

Registration number: 09341374

The Good Shepherd Multi Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Dodd & Co Limited
FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

The Good Shepherd Multi Academy Trust

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The Good Shepherd Multi Academy Trust

Reference and Administrative Details

Trustees (Directors)	M Mill The Reverend Canon E M Smith, Chair P J Freeman, Vice Chair N Appleton H J Clarke S Fraser W M M Rayner M Regan S Threlkeld-Brown (resigned 2 January 2016) The Reverend P H Vivash (appointed 17 September 2015 and resigned 7 October 2016) N W Kingdon (appointed 12 May 2016) Members are disclosed on page 2 of the accounts
Company Secretary	A Gerke
Senior Management Team	M Mill, Accounting Officer A Gerke, Business Manager Y Standing, Lazonby C of E School Head Teacher (resigned 31 December 2015) A Davies, Lazonby C of E School Head Teacher (appointed 1 January 2016) C Cunningham, Heversham St. Peter's C of E Primary School Head Teacher J Laker, Braithwaite C of E Primary School Head Teacher S Carrick, Ambleside C of E School Head Teacher
Principal and Registered Office	19-24 Friargate PENRITH CA11 7XR
Company Registration Number	09341374
Auditors	Dodd & Co Limited FIFTEEN Rosehill Montgomery Way Rosehill Estate CARLISLE CA1 2RW
Bankers	CAF Bank 25 Kings Hill Avenue Kings Hill WEST MALLING ME19 4TA Lloyds Bank Plc 5-6 King Street PENRITH CA11 7AP Cumberland Building Society Lake Road AMBLESIDE LA22 0AD

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees report and a directors report under company law.

Structure, governance and management

Constitution

The Good Shepherd Multi Academy Trust (hereafter referred to as The Trust) is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The company was incorporated on 4 December 2014. The company registration number is 09341374.

The Trustees of The Good Shepherd Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

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

The Trust delivers its aims through working with the Local Governing Body of each of its schools. More details about them can be found in the governance section.

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.

As recommended good practice and in accordance with the company's Articles of Association, independent Members of the Trust were appointed as follows:

The Right Reverend J Newcome (in his capacity as The Lord Bishop of Carlisle)

Carlisle Diocesan Board of Finance (M Bonner is nominated by it for the purpose since 27 January 2016 replacing D Hurton)

M Wilson (in his capacity as trustee of Carlisle Diocesan Board of Finance)

The Reverend Canon E M Smith (in her capacity as Chair of the Board of Trustees)

N Robson

The member who is the Chairman of the Carlisle Diocesan Board of Education is currently vacant due to the resignation of The Venerable K Roberts on 17 April 2016

Trustees' indemnities

The Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Trust purchased and maintained liability insurance for its Trustees through the RPA.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Method of recruitment and appointment or election of Trustees

The members of The Trust appoint the Trustees. Up to three of the Trustees are appointed by the members from the Chairs of the Local Governing Bodies of the academies within the Trust.

There are two elements to the process for appointing Trustees. The process will take place in the three months prior to the Annual General Meeting of the Trust, apart from where Trustees are co-opted in which case it can take place at any time.

Potential new Trustees need to be nominated for appointment by a member, or in the case of the 3 Trustees who are chairs of Local Governing Bodies, they need to be nominated by a Local Governing Body. This is done using the Trustee Nomination Form. Co-opted Trustees need to be nominated by another Trustee and should the Board agree to the co-option then consent needs to be sought from the Diocesan Board of Education.

All potential Trustees will be asked to attend an informal meeting. This is to allow both the candidate and the organisation to understand more about each other. The outcome of this meeting will be reported back to the Board and discussed.

In making recommendations to the AGM for new Trustees, or agreeing co-option of Trustees, the Board will be mindful of the following:

- that a range and mix of skills are represented at Board level
- take account of any gaps in skills and experience at Board level
- to achieve a diverse Board that will reflect equality of opportunity

Policies and procedures adopted for the induction and training of Trustees

The Board recognises that induction for new Trustees is essential in enabling them to become effective as soon as possible after taking up their role.

The Induction process has three parts:

Part 1 - Provision of key documentation to each new Trustee

The new Trustee will receive copies of key documents and information concerning the roles, responsibilities and practices of the Board (see below).

Part 2 - Meeting with the Chairperson and/or Chief Executive

The purpose of this meeting is for the new Trustee to have a briefing on the Trust and the work of the Board and its practices and procedures.

The Chairperson and/or CEO will provide a background to the role of Trustee and the responsibilities of this role. During the meeting the Chairperson and/or CEO will refer to the Governance Manual ensuring that the new Trustee understands the contents and any questions are addressed.

Part 3 - Introduction to the operational aspects of the organisation

The purpose of this activity is to provide the new Trustee with an understanding of the operational aspects of the Trust and the work of the staff team.

