers. The roll for September 2018 is 126 full time equivalents (133 actual). This is predicted to grow to 131 FTE in September 2019 and then by 17 pupils over the next 3 years. Our predicted maximum number of pupils will be 148 in 2022.

In the short term this growth can be maintained by a short term adaptation of a specialist rooms into a classroom but in the longer term the school will need to have access to additional classroom space. The Senior Leadership Team is in conversation with the LA about planning for growing numbers and this is running parallel with discussions between Governors from the Building and Sites sub-committee and the LA to explore all possible avenues for additional classroom space, including off-site options.

In terms of Overall Effectiveness the Academy Trust is Outstanding as judged at our last Ofsted inspection (November 2017) and has been judged so over the last 10 years. We continue to offer Outstanding pupil outcomes and achievements, delivered through Outstanding 'teaching and learning'. The Academy Trust's approach does not foster complacency but seeks, through the School Development Plan, to focus on key areas for further improvement.

For 2017-20 these areas include a focus on the Teaching and Learning of Writing for Communication, a review of our approach to online safety, the development of assessment based on the Rochford report and the development of applied learning through play and outdoor learning.

A final aspect of the 2017-20 plan is the succession planning for the retirement of the current Headteacher.

# POND MEADOW ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Key performance indicators

The Academy Trust's income is directly related to its number of pupils on roll and its expenditure is driven by 85% of the budget being staff related. Key financial indicators therefore rest with these two areas with the exception of capital risks identified and a reserve being set against them.

The general expenditure profile of the Academy indicates that compared to similar Surrey special schools:

- expenditure on teaching staff is at the upper quartile.
- expenditure on support staff is above the upper quartile and the highest of the group.
- expenditure on administrative and clerical staff is below the lower quartile and is the lowest of the group.
- expenditure on supply staff is below the lower quartile and is second lowest of the group.

The comparisons reflect the policy of the Academy Trust to focus its resources on class-based staff and to construct an administrative, finance and clerical service that is efficient and is provided to support the class-focused approach.

The Governors are aware of the budget pressure caused by increases in expenditure through increased staff costs (pay and pension increases) whilst income remains level. Although currently manageable a continuation of this position would mean an in-year deficit budget or changes in staffing levels.

On pupil numbers the total roll is increasing and will do so for the next 4 year period and with this demand for places at the Academy Trust the financial viability of the school is generally very good into the foreseeable future. The school is adjusting to a changing Special Educational Needs (SEN) population alongside this increase in roll with Autistic Spectrum Disorder now being the most prevalent SEN within the school.

### Future Developments

The Governors of Pond Meadow Academy Trust are seeking ways of supporting the growth of, much needed, special school places in Surrey and, with its roll growing to some 131 FTE in 2019 and around 148 FTE by 2022

### Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Governors 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.



# POND MEADOW ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Financial review

The Academy Trust's income is partly obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the ESFA. For the year ended 31 August 2018 a total of £7,739 (2017: £7,411) was received. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £3,216,392 (2017: £3,046,985) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £221,196.

At 31 August 2018 the net book value of fixed assets was £12,414,418 (2017: £12,653,760). Movements in tangible fixed assets are shown in note 11 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

At 31 August 2018 the Academy Trust's share of the Local Government Pension Fund was a deficit of £1,373,000 which is a decrease of £120,000 on the deficit of £1,493,000 at the previous year end.

### Reserves policy

The Governors review the reserve levels of the Academy Trust at least termly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Governors have determined that the minimum level of reserves the Academy Trust should hold is four week's expenditure (approximately £209,000) to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected liabilities.

The Governors consider that the Academy Trust should aim to hold additional reserves as follows:

- An amount equal to 1% of the buildings valuation on conversion (approximately £108,000) to cover material maintenance costs of the school buildings.
- An amount of £50,000 to cover unplanned spend on one-off opportunities that are identified as providing a benefit to the education of the Academy Trust's students.

Total targeted reserves are therefore approximately £367,000 (2017: £373,000). The Academy Trust's free reserves (total funds less the amounts held in fixed assets and restricted funds) at the balance sheet date were £310,364 (2017: £297,729) but additional net current assets of £177,660 are held in the restricted fund giving total net current assets (net assets less fixed assets and the pension liability provision) of £488,024 (2017: £423,536).

