Registered number: 10461895

THE CLAXTON TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2017

THE CLAXTON TRUST

(A Company Limited by Guarantee)

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THE CLAXTON TRUST

(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE PERIOD ENDED 31 AUGUST 2017

Members	Mr T Day (appointed 1 November 2016) Mrs C Kemp (appointed 1 November 2016) Mr R Sachse (appointed 1 November 2016) Mr R Shamtally (appointed 1 November 2016) Mrs H Yendell (appointed 1 November 2016)
Trustees	Mrs C Kemp, Chair of Trustees (appointed 1 November 2016) Mr R Staples, CEO (appointed 1 November 2016) Mrs E Flawn, Vice CEO (appointed 1 November 2016) Mrs G Louch (appointed 1 November 2016) Mrs D Pepe (appointed 1 November 2016) Mrs J Wolfe (appointed 1 November 2016) Mrs H Yendell, Vice Chair of Trustees (appointed 1 November 2016)
Company registered number	10461895
Company name	The Claxton Trust
Principal and registered office	Fairlands Primary School Pound Avenue Stevenage Hertfordshire SG1 3JA
Company Secretary	Mrs J Wibberley-Young
Chief Executive Officer	Mr R Staples
Senior Management Team	Mr R Staples, CEO/ Headteacher of Fairlands Primary School Mrs E Flawn, Vice CEO/ Headteacher of Camps Hill Primary School Mrs J Wibberley-Young, Chief Financial Officer Mrs J Johnson, Vice Chief Financial Officer
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds Bank PLC 3 Town Square Stevenage SG1 1BG
Solicitors	Stone King LLP 1 Aire Street Leeds LS1 4PR

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees present their Annual Report together with the financial statements and Auditor's Report of The Claxton Trust (the Trust or the Charitable Company) for the period ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates two academy schools serving a catchment area in Stevenage. The schools have a combined capacity of 1,240 and had a roll of 1,138 in the autumn 2017 census.

Structure, governance and management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms 'Trustee' and 'Director' are interchangeable. The charitable company includes the following Academies (Schools):

- Camps Hill Primary School; converted on 1st April 2017
- Fairlands Primary School; converted on 1st April 2017

The operation of the Trust's Academies and employment of staff are the responsibility of the Trustees. The Board retains control of Academy budgets and finances, and monitors these through its Audit Committee. Throughout this Report, the Board of Trustees is referred to as the Board. Each Academy has appointed Local Governing Bodies (LGB) who have delegated authority to administer their Academy within agreed budgets.

Details of the Trustees who served throughout the period are included in the reference and administrative details section. Within this Report, the term Trustee refers to a Member of the Board and the term Governor to a Member of an LGB. Details of the Trustees who served during the year are included in the reference and administrative details section.

Members' liability

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

Trustees and officers' indemnities

In accordance with normal commercial practice the Trust is a member of the Department for Education Risk Protection Arrangement (RPA) and thus has arrangements to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Membership provides for unlimited cover on any one claim.

Method of recruitment and appointment or election of Trustees

The Articles of Association states that the number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

In accordance with the Articles of Association, the Trust has the following trustees:

- up to 5 Member-appointed Trustees.
- 2 Academy Trustees.
- the Chief Executive Officer .
- the Vice Chief Executive Officer.

There are no Parent Trustees as provision has been made for Parent Governors at each Academy.

Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) and the Vice Chief Executive Officer (VCEO) are ex officio members of the Board. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election.

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

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training to enable them to perform their role effectively. To this end, the Trust links with local training providers. New Trustees and Governors are required to complete an induction programme as detailed in the Trust induction policy, including provision of policy and procedure documents that are appropriate to the role they undertake.

Organisational Structure

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

The Board meets on at least three occasions per year and its subcommittee, the Audit Committee, will meet at least three times per year. The Board is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust using those budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Governors are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

The Senior Leadership Teams (SLT's) control the Academies at an executive level implementing policies and reporting to their LGB. Each SLT is responsible for the day to day operation of their Academy, organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment processes.