This will include:

- a tour of the premises operated by the organisation
- introduction to the staff team
- introduction to the health and safety procedures for the office

Induction Records

In order to support the induction process and to inform the Board monitoring process, an induction record form will be completed once the induction process has been undertaken in full. The dates of completion should be inserted by the new Trustee and kept for examination during the monitoring process.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Organisational structure

The Trust comprises of four small rural primary academy schools, Lazonby C of E School, which joined on 1 February 2015, Heversham St Peter's C of E School, which joined on 1 June 2015, Braithwaite C of E Primary School which joined on the 1 September 2015 and Ambleside C of E School which joined on 1 October 2015. It's academies have a combined pupil capacity of 484 and had a roll of 265 in the school census in October 2015

The decision making process is one of delegation of responsibilities. The Board of Trustees has overall responsibility for the Trust. It makes decisions on strategic areas of delivery, policy development and adoption, budget setting and due diligence. It delegates the day to day running of the central administrative functions of the Trust to the Acting CEO (who is also the Accounting Officer) and the Business Manager. It delegates the day to day running of the individual schools, through an agreed Scheme of Delegation which itemises where the responsibility for decision making lies between the Trust, to the Local Governing Body and Head Teacher of each school.

Arrangements for setting pay and remuneration of key management personnel

The process for pay progression and salary levels for the headteachers is set out in the Teachers Pay Policy which is based on standard practice across schools and reflects the salary bands agreed at a national level by the unions.

The process for pay progression and salary levels for central Trust staff reflects standard practice used by Cumbria County Council, that has been adapted by the Trust to make it fit for purpose.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Connected organisations, including related party relationships

The Diocese of Carlisle, through the Diocesan Board of Finance and The Diocesan Board of Education is the main connected party to the Trust. The Diocesan Board of Finance (DBF) is a registered company and charity and is responsible for transacting the financial business of the diocese and is also custodian trustee of many diocesan buildings including the four academies in the Trust. The DBF appoints two members, the Diocesan Board of Education appoints one member and the Bishop of Carlisle is named as another. Any additional members need to be approved by the Diocesan Board of Education. The Members act as the conscience of the Trust and it is the members' responsibility to appoint the directors/trustees.

In addition the Diocesan Board of Education appoints representatives from its Board to serve on each of the 3 sub committees of the Trust.

The Diocese of Carlisle supported the work of the Trust pre registration of the company and has allocated a three year grant towards central running costs. The Diocesan Director Of Education, Michael Mill, works as Acting CEO for the Trust part time, but paid for by the Diocese.

Central Trust Staff access IT facilities through the Diocesan network. Between January 2015 and May 2016 the Trust occupied a Diocesan building at £nil rent, but covered all running costs. In June 2016 the central Trust staff relocated into the Diocesan Offices in Penrith. The Trust now pays a proportional amount for desk space in the building.

The Diocesan Board of Finance acts as Trustee for the Heversham Church of England Education Foundation which is a charity set up to promote the education of pupils attending Heversham Church of England Primary School. The Foundation makes an annual payment equivalent to the interest on the small endowment to the school.

Kelsick's Educational Foundation exists to provide financial support to individuals, schools and groups under the terms of the Will of Ambleside's greatest benefactor, John Kelsick, who bequeathed land in trust in 1723 to provide education for the young people of the town. The foundation gives an annual grant to support Ambleside C of E school and is also the landlord of both Millan's Park Playing Field and the school playground on the opposite side of Vicarage Road.

The Local Governing Bodies of both Lazonby C of E School and Ambleside C of E School maintain a "Governors Account" which is used to support education of the pupils and identified need.

Friends of Lazonby School, Friends of Ambleside School, Friends of Braithwaite School and Heversham Parent School Association are the Parent Teachers Associations that fundraise on behalf of each of the schools and contribute towards requested identified expenditure.

Academies in the Trust work closely with local clusters of schools and within the County wide network known as the Cumbria Alliance of System Leaders (CASL) which is a company and charity. This supports joint working and support within schools and defined practices and structures to work with other schools and academies. The Trust is not formally represented on CASL but the Trust Acting CEO is formally a director but represents the interests of all diocesan schools and academies.

The Trust has a Conflict of Interest Policy which sets out how the Register of Interests works and the procedure for managing any conflict of interest in Board of Trustee meetings. The Trust maintains a central risk register and the LGB's maintain individual school risk registers.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Objectives and activities

Objects and aims

Objectives

The Company's object ("the Object") is specifically restricted to the following:

(a) to advance for 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 Academies which shall offer a broad and balanced curriculum and which shall include:

(i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and

(ii) other academies whether with or without a designated religious character; but in relation to each of the academies to recognise and support their individual ethos, whether or not designated Church of England.