The holding of additional reserves is to meet the need for capital projects planned for the future and to mitigate against anticipated financial challenges arising from:

- A disparity between the rate of increase in funding and staffing costs
- Timing differences between the withdrawal of funding and the restructuring of staff costs in the event of a decrease in pupil numbers
- Rising building maintenance costs

# POND MEADOW ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### Investment policy and powers

Under the Memorandum and Articles of Association, the Academy Trust has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

#### Principal risks and uncertainties

The principal risks and uncertainties that Pond Meadow Academy Trust faces are mitigated by the risk management process that the Academy Trust has in place.

The two principal risks to the school are as follows

- A short to medium term funding gap due to fall in pupil numbers. There is a risk of pupil numbers falling by 8 pupils in any one year. This would lead to a reduction in funding of approximately £80,000.
- Approximately 85% of our funding is spent on staffing costs and any variance in pupil numbers affects our funding and therefore our employment of staff. A reduction of 8 pupils could lead to a loss of 7 staff members.
- Staff costs are currently predicted to outstrip income. With 85% of costs related to staff this would create a very high pressure on budget.

The Governors aim to mitigate these risks by careful monitoring of both pupil and staff numbers as well as keeping sufficient reserves to cover any short to medium term funding gap.

A risk also arises in relation to the Local Government defined benefit pension scheme, due to the fact that there is a deficit of £1,373,000 (see note 16).

The Governors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust and its finances. The Governors have implemented a number of systems to assess risks that the school faces in relation to the control of finance. The Governors have introduced systems, including operational procedures and internal financial controls, in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 10

#### Fundraising

The Academy Trust receives donations through fundraising through four main sources:

- Direct donation from a Grant Making Charity in response to an individual application (eg funding of a new disabled minibus or specialised sensory equipment).
- Direct donation from the related party of Destination Pond Meadow Charity in response to a direct application by the School to the Charity (eg funding support for Outdoor Learning Projects including Duke of Edinburgh Award Scheme; specialised sensory equipment)
- Direct donation from the 'Friends of Pond Meadow', a parent based group at the school. Fundraising events including cake sale, are held to raise funds for events held in school.
- Direct donation from an individual following a specific special charity event, eg Charity Golf Day, sponsored Sky-diving etc.

Funds through these sources are clearly shown in our accounts and noted at Governors meetings, including Related Party income.

# **POND MEADOW ACADEMY TRUST**

## **GOVERNORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Plans for future periods**

Current areas of the School Development Plan 2017-20 have been mentioned in previous sections but the Governors and Headteacher are aware of future trends beyond this period. The further development of the Teaching and Learning model currently includes:

- Further developments of Writing for Communication
- Creating greater independence for pupils in online safety
- Developing the landscape for Forest School and active play use
- Developing a response to the Rochford Report in our Assessment work

As part of the long term strategy the Academy Trust is either already in discussion or is developing discussions with appropriate organisations and potential partners (including Surrey LA) around the following areas:

- The development of the school accommodation to better meet the needs of the growing population
- The consideration of joining a local Multi-Academy Trust

### **Auditor**

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors 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.

A resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the charitable company will be put to the members.

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company Directors, on 27 November 2018 and signed on its behalf by:

Mr S J Mundy  
**Co-Chair**

Ms A C Walsh  
**Co-Chair**

# POND MEADOW ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Scope of responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Pond Meadow 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 Governors has delegated the day-to-day responsibility to the Headteacher, 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 Pond Meadow Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governors	Meetings attended	Out of possible
Mr D J Monk (Headteacher and Accounting Officer)	3	3
Mr M W Gambold	3	3
Mrs S S Jones	2	3
Mr S J Mundy (Co-Chair)	2	3
Mrs M A Taylor (Resigned 27 September 2018)	3	3
Lady E Toulson (Resigned 27 September 2018)	2	3
Mrs L Davies	3	3
Ms A C Walsh (Co-Chair)	3	3
Mrs T Moroney	3	3
Mr C Stafford (Appointed 27 March 2018 and resigned 18 July 2018)	1	1

The Finance and Staffing Committee is a sub-committee of the main Board of Governors. Its terms of reference are as follows:

#### Membership:

To consist of no fewer than three Governors including the Chair or Vice Chair of Governors and relevant Members of the School Management Team, specifically the Finance Officer and other members of the Finance Staff. The quorum is a minimum of three governors.

#### Meetings:

One per term, at a minimum.