The Headteacher strategic group (HTSG) looks across the Trust and aligns local SLT and LGB activity with the strategic aims of the Trust.

The Trust's CEO is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel, are those persons having authority and responsibility for planning, directing and controlling the activities of a reporting entity, directly or indirectly, including any Director (whether executive or otherwise) and include:

- all Trustees, who receive no pay or remuneration in respect of their roles, unless they are ex-officio Trustees.
- CEO - ex-officio trustee
- VCEO - ex-officio trustee
- Headteachers within the Headteacher Strategic Group
- Chief Financial Officer (CFO)
- Vice CFO

The pay of the CEO and VCEO, who are also the Headteachers in each Academy, is set annually by the Board within the Trust Pay Policy and having regard to performance against objectives set the previous year, the academy group size, and individual school range as set out in the School Teachers' Pay and Conditions Document (STPCD).

The CFO, the VCFO and Headteachers who sit on the Headteacher Strategic Group receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff as set out in the approved pay policy, which is reviewed annually. Where applicable, this is based on the STPCD; performance against objectives; pay scales for each role; and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards; and the ability to recruit and retain in post, in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust does not have a formal sponsor.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of two Academies to provide free education and care for pupils of different abilities within its local community between the ages of 2 and 11.

Objectives, Strategies and Activities

The main objectives for The Trust and the strategies to achieve them, during the last financial year were:

Inspiring and empowering through collaboration and innovation.

- Deliver high impact, shared professional development.
- Create opportunities for cross-trust coaching & mentoring.
- Create opportunities for innovative, collaborative projects and events involving children and parents and the use of new technologies.
- Promote, celebrate, and market the work of The Trust.

Building a safe, nurturing and supportive community that empowers all young people, families, and staff to succeed

- Develop an efficient communication strategy which engages all stakeholders.
- Ensure safeguarding expectations are consistent.
- Engage a wider portfolio of partners, agencies, and community links.
- Develop high quality provision for 0-5 year olds.
- Explore succession planning opportunities within Trust.
- Develop further strategies which have an impact on the wellbeing of all groups within the Trust.

Ensuring that all pupils experience high quality teaching and learning in an inclusive environment.

- Develop a shared understanding of high quality provision.
- Refine the curriculum and agree non-negotiables within the Trust.
- Develop learning behaviours which allow children to excel.
- Ensure that inclusive practice enables all learners, regardless of starting point, barriers, or background, to excel.

Embracing a reflective culture of continual improvement which grows and develops an outstanding Trust community

- Create opportunities for honest, cross-Trust, collaborative self-evaluation.
- Audit skills and share expertise within the Trust.
- Implement Trust-led local reviews.
- Implement a Trust intervention plan.
- Deliver leadership development programmes across Trust.

Working efficiently across the Trust to ensure value for money and organisational resilience

- Rationalise existing skills, resources, staffing, and services to secure best value for money.
- Generate income through developing traded offers, fundraising and bid management.
- Identify a strategy for Trust growth, ensuring long-term financial sustainability.

Public Benefit

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

Strategic Report

Achievements and Performance

The Trust has made good progress against its main objectives and work continues towards these into the next academic year.

Specific achievements were as follows:

- the formal governance arrangements for the Board, Audit Committee and the LGB's have been established and are operating well;
- key policies have been reviewed and implemented to ensure compliance and consistency across the Trust
- robust financial procedures and processes for internal control have been established;
- a clear vision for the future development of the Trust has been articulated by leadership teams across the trust;
- professional development opportunities have been provided across the Trust to improve quality of provision;
- both Schools have maintained their status as being judged ‘good’ by Ofsted and through latest external moderation of School-based self-evaluation; and
- both Schools remain above floor standards and neither would be deemed to be coasting.

Key Performance Indicators

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

As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers for 2017 were 1,138 against a forecast of 1,135.