(b) as ancillary to (a) and with the written agreement of the site trustees to promote for the benefit of the inhabitants of the areas served by the academies the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Aims

Our vision is driven by our belief that every child has a God-given right to educational excellence through high quality schooling. We will do this by:

- Making sure that we are an effective sponsor of those schools that need our support.
- Protecting each school's unique characters.
- Supporting and judging our academies not just on exam results but giving due consideration to their contexts - but also bringing challenge and not accepting complacency.
- Providing greater security for small schools.
- Providing a structure shaped by our Christian values that will allow like-minded schools to thrive.

We aim to be the multi academy trust of choice. We want not just church schools but others to see a secure future within our Trust.

- To be seen as an organisation with an attractive set of values, seen to be there for the common good of the schools who are part of the organisation. We want all members of the Trust to see a clear role and a part to play in the development of strategy and policy and within the governance structure.
- Schools will not stand still but there will be visible improvement.
- Schools within the Trust will have a more sustainable future as they enjoy flexibility in terms of structure and management and development of economies of scale.
- To be sustainable as an organisation as soon as practically possible.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Objectives, strategies and activities

Every member of the Trust family of schools will be valued and encouraged to fulfil their potential.

In our Trust we believe:

- Everyone has something to offer
- Trust, honesty, empathy and social responsibility are the Christian values that frame our work
- We are here for the whole person, spiritually, morally, educationally and socially
- In working with transparency and openness

In order to achieve our aims we must complete the following:

- Provide a detailed financial model for schools so that they understand the financial implications of being part of the Trust on joining and potentially going forward.
- Execute the marketing plan.
- Monitor costs and expenditure carefully.
- Develop and maintain good relationships with stakeholders including The Diocese, local system leaders, the DfE and unions.
- Provide demonstrable support to schools and effective school improvement gains and added value.
- Enable effective targeted work across Trust schools to show the value of being part of the family.
- Provide clear communications within the organisation, including how and when decisions will be made and the development of policies that are fit for purpose.

The key activity will continue to set up business support that will enable schools to focus on their core business of being high achieving schools. This has included the need to recruit high quality staff and efficient systems underpinned by excellent business relationships between the Trust and its academies to be attractive to schools and be sustainable, the Trust must be able to develop and articulate a financial model. A sophisticated financial modelling tool has been developed to assess the impact of different cost models against the size of specific schools that will join. A key activity will be to work closely with key stakeholders to promote appropriate governance models through local system leadership arrangements and with the Regional Schools' Commissioner.

The marketing plan has a series of activities with clear outcomes but also requires a significant level of input into meeting schools. However the key is for schools to see the success of the Trust in terms of the messages around the added value of the Trust and the level of additional support schools achieve and improved outcomes.

Public benefit

The Trust seeks to benefit the public through the pursuit of its stated aims, activities and ethos in order to promote high quality education.

Our Schools welcome pupils from all backgrounds and are inclusive and committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, gender, sexual orientation or disability.

Our Schools are committed to safeguarding and promoting the welfare of our pupils and expects all staff and volunteers to share this commitment.

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Strategic Report

Achievements and performance

Our academies are doing well and progress within the organisation will be measured in a number of ways but primarily through effective terms of reference for the committees and working towards clearly defined objectives and targets. This is supported in the data below, which demonstrates that the schools are performing well. The School Improvement Committee receives regular reports from the schools and consultants and monitors performance and other data.

The success of the Trust depends upon the performance of individual schools and the regular monitoring of school progress will be crucial.

Progress will also be measured through feedback. There should be a clear, open and transparent opportunity for employees at school and Trust level to be given the opportunity to feedback on how the Trust is working in particular through a clearly defined review process. In addition to this officers and directors will take opportunities to access informal feedback through their networks.

Background to the new SATs tests 2016

2016 was the first year of the new key stage 2 tests in maths, reading and grammar, punctuation and spelling. The tests assess children against a national standard. This year's tests are the first tests to reflect the new primary curriculum, which was introduced in 2014.

As this is the first year of the new tests the results will look different from those of previous years (which measured attainment in terms of levels) and cannot be compared with them directly.

Children's results in each test will be reported using a scaled score. A scaled score of 100 represents the expected standard for each test. If a child gets a scaled score of 100 or more it means they are working at or above the expected standard in the subject. If a child gets a scaled score of less than 100 it means that they are working below the expected standard. The highest scaled score possible is 120, and the lowest is 80.