# **POND MEADOW ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### Terms of Reference:

- To oversee the annual budget setting
- To propose the annual budget to the Full Governing Body and regularly report to the Full Governing Body on all financial matters
- Regularly monitor income and expenditure against budget, including reporting of any significant budget Amendments
- To review and monitor all policies under the scope of the Finance and Staffing Committee, as delegated from the Governing Body
- To ensure compliance with the Finance Policy (consultation on awards of contracts over £50,000) Best Value Statement and Academies Financial Handbook and ensure that Academy Trust's financial control systems are robust
- To ensure the Annual Report and Financial Statements are produced in accordance with the Academies Financial Handbook
- To approve opening and operation of Academy Trust's bank accounts; authorized signatories; transfers between accounts; operation of credit cards; payment system controls including BACS
- To review the Annual Report and Financial Statements and recommend for approval to the Members and Governing Body
- To approve improvement plans and actions relating to the finance and premises area
- To ensure a strategic financial view of income, staffing, other expenditure and capital projects
- To have a strategic view regarding forward planning of school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for school improvement projects
- To ensure that the school asset management plan is regularly updated and to monitor the progress of all facilities works, including CIF projects
- To review and approve all bought in service provision
- To monitor all financial aspects of the SCITT programme including review and approval of financial reports
- To take approved reports to full Governors and report to full Governors on any other matters of significance.

### Staffing:

- To draft and keep under review the staffing and pay structure of the Academy Trust, monitor the financial implications and review the personnel policies, and advise the Governing Body
- To establish and maintain appropriate terms and conditions of staff employment, training and development and oversee recruitment, performance monitoring, absence management, disciplinary procedures and severance procedures in accordance with the delegated arrangements

To ensure that financial and personnel decisions and policies conform to Health and Safety requirements and regulations and Equalities Law, plus standards and policies areas properly set by the Council.

# POND MEADOW ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Mr D J Monk (Headteacher and Accounting Officer)	3	3
Mr M W Gambold	3	3
Mr S J Mundy	3	3
Mrs M A Taylor (Resigned 27 September 2018)	3	3

In the year 2016-17 the Trust carried out a skill set review. The Trust discussed this review at their full Board meeting in November 2017 and sought to add to their strengths by recruiting a member with specific building and design experience. The Governors intend to repeat the review process after November 2018 following the election of a new Chair of Governors.

### Review of value for money

As Accounting Officer the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources have provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- focusing on providing appropriate levels of staff support for individual pupil high special educational needs;
- through this support, ensuring all pupils continue to make good to outstanding progress with no 'gaps' in achievement;
- reviewing the levels of finance and administrative support and how it is structured;
- creating a financial governance structure that creates challenge and discussion; and
- continuing to seek the quality and cost effectiveness through contract review. For example: landscaping, cleaning, utilities and maintenance.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Academy Trust's 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 Pond Meadow Academy Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and the Financial Statements.

### Capacity to handle risk

The Board of Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and the Financial Statements. This process is regularly reviewed by the Board of Governors.

# POND MEADOW ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the Finance and Staffing 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; and
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and decided to appoint Wilkins Kennedy with effect from October 2015 to complete the internal audit function.

Wilkins Kennedy's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

On a termly basis, Wilkins Kennedy will report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors financial responsibilities.

The internal audit role is carried out by a separate office at Wilkins Kennedy with no connection to the external audit team; this is to ensure the reviews are carried out independently.

The Internal Auditor's (IA) role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The IA reports to the Board of Governors on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Governors.

During the year tests were carried out in the following area: financial procedures, payroll, Governance, reporting, and compliance. The work was carried out in accordance with the planned schedule of work and no significant issues were identified.

### **Review of effectiveness**

As Accounting Officer the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the Internal Audit Review;
- the work of the External Auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Governors on 27 November 2018 and signed on its behalf by:

Mr D J Monk  
**Headteacher and Accounting Officer**

Mr S J Mundy  
**Co-Chair**

Ms A C Walsh  
**Co-Chair**

# **POND MEADOW ACADEMY TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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As accounting officer of Pond Meadow Academy Trust I have considered my responsibility to notify the Academy Trust Board of Governors 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's Board of Governors 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 Governors and ESFA.

Mr D J Monk  
**Accounting Officer**

27 November 2018



# POND MEADOW ACADEMY TRUST

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Governors (who act as trustees for Pond Meadow Academy Trust and are also the directors of Pond Meadow Academy Trust for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

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

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

The Governors 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 Governors on 27 November 2018 and signed on its behalf by:

Mr S J Mundy  
**Co-Chair**

Ms A C Walsh  
**Co-Chair**

# POND MEADOW ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POND MEADOW ACADEMY TRUST

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### Opinion

We have audited the financial statements of Pond Meadow Academy Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information. 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.

# POND MEADOW ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POND MEADOW ACADEMY TRUST (CONTINUED)

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### Opinions 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 Governors' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report, including the incorporated strategic report.