Another key financial performance indicator is staffing costs as a percentage of total recurrent grant income. For 2016/17 this was between 76-78% against set parameters of 70-75%. The Trustees are aware of this differential and are monitoring staffing levels closely to bring staffing costs under set parameters within the 2017/2018 financial year.

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

Going Concern

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

Financial Review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education, Skills and Funding Agency (ESFA).

For the period ended 31 August 2017, the Trust received:

- £1,800,437 of GAG and other ESFA funding.
- £417,670 in other income, including from lettings, donations, fundraising and grants from other sources.
- £69,218 in capital income (includes £50,000 classified as Rectriced Fixed Asset donations).
- £14,412,626 of donations on conversion (including Tangible Fixed Assets, Pension Reserve and Funds inherited from the Local Authority, see note 220 for more detail).

A high percentage of the income was spent on salaries and non-capital costs to deliver the Trust's primary objective of the provision of education. During the year, the Trust spent £2,155,340 on such expenditure.

An additional £26,575 was transferred to support capital new build and improvement projects on the various Academy sites.

The carry forward for 2016/17 is £97,420 restricted funding and £342,142 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme (LGPS) under FRS102, the Trust is recognising a significant pension fund deficit of £1,355,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over subsequent years.

Reserves Policy

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

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £342,142. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

For the first year of operation, the Trustees have made a decision to designate unrestricted balances of £10,000 for future capital projects, and is holding other unrestricted funds of £10,000 to cover future increases in costs and expenditure that may arise from uninsurable losses. The trust holds £20,000 for in year contingencies and always plans to have a carry forward of between 1% and 2% to assist in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £439,562.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £568,500. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the Audit Committee and attempt to hold a minimum of £150,000 to cover short term cash flow variances.

Investment Policy

An investments policy was approved by the board on 9th June 2017. The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudency in ensuring there is minimum risk. The trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

For this financial year, both Academies chose not to invest their cash balances to ensure that bank accounts had sufficient cash flow to sustain day to day business.

Principal Risks and Uncertainties

The Board works with the LGB's in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Board via the Audit Committee with a formal review of the process undertaken on an annual basis. The internal control systems and the exposure to identified risks are monitored on behalf of the Trustees at each Audit Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

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

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

As a group of academy schools, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up most expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

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

- each Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. the Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the individual Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;

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

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

Plans for Future Periods

Academies' plans are set out in their respective school development plans for 2017-2018.

A key focus across both Academies is to increase the impact of middle leadership on the quality of provision at both Schools.

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held as a custodian trustee on behalf of others.

Auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by the Board on 14 December 2017 and signed on the Board's behalf by:

Mrs C Kemp
Chair of Trustees

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The Claxton 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 has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Claxton Trust and the Secretary of State for Education. They are also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Mrs C Kemp, Chair of Trustees	3	3
Mr R Staples, CEO	3	3
Mrs E Flawn, VCEO	3	3
Mrs G Louch	3	3
Mrs D Pepe	2	3
Mrs J Wolfe	3	3
Mrs H Yendell, Vice Chair of Trustees	3	3

The composition of the Board has not changed from the incorporation of the Trust on 03 November 2016. The key focus for this financial year has been to ensure that robust processes and policies are in place across the new Multi-Academy Trust (MAT).

The Board has audited its skills base and this was reviewed at the Board meeting on 11 December 2017. This will identify key strengths and support targeted recruitment to the Board in the future.

A full external review of governance is planned for later this academic year.

The Audit Committee is a sub-committee to the main Board and provides assurance over the suitability of, and compliance with, its financial systems and operational controls. The Audit Committee will meet minimum of three times a year. There were no meetings of the Audit Committee in the period ended 31 August 2017.

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Improving educational outcomes with shared resources;
  - shared training across all Academies to develop a shared vision of aspiration for all children;
  - shared moderation of pupil work has made financial savings and spread experience and knowledge.
- Sharing procurement of systems, services and contracts;
  - a new financial package has been implemented across the Trust;
  - work on synchronising contracts has commenced to ensure value for money in future financial years.
- Strengthening financial oversight and governance;
  - a new internal control framework has been established and implemented across the Trust, including revised controls around procurement, fixed assets and disposals.
- Maximising income generation;
  - opportunities to generate additional funds have been maximised through promotion of lettings and extended service provision across the Trust.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Claxton Trust for the period 1 April 2017 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

The 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;
- regular reviews by the Board 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.

As an interim measure, a member of the Audit Committee, Claire Peacock, has conducted an internal review focusing on checks of financial procedures against the agreed internal control framework.

The findings will be reported to the Audit Committee meeting in December 2017.

GOVERNANCE STATEMENT (continued)

For the financial year 16/17, the internal review identified that processes detailed in the internal control framework, in relation to the posting of income for parental contributions, were not being consistently applied across the Trust during the period immediately following conversion. The issues were identified, staff received additional training and consistent practice was swiftly implemented.

An Internal Auditor has been appointed and will conduct the first internal audit in January 2018. The focus will be on testing financial procedures as outlined in the internal control framework.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the CEO 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 external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board on 14 December 2017 and signed on their behalf, by:

Mrs C Kemp
Chair of Trustees

Mr R Staples
Accounting Officer

THE CLAXTON TRUST

(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Mr R Staples
Accounting Officer

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board on 14 December 2017 and signed on its behalf by:

Mrs C Kemp
Chair of Trustees

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE CLAXTON TRUST

OPINION

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

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

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE CLAXTON TRUST

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants and Statutory Auditors
Causeway House, 1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
19 December 2017

THE CLAXTON TRUST

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CLAXTON TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 7 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Claxton Trust during the period 1 April 2017 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE CLAXTON TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of The Claxton Trust's funding agreement with the Secretary of State for Education dated 1 April 2017, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

The work undertaken to draw to our conclusions includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity,propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CLAXTON TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

CONCLUSION

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

Reporting Accountant

Price Bailey LLP

Chartered Accountants

19 December 2017

THE CLAXTON TRUST

(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
INCOME FROM:					
Donations & capital grants:					
Transfered on conversion	2	332,373	(1,191,000)	15,266,253	14,407,626
Other donations and capital grants	2	5,574	43,665	69,218	118,457
Charitable activities	3	24,723	2,064,411	-	2,089,134
Other trading activities	4	79,469	-	-	79,469
Investments	5	265	-	-	265
TOTAL INCOME		442,404	917,076	15,335,471	16,694,951
EXPENDITURE ON:					
Charitable activities		100,262	2,055,078	227,572	2,382,912
TOTAL EXPENDITURE	6	100,262	2,055,078	227,572	2,382,912
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		342,142	(1,138,002)	15,107,899	14,312,039
Transfers between Funds	16	-	(26,578)	26,578	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		342,142	(1,164,580)	15,134,477	14,312,039
Actuarial losses on defined benefit pension schemes	21	-	(93,000)	-	(93,000)
NET MOVEMENT IN FUNDS		342,142	(1,257,580)	15,134,477	14,219,039
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		342,142	(1,257,580)	15,134,477	14,219,039

All of the Trust's activities derive from acquisitions in the current financial period.

THE CLAXTON TRUST

(A Company Limited by Guarantee)
REGISTERED NUMBER: 10461895

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £
FIXED ASSETS			
Tangible assets	13		15,124,419
CURRENT ASSETS			
Debtors	14	254,025	
Cash at bank and in hand	19	568,800	
		822,825	
CREDITORS: amounts falling due within one year	15	(373,205)	
NET CURRENT ASSETS			449,620
TOTAL ASSETS LESS CURRENT LIABILITIES			15,574,039
Defined benefit pension scheme liability	21		(1,355,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			14,219,039
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	16	97,420	
Restricted fixed asset funds	16	15,134,477	
Restricted income funds excluding pension liability		15,231,897	
Pension reserve		(1,355,000)	
Total restricted income funds			13,876,897
Unrestricted income funds	16		342,142
TOTAL FUNDS			14,219,039