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

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

### Responsibilities of Governors

As explained more fully in the statement of Governors' responsibilities, the Governors 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 Governors 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 Governors 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 Governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the accounts

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

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

# **POND MEADOW ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POND MEADOW ACADEMY TRUST (CONTINUED)**

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### **Use of our report**

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

**Mandy Wilson FCA (Senior Statutory Auditor)**  
**for and on behalf of Wilkins Kennedy Audit Services**  
**Statutory Auditor**

28 November 2018  
Mount Manor House  
16 The Mount  
Guildford  
Surrey  
GU2 4HN

# **POND MEADOW ACADEMY TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO POND MEADOW ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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In accordance with the terms of our engagement letter dated 7 September 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 Pond Meadow Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Pond Meadow Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Pond Meadow Academy Trust's funding agreement with the Secretary of State for Education dated 28 October 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

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

# **POND MEADOW ACADEMY TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO POND MEADOW ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Conclusion**

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

### **Reporting Accountant**

Wilkins Kennedy Audit Services  
Mount Manor House  
16 The Mount  
Guildford  
Surrey  
GU2 4HN

Dated: 28 November 2018

# POND MEADOW ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £	Total 2017 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	1,368	14,934	16,302	14,775
Charitable activities:						
- Funding for educational operations	4	20,216	2,717,574	-	2,737,790	2,735,659
Investments	5	446	-	-	446	128
<b>Total income and endowments</b>		<u>20,662</u>	<u>2,718,942</u>	<u>14,934</u>	<u>2,754,538</u>	<u>2,750,562</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	7	2,318	2,958,482	255,592	3,216,392	3,046,985
<b>Total expenditure</b>	6	<u>2,318</u>	<u>2,958,482</u>	<u>255,592</u>	<u>3,216,392</u>	<u>3,046,985</u>
<b>Net income/(expenditure)</b>		18,344	(239,540)	(240,658)	(461,854)	(296,423)
Transfers between funds		-	(5,128)	5,128	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes		-	407,000	-	407,000	43,000
<b>Net movement in funds</b>		<u>18,344</u>	<u>162,332</u>	<u>(235,530)</u>	<u>(54,854)</u>	<u>(253,423)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		292,020	(1,361,484)	12,653,760	11,584,296	11,837,719
Total funds carried forward		<u>310,364</u>	<u>(1,199,152)</u>	<u>12,418,230</u>	<u>11,529,442</u>	<u>11,584,296</u>

# POND MEADOW ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2017		Funds	General	Fixed asset	2017
	Notes	£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	-	7,364	7,411	14,775
Charitable activities:					
- Funding for educational operations	4	15,362	2,720,297	-	2,735,659
Investments	5	128	-	-	128
<b>Total income and endowments</b>		<u>15,490</u>	<u>2,727,661</u>	<u>7,411</u>	<u>2,750,562</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	7	4,885	2,795,202	246,898	3,046,985
<b>Total expenditure</b>	6	<u>4,885</u>	<u>2,795,202</u>	<u>246,898</u>	<u>3,046,985</u>
<b>Net income/(expenditure)</b>		10,605	(67,541)	(239,487)	(296,423)
Transfers between funds		-	(42,627)	42,627	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	16	-	43,000	-	43,000
<b>Net movement in funds</b>		10,605	(67,168)	(196,860)	(253,423)
<b>Reconciliation of funds</b>					
Total funds brought forward		281,415	(1,294,316)	12,850,620	11,837,719
Total funds carried forward		<u>292,020</u>	<u>(1,361,484)</u>	<u>12,653,760</u>	<u>11,584,296</u>



# POND MEADOW ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	11	12,414,418		12,653,760	
<b>Current assets</b>					
Debtors	12	56,464		70,238	
Cash at bank and in hand		706,662		642,606	
		<u>763,126</u>		<u>712,844</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(275,102)		(289,308)	
<b>Net current assets</b>			488,024		423,536
<b>Net assets excluding pension liability</b>			12,902,442		13,077,296
Defined benefit pension scheme liability	16	(1,373,000)		(1,493,000)	
<b>Net assets</b>			<u>11,529,442</u>		<u>11,584,296</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	15				
- Fixed asset funds		12,418,230		12,653,760	
- Restricted income funds		173,848		131,516	
- Pension reserve		(1,373,000)		(1,493,000)	
<b>Total restricted funds</b>		<u>11,219,078</u>		<u>11,292,276</u>	
<b>Unrestricted income funds</b>	15	310,364		292,020	
<b>Total funds</b>		<u>11,529,442</u>		<u>11,584,296</u>	