The financial statements on pages 18 to 37 were approved by the Trustees, and authorised for issue, on 14 December 2017 and are signed on their behalf, by:

Mrs C Kemp
Chair of Trustees

THE CLAXTON TRUST

(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2017

	Note	2017 £
Cash flows from operating activities		
Net cash provided by operating activities	18	645,114
Cash flows from investing activities:		
Dividends, interest and rents from investments		265
Purchase of tangible fixed assets		(76,579)
Net cash used in investing activities		(76,314)
Change in cash and cash equivalents in the period		568,800
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward		568,800

All of the cash flows are derived from acquisitions in the current financial period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The Claxton Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Company status

The Trust is a company limited by guarantee. The Members of the Company are named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member. The functional and presentational currency is Pounds Sterling.

1.3 Fund accounting

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

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

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

1.4 Income

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

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

1.7 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

L/term leasehold property	-	20 - 50 years
L/term leasehold land	-	125 years
Fixtures and fittings	-	10 years
Computer equipment	-	5 years

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

1. ACCOUNTING POLICIES (continued)

1.8 Taxation

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

1.9 Debtors

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

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilties - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1. ACCOUNTING POLICIES (continued)

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

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

1.14 Conversion to an academy trust

The conversion from state maintained schools to the Trust involved the transfer of identifiable assets and liabilities and the operation of the Schools for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Fairlands Primary School and Camps Hill Primary School to the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 20.

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Transfered on conversion	332,373	(1,191,000)	15,266,253	14,407,626
Donations	5,574	43,665	50,000	99,239
Capital grants	-	-	19,218	19,218
Subtotal	5,574	43,665	69,218	118,457
	337,947	(1,147,335)	15,335,471	14,526,083

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	1,514,535	1,514,535
Other DfE / EFA grants	-	235,902	235,902
Start up grant	-	50,000	50,000
	-	1,800,437	1,800,437
Other government grants			
Local Authority grants	-	254,324	254,324
NCTL	-	9,650	9,650
	-	263,974	263,974
Other funding			
Catering income	24,723	-	24,723
	24,723	-	24,723
	24,723	2,064,411	2,089,134

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Hire of facilities	22,554	-	22,554
Other income	56,915	-	56,915
	79,469	-	79,469

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Bank interest	265	-	265

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Direct costs	1,428,986	-	98,063	1,527,049
Support costs	280,340	94,313	481,210	855,863
	1,709,326	94,313	579,273	2,382,912

7. CHARITABLE ACTIVITES

	2017 £
Direct costs	1,527,049
Support costs	855,863
Total	2,382,912

Analysis of support costs	2017 £
Support staff costs	280,340
Depreciation	218,413
Governance costs	11,308
Technology costs	52,029
Premises costs	94,313
Other support costs	199,460
Total	855,863

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £
Depreciation of tangible fixed assets:	
- owned or leased by the Trust	218,413
Auditors' remuneration - audit	5,500
Auditors' remuneration - non audit	3,950

9. STAFF COSTS

Staff costs were as follows:

	2017 £
Wages and salaries	1,318,376
Social security costs	89,754
Operating costs of defined benefit pension schemes	294,050
	1,702,180
Apprenticeship levy	709
Supply teacher costs	6,437
	1,709,326

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

	2017 No.
Teaching	45
Admin & Support	147
Management	11
	203

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

	2017 No.
In the band £ 70,001 - £ 80,000	2

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the Trust was £131,599. Included in the above are employer pension contributions of £19,741 and employer national insurance of £11,915.

10. CENTRAL SERVICES

No central services were provided by the Trust to its Academies during the period and no central charges arose.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017 £
Mr R Staples	Remuneration	30,000-35,000
	Pension contributions paid	0-5,000
Mrs E Flawn	Remuneration	30,000-35,000
	Pension contributions paid	0-5,000

During the period ended 31 August 2017, no Trustees received any reimbursement of expenses.

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. TANGIBLE FIXED ASSETS

	L/term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 April 2017	-	-	-	-
Additions	50,475	6,585	19,519	76,579
Assets on conversion	15,097,776	110,754	57,723	15,266,253
At 31 August 2017	15,148,251	117,339	77,242	15,342,832
Depreciation				
At 1 April 2017	-	-	-	-
Charge for the period	173,608	14,444	30,361	218,413
At 31 August 2017	173,608	14,444	30,361	218,413
Net book value				
At 31 August 2017	14,974,643	102,895	46,881	15,124,419

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

14. DEBTORS

	2017 £
Trade debtors	19,808
VAT Recoverable	72,984
Prepayments and accrued income	161,233
	254,025

15. CREDITORS: Amounts falling due within one year

	2017 £
Trade creditors	104,847
Other taxation and social security	59,250
Other creditors	70,530
Accruals and deferred income	138,578
	373,205

	£
Deferred income	
Resources deferred during the year	86,278

Deferred income relates to universal infant free school meals for both Schools and income received for trips occuring in 2017/18.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

16. STATEMENT OF FUNDS

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted	-	442,404	(100,262)	-	-	342,142
Restricted funds						
General Annual Grant (GAG)	-	1,514,535	(1,390,537)	(26,578)	-	97,420
Other DFA/ESFA	-	62,685	(62,685)	-	-	-
Start Up grant	-	50,000	(50,000)	-	-	-
Pupil Premium	-	173,217	(173,217)	-	-	-
Local Authority grants	-	254,324	(254,324)	-	-	-
Other restricted funds	-	43,665	(43,665)	-	-	-
NCTL	-	9,650	(9,650)	-	-	-
Pension reserve	-	(1,191,000)	(71,000)	-	(93,000)	(1,355,000)
	-	917,076	(2,055,078)	(26,578)	(93,000)	(1,257,580)
Restricted fixed asset funds						
Restricted fixed assets	-	15,266,253	(218,413)	76,578	-	15,124,418
Devolved Formula Capital	-	19,218	(9,159)	-	-	10,059
RFA donations	-	50,000	-	(50,000)	-	-
	-	15,335,471	(227,572)	26,578	-	15,134,477
Total restricted funds	-	16,252,547	(2,282,650)	-	(93,000)	13,876,897
Total of funds	-	16,694,951	(2,382,912)	-	(93,000)	14,219,039

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

General Annual Grant (GAG)

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

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

Other DFE/ESFA

Other DFE/ESFA grants represent funding from Government agencies to be used for specific purposes.

Start up Grant

This reporesents a grant to aid with start up costs for a new member of the Trust.

Pupil Premium

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Local Authority Grants

This represents various grants from local and national government bodies for the provision of specific services to pupils of the Academies.

16. STATEMENT OF FUNDS (continued)

Other restricted donations

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

NCTL

This reporesents funds received from the National Collge of Teaching and learning for contributions towards trainee teachers salaries.

Pension reserve

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from State Maintained Schools.

Devolved formula capital (DFC)

The Trust is to use the DFC allocation to maintain and improve its buildings and facilities.