The financial statements on pages 21 to 43 were approved by the Governors and authorised for issue on 27 November 2018 and are signed on their behalf by:

Mr S J Mundy  
Co-Chair

Ms A C Walsh  
Co-Chair

Company Number 09148900

# POND MEADOW ACADEMY TRUST

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 AUGUST 2018**

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	18		64,926		177,043
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		446		128	
Capital grants from DfE Group		7,739		7,411	
Capital funding received from sponsors and others		7,195		-	
Purchase of tangible fixed assets		(16,250)		(50,038)	
<b>Net cash used in investing activities</b>			(870)		(42,499)
<b>Net increase in cash and cash equivalents in the reporting period</b>			64,056		134,544
Cash and cash equivalents at beginning of the year			642,606		508,062
<b>Cash and cash equivalents at end of the year</b>			706,662		642,606

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies

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

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

##### 1.1 Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

##### 1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors 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 Income

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

###### Grants receivable

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

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

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

###### Sponsorship income

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

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1 Accounting policies**

**(Continued)**

#### Donations

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

#### Other income

Other income is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

#### Donated goods, facilities and services

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

#### Donated fixed assets

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

### **1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

#### Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Governors' meetings and reimbursed expenses.

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

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

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

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

Leasehold land and buildings	not depreciated & 50 years
Computer equipment	33% Straight line
Fixtures, fittings & equipment	20% Straight line
Motor vehicles	20% Straight line

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

#### 1.6 Liabilities

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

#### 1.7 Leasing commitments

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

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1 Accounting policies**

**(Continued)**

#### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

### **1.9 Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **1.10 Pensions benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

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

### **1.11 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 Governors.

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

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1 Accounting policies**

**(Continued)**

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

#### **1.12 Agency arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities.

The Academy Trust also acts as an agent for Destination Pond Meadow, a connected charity.

The funds received and paid and any balances held are disclosed in note 23.

### **2 Critical accounting estimates and areas of judgement**

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

#### Critical accounting estimates and assumptions

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

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

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 16, 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.

#### Critical areas of judgement

There are no critical areas of judgement.

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	7,739	7,739	7,411
Other donations	-	8,563	8,563	7,364
	-	16,302	16,302	14,775

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	1,199,364	1,199,364	1,088,616
Other DfE group grants	-	54,617	54,617	45,465
	-	1,253,981	1,253,981	1,134,081
<b>Other government grants</b>				
Local authority grants	-	1,463,593	1,463,593	1,586,216
<b>Other funding</b>				
Other incoming resources	20,216	-	20,216	15,362
<b>Total funding</b>	20,216	2,717,574	2,737,790	2,735,659

### 5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	446	-	446	128

### 6 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Academy's educational operations					
- Direct costs	2,202,657	-	106,308	2,308,965	2,283,535
- Allocated support costs	386,960	385,915	134,552	907,427	763,450
	2,589,617	385,915	240,860	3,216,392	3,046,985



# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 6 Expenditure

(Continued)

Net income/(expenditure) for the year includes:	2018 £	2017 £
Fees payable to auditor for:		
- Audit	7,275	7,335
- Other services	3,169	3,049
Operating lease rentals	2,205	1,744
Depreciation of tangible fixed assets	255,592	246,898
Net interest on defined benefit pension liability	40,000	31,000
	<u>268,181</u>	<u>289,935</u>

### 7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>Direct costs</b>				
Educational operations	2,318	2,306,647	2,308,965	2,283,535
<b>Support costs</b>				
Educational operations	-	907,427	907,427	763,450
	<u>2,318</u>	<u>3,214,074</u>	<u>3,216,392</u>	<u>3,046,985</u>

### Analysis of costs

	2018 £	2017 £
<b>Direct costs</b>		
Teaching and educational support staff costs	2,202,657	2,201,489
Technology costs	27,521	21,769
Educational supplies and services	54,507	37,245
Other direct costs	24,280	23,032
	<u>2,308,965</u>	<u>2,283,535</u>
<b>Support costs</b>		
Support staff costs	386,960	254,241
Depreciation	255,592	246,898
Maintenance of premises and equipment	130,323	132,742
Finance costs	40,000	31,000
Other support costs	57,299	67,056
Governance costs	37,253	31,513
	<u>907,427</u>	<u>763,450</u>

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 8 Staff

#### Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	1,873,089	1,830,096
Social security costs	138,922	140,512
Pension costs	565,235	475,062
Staff costs	2,577,246	2,445,670
Agency staff costs	12,371	10,060
Total staff expenditure	2,589,617	2,455,730

#### Staff numbers

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

	2018 Number	2017 Number
Teachers	22	21
Administration and support	80	75
Management	3	4
	105	100

Included in Administration and support staff are 75 classroom support staff (2017: 70).