RFA Donation

This represents funding received from the Local Authority for refurbishment of the Early Years buildings at Camps Hill Primary School.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £
Fairlands Primary School	349,216
Camps Hill Primary School	90,346
Total before fixed asset fund and pension reserve	439,562
Restricted fixed asset fund	15,134,477
Pension reserve	(1,355,000)
Total	14,219,039

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £
Fairlands Primary School	805,224	146,815	35,954	212,169	1,200,162
Camps Hill Primary School	623,762	133,525	37,448	169,602	964,337
	1,428,986	280,340	73,402	381,771	2,164,499

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	15,124,419	15,124,419
Current assets	342,142	470,625	10,058	822,825
Creditors due within one year	-	(373,205)	-	(373,205)
Provisions for liabilities and charges	-	(1,355,000)	-	(1,355,000)
	342,142	(1,257,580)	15,134,477	14,219,039

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

	2017 £
Net income for the year (as per Statement of Financial Activities)	14,312,039
Adjustment for:	
Depreciation charges	218,413
Interest received	(265)
Increase in debtors	(254,025)
Increase in creditors	373,205
Defined benefit pension scheme obligation inherited	1,186,000
Defined benefit pension scheme adjustments	76,000
Net (loss) on assets and liabilities from Local Authority on conversion	(15,266,253)
Net cash provided by operating activities	645,114

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £
Cash in hand	568,800
Total	568,800

20. CONVERSION TO AN ACADEMY TRUST

On 1st April 2017, Fairlands Primary School converted to an academy school and joined the Trust under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Trust from Hertfordshire County Council for £NIL consideration.

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

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

20. CONVERSION TO AN ACADEMY TRUST (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	10,130,556	10,130,556
- Other tangible fixed assets	-	-	93,745	93,745
Budget surplus/(deficit) on LA funds	248,617	-	-	248,617
LGPS pension surplus/(deficit)	-	(604,000)	-	(604,000)
Net assets/(liabilities)	248,617	(604,000)	10,224,301	9,868,918

On 1st April 2017, Camps Hill Primary School converted to an academy school and joined the Trust under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Claxton Trust from Hertfordshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
	-	-	-	-
- Freehold/leasehold land and buildings	-	-	4,967,220	4,967,220
- Other tangible fixed assets				
	-	-	74,732	74,732
Budget surplus/(deficit) on LA funds	83,756	-	-	83,756
LGPS pension surplus/(deficit)	-	(587,000)	-	(584,000)
Net assets/(liabilities)	83,756	(587,000)	5,041,952	4,541,708

21. PENSION COMMITMENTS

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

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

Contributions amounting to £66,560 were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers’ Pension Scheme

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

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

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

The employer’s pension costs paid to TPS in the period amounted to £113,355.

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

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

21. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £151,000, of which employer's contributions totalled £123,000. and employees' contributions totalled £28,000. The agreed contribution rates for future years are 25.3% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2017
Discount rate for scheme liabilities	2.50 %
Rate of increase in salaries	2.50 %
Rate of increase for pensions in payment / inflation	2.40 %
Inflation assumption (CPI)	2.40 %
Commutation of pensions to lump sums	50.00 %

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

	2017
Retiring today	
Males	22.5
Females	24.9
Retiring in 20 years	
Males	24.1
Females	26.7

Sensitivity analysis	At 31 August 2017 £
Discount rate +0.1%	2,715,000
Discount rate -0.1%	2,867,000
Mortality assumption - 1 year increase	2,680,000
Mortality assumption - 1 year decrease	2,902,000
CPI rate +0.1%	2,852,000
CPI rate -0.1%	2,730,000

21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £
Equities	933,000
Bonds	359,000
Property	100,000
Cash and other liquid assets	44,000
Total market value of assets	1,436,000

The actual return on scheme assets was £61,000.

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

	2017 £
Current service cost	(180,000)
Interest income	14,000
Interest cost	(28,000)
Total	(194,000)

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

	2017 £
Upon conversion	2,415,000
Current service cost	180,000
Interest cost	28,000
Employee contributions	28,000
Actuarial losses	140,000
Closing defined benefit obligation	2,791,000

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

	2017 £
Upon conversion	1,224,000
Interest income	14,000
Actuarial losses	47,000
Employer contributions	123,000
Employee contributions	28,000
Closing fair value of scheme assets	1,436,000

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/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a Member.

23. RELATED PARTY TRANSACTIONS

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

There were no related party transactions in the period.