#### Higher paid staff

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

	2018 Number	2017 Number
£90,001 - £100,000	1	1

#### Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the Senior Leadership Team as listed on page 1, and the Finance Officer. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the Academy Trust was £324,522 (2017: £283,988).

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **9 Governors' remuneration and expenses**

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

The Headteacher and other Staff Governors only receive remuneration in respect of services they provide whilst undertaking their respective roles and not in respect of their services as Governors.

The value of Governors' remuneration was as follows:

Mr D J Monk (Headteacher)	Remuneration £90,001 - £95,000 (2017: £90,001 - £95,000) Pension £10,001 - £15,000 (2017: £10,001 - £15,000)
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Mrs L Davies (staff governor)	Remuneration £35,001- £40,000 (2017: £35,001- £40,000) Pension £5,001 - £10,000 (2017: £5,001 - £10,000)
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Governors did not receive any payments other than reimbursed expenses. During the year, no expenses were reimbursed. During the previous year a total of £264 was paid to two Governors.

Other related party transactions involving the Governors are set out in note 21.

### **10 Governors and officers insurance**

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

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 11 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 2017	13,165,000	71,290	34,917	33,652	13,304,859
Additions	-	4,603	11,647	-	16,250
At 31 August 2018	13,165,000	75,893	46,564	33,652	13,321,109
<b>Depreciation</b>					
At 1 September 2017	613,360	22,942	4,701	10,096	651,099
Charge for the year	216,480	24,420	7,962	6,730	255,592
At 31 August 2018	829,840	47,362	12,663	16,826	906,691
<b>Net book value</b>					
At 31 August 2018	12,335,160	28,531	33,901	16,826	12,414,418
At 31 August 2017	12,551,640	48,348	30,216	23,556	12,653,760

Included within tangible fixed assets is leasehold land amounting to £2,341,000 which is not depreciated.

### 12 Debtors

	2018 £	2017 £
VAT recoverable	17,557	14,458
Other debtors	-	1,946
Prepayments and accrued income	38,907	53,834
	56,464	70,238

### 13 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	41,837	37,689
Other taxation and social security	32,016	35,459
Other creditors	38,261	43,610
Accruals and deferred income	162,988	172,550
	275,102	289,308

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

<b>14 Deferred income</b>	<b>2018 £</b>	<b>2017 £</b>
Deferred income is included within:		
Creditors due within one year	141,092	134,957
Deferred income at 1 September 2017	134,957	112,110
Released from previous years	(134,957)	(112,110)
Resources deferred in the year	141,092	134,957
<b>Deferred income at 31 August 2018</b>	<b>141,092</b>	<b>134,957</b>

Deferred income includes funding received in advance relating to activities due to take place during the 2018/19 academic year.

<b>15 Funds</b>	<b>Balance at 1 September 2017 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains, losses and transfers £</b>	<b>Balance at 31 August 2018 £</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	112,923	1,199,364	(1,143,170)	(5,128)	163,989
Other DfE / ESFA grants	18,260	54,617	(63,129)	-	9,748
Other government grants	-	1,463,593	(1,463,593)	-	-
Other restricted funds	333	1,368	(1,590)	-	111
Pension reserve	(1,493,000)	-	(287,000)	407,000	(1,373,000)
	(1,361,484)	2,718,942	(2,958,482)	401,872	(1,199,152)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	12,551,640	-	(216,480)	-	12,335,160
DfE group capital grants	-	7,739	-	(7,739)	-
Capital expenditure from GAG	61,375	-	(19,234)	12,867	55,008
Private sector capital sponsorship	40,745	7,195	(19,878)	-	28,062
	12,653,760	14,934	(255,592)	5,128	12,418,230
<b>Total restricted funds</b>	<b>11,292,276</b>	<b>2,733,876</b>	<b>(3,214,074)</b>	<b>407,000</b>	<b>11,219,078</b>
<b>Unrestricted funds</b>					
General funds	292,020	20,662	(2,318)	-	310,364
<b>Total funds</b>	<b>11,584,296</b>	<b>2,754,538</b>	<b>(3,216,392)</b>	<b>407,000</b>	<b>11,529,442</b>

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 15 Funds

(Continued)

The inherited fixed assets fund has been set up to recognise the tangible fixed assets gifted to the Academy Trust upon conversion which represent the school site including the leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those assets is allocated to the fund.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy Trust via the Education and Skills Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2018.

The pension reserve has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	84,349	1,088,616	(1,016,755)	(50,038)	106,172
Other DfE / ESFA grants	7,335	45,465	(41,951)	7,411	18,260
Other government grants	-	1,586,216	(1,579,465)	-	6,751
Other restricted funds	-	7,364	(7,031)	-	333
Pension reserve	(1,386,000)	-	(150,000)	43,000	(1,493,000)
	<u>(1,294,316)</u>	<u>2,727,661</u>	<u>(2,795,202)</u>	<u>373</u>	<u>(1,361,484)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	12,768,120	-	(216,480)	-	12,551,640
DfE group capital grants	-	7,411	-	-	7,411
Capital expenditure from GAG	24,431	-	(10,818)	47,762	61,375
Private sector capital sponsorship	58,069	-	(19,600)	(5,135)	33,334
	<u>12,850,620</u>	<u>7,411</u>	<u>(246,898)</u>	<u>42,627</u>	<u>12,653,760</u>
<b>Total restricted funds</b>	<u>11,556,304</u>	<u>2,735,072</u>	<u>(3,042,100)</u>	<u>43,000</u>	<u>11,292,276</u>
<b>Unrestricted funds</b>					
General funds	<u>281,415</u>	<u>15,490</u>	<u>(4,885)</u>	<u>-</u>	<u>292,020</u>
<b>Total funds</b>	<u>11,837,719</u>	<u>2,750,562</u>	<u>(3,046,985)</u>	<u>43,000</u>	<u>11,584,296</u>

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 15 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	84,349	2,287,980	(2,159,925)	(55,166)	157,238
Other DfE / ESFA grants	7,335	100,082	(105,080)	7,411	9,748
Other government grants	-	3,049,809	(3,043,058)	-	6,751
Other restricted funds	-	8,732	(8,621)	-	111
Pension reserve	(1,386,000)	-	(437,000)	450,000	(1,373,000)
	<u>(1,294,316)</u>	<u>5,446,603</u>	<u>(5,753,684)</u>	<u>402,245</u>	<u>(1,199,152)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	12,768,120	-	(432,960)	-	12,335,160
DfE group capital grants	-	15,150	-	(7,739)	7,411
Capital expenditure from GAG	24,431	-	(30,052)	60,629	55,008
Private sector capital sponsorship	58,069	7,195	(39,478)	(5,135)	20,651
	<u>12,850,620</u>	<u>22,345</u>	<u>(502,490)</u>	<u>47,755</u>	<u>12,418,230</u>
<b>Total restricted funds</b>	<u>11,556,304</u>	<u>5,468,948</u>	<u>(6,256,174)</u>	<u>450,000</u>	<u>11,219,078</u>
<b>Unrestricted funds</b>					
General funds	<u>281,415</u>	<u>36,152</u>	<u>(7,203)</u>	<u>-</u>	<u>310,364</u>
<b>Total funds</b>	<u>11,837,719</u>	<u>5,505,100</u>	<u>(6,263,377)</u>	<u>450,000</u>	<u>11,529,442</u>

### 16 Pensions and similar obligations

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

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

Contributions amounting to £38,261 (2017: £42,657) were payable to the schemes at 31 August 2018 and are included within creditors.

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 16 Pensions and similar obligations

(Continued)

##### Teachers' Pension Scheme

###### Introduction

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

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

###### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% 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 based on April 2016 data, whereupon the employer contribution rate has been reassessed to 23.6% and will be payable from September 2019.

The employer's pension costs paid to the TPS in the period amounted to £127,727 (2017: £123,697).

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

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

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.1% for employers and 5.5% to 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £190,000.



# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 16 Pensions and similar obligations

(Continued)

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

Total contributions made	2018 £	2017 £
Employer's contributions	190,000	233,000
Employees' contributions	58,000	53,000
Total contributions	248,000	286,000

Principal actuarial assumptions	2018 %	2017 %
Rate of increases in salaries	2.6	2.7
Rate of increase for pensions in payment	2.3	2.4
Discount rate	2.8	2.5

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

	2018 Years	2017 Years
Retiring today		
- Males	22.5	22.5
- Females	24.6	24.6
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.4	26.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £	2017 £
Discount rate - 0.5%	422,000	369,000
Salary increase rate + 0.5%	93,000	140,000
Pension increase rate + 0.5%	321,000	219,000

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 16 Pensions and similar obligations

(Continued)

#### The Academy Trust's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	1,241,280	1,043,000
Bonds	293,080	211,000
Cash	120,680	99,000
Property	68,960	56,000
Total market value of assets	1,724,000	1,409,000
Actual return on scheme assets - gain/(loss)	81,000	26,000

#### Amounts recognised in the statement of financial activities

	2018 £	2017 £
Current service cost	437,000	352,000
Interest income	(38,000)	(26,000)
Interest cost	78,000	57,000
Total operating charge	477,000	383,000

#### Changes in the present value of defined benefit obligations

	2018 £	2017 £
Obligations at 1 September 2017	2,902,000	2,505,000
Current service cost	437,000	352,000
Interest cost	78,000	57,000
Employee contributions	58,000	53,000
Actuarial gain	(364,000)	(43,000)
Benefits paid	(14,000)	(22,000)
Obligations at 31 August 2017	3,097,000	2,902,000

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 16 Pensions and similar obligations

(Continued)

#### Changes in the fair value of the Academy Trust's share of scheme assets

	2018 £	2017 £
Assets at 1 September 2017	1,409,000	1,119,000
Interest income	38,000	26,000
Actuarial gain	43,000	-
Employer contributions	190,000	233,000
Employee contributions	58,000	53,000
Benefits paid	(14,000)	(22,000)
Assets at 31 August 2017	1,724,000	1,409,000

#### Deficit

	2018 £	2017 £
As at 1 September 2017	1,493,000	1,386,000
(Decrease)/Increase in year	(120,000)	107,000
As at 31 August 2018	1,373,000	1,493,000

### 17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	12,414,418	12,414,418
Current assets	585,466	173,848	3,812	763,126
Creditors falling due within one year	(275,102)	-	-	(275,102)
Defined benefit pension liability	-	(1,373,000)	-	(1,373,000)
<b>Total net assets</b>	<b>310,364</b>	<b>(1,199,152)</b>	<b>12,418,230</b>	<b>11,529,442</b>
	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	12,653,760	12,653,760
Current assets	581,328	131,516	-	712,844
Creditors falling due within one year	(289,308)	-	-	(289,308)
Defined benefit pension liability	-	(1,493,000)	-	(1,493,000)
<b>Total net assets</b>	<b>292,020</b>	<b>(1,361,484)</b>	<b>12,653,760</b>	<b>11,584,296</b>

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 18 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(461,854)	(296,423)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(14,934)	(7,411)
Investment income receivable	(446)	(128)
Defined benefit pension costs less contributions payable	247,000	119,000
Defined benefit pension net finance cost	40,000	31,000
Depreciation of tangible fixed assets	255,592	246,898
Decrease in debtors	13,774	38,619
(Decrease)/increase in creditors	(14,206)	45,488
<b>Net cash provided by operating activities</b>	<b>64,926</b>	<b>177,043</b>

#### 19 Commitments under operating leases

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

	2018 £	2017 £
Amounts due within one year	2,205	2,205
Amounts due in two and five years	1,093	5,503
	<b>3,298</b>	<b>7,708</b>

#### 20 Capital commitments

	2018 £	2017 £
Expenditure contracted for but not provided in the financial statements	19,451	-

# POND MEADOW ACADEMY TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### 21 Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

#### Expenditure related party transactions

Chaddesley Sanford Limited – a company in which Mr M Gambold (a trustee) has a majority interest:

- The Academy Trust purchased software licences from Chaddesley Sanford Limited totalling £154 (2017: £168) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil)
- The Academy Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr M Gambold neither participated in, nor influenced
- In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2017

The Academy Trust has a connected charity, Destination Pond Meadow, of which the trustee Mr D Monk is also a trustee. Mrs C Attridge, a member of the SLT, is also a trustee. The charity's year end is 31 March.

The charity undertakes fundraising activities on behalf of the academy and makes donations towards specific equipment requirements. During the year, the charity donated £nil (2017: £4,805) to the Academy Trust. The Academy Trust paid £2,279 (2017: £953) to the charity during the period.

The latest financial statements for the charity showed the following:

Assets	£12,941
Retained funds	£12,941
Income	£5,934
Expenditure	(£3,557)
Surplus	£2,377

### 22 Members' liability

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

### 23 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ended 31 August 2018 the trust received £1,200 (2017: £1,200) and disbursed £1,200 (2017: £1,200) from the fund.

The Academy Trust also received funds on behalf of Destination Pond Meadow during the year amounting to £nil (2017: £1,299) and disbursed £2,279 (2017: £346).

The Academy Trust also received funds on behalf of the Scouts during the year amounting to £nil (2017: £385) and disbursed £nil (2017: £385).