Key Stage 1 subject results 2016

School	No in cohort	Reading %	Writing %	Maths %	RWM %
Ambleside CE School	17	Ex: 64.7 GD: 17.6	Ex: 64.7 GD: 29.4	Ex: 64.7	Ex: 64.7
Braithwaite CE School	10	Ex: 80 GD: 60	Ex: 60	Ex: 60 GD: 40	Ex: 60
Heversham CE School	3	Ex: 66.7	Ex: 100	Ex: 66.7	Ex: 33.3
Lazonby CE School	8	Ex: 87.5 GD: 25	Ex: 62.5 GD: 25	Ex: 62.5	Ex: 50
Cumbria	5213	69.3	56.7	66.7	51.3
CE Av	1441	71.5	57.7	68.2	52.6
National Av		74.1	65.5	72.6	60.3

Key: Ex: Reaching the expected standard

GD: Reaching greater depth in learning

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Strategic Report

Key Stage 2 subject results 2016

School	No in cohort	Reading %	SPAG %	Writing %	Maths %	RWM %	Progress
Ambleside CE School	11	63.6	45.5	72.7 GD:18.2	54.5	45.5	R: -1.92 W: 0.47 M: -1.97
Braithwaite CE School	11 W: 10	63.6	63.6	50 GD: 10	63.6	50	R: 1.69 W: -2.92 M: -1.13
Heversham CE School	7	100	100	100 GD:57.1	100	100	R: 3.60 W: 3.49 M: 3.52
Lazonby CE School	14	57.1	57.1	50	42.9	35.7	R: 0.70 W: -4.68 M: -2.10
Cumbria		67.8	69.9	69.5	66.7	50.6	
CE Av		68.5	68.3	70.1	66.7	50.7	
National Av		65.5	72.3	74	69.7	53.1	

Interpreting progress scores

Progress scores will be centred around 0, with most schools within the range of -5 to +5. A score of 0 means pupils in this school on average do about as well at KS2 as those with similar prior attainment nationally.

A positive score means pupils in that school, on average do better at KS2 as those with similar prior attainment nationally.

A negative score means pupils in that school, on average do worse at KS2 as those with similar prior attainment nationally. A negative score does not mean that pupils did not make any progress; rather it means they made less progress than other pupils nationally with similar starting points. For example, if a school has a maths score of -4 this would mean that on average pupils in this school achieved 4 scaled scores less than other pupils nationally with similar starting points.

Floor standard

The floor standard is the minimum standard for pupil attainment and / or progress that the government expects schools to meet. No school will be confirmed as being below the floor until December 2016 when schools' performance tables are published. In 2016, a school will be above the floor if:

- at least 65% of pupils meet the expected standard in English reading, English writing and mathematics; or
- the school achieves sufficient progress scores in all three subjects: At least -5 in English reading, -5 in mathematics and -7 in English writing. To be above the floor, the school needs to meet either the attainment or the entire progress element.

Ambleside C of E School:

The school recognises that it has made improvements in the overall results at KS2 from last year. Although still below average the gap has been narrowed significantly. Historically there had been some under teaching that had resulted in low attainment and poor progress. This has now been addressed and the school recognises that it is closing the gap for combined subjects against national results.

SPAG results at KS2 were weak with only 45.5% reaching expected standard. Spelling had been identified as being weak. The school has now introduced a new spelling scheme which it feels will improve results.

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Strategic Report

Maths results have improved – the current maths coordinator is on maternity leave but a new maths lead will be identified shortly.

Results for phonics and Early Years are excellent and provide encouragement going forward.

Braithwaite C of E School:

Spelling had been identified as a weak area. The school has introduced Read Write Inc training for staff. There had been a 100% pass rate in the year 1 phonics tests and it was felt that this was, in part, a result of this new practice. The school follows the Building Learning Power but the Head recognizes that it is a “slow burn” effect upon learning but expects to see some improvements in writing as a result.

1 child in KS2 cohort had special consideration due to an accident.

1 child in KS2 cohort was travelling until June – was home educated. In such a small cohort – this can affect the results.

Heversham St Peter's C of E School:

The school was very pleased with both attainment and progress. Scoring 100% at KS2 in two consecutive years notwithstanding the small cohort is the highest performing schools in the county. In addition the school had a SIAMS inspection (church) and improved the grade from Inadequate to Good.

Lazonby C of E School:

No surprises from the results of the new KS2 tests. Writing had been a main focus on the SDP for the last few years under the previous head.

Maths scores weak – the school identified the following measures and have already taken steps to improve future results:

- More focused maths planning
- Maths INSET for all staff lead by the head teacher
- Better classroom displays to help learning
- Splitting classes into smaller numbers
- Head teacher teaching maths – maths being his strength
- More focused maths homework given
- New calculation policy written
- Twilight maths meeting for parents arranged
- Times tables have a sharper focus with on-line learning opportunities for children

School Annual Reports

The best way of giving context to the work of the Trust is to highlight some of the activities undertaken in our four schools, so a report from each of them follows:

Ambleside C of E School

During the year we continue to develop our technology in school and are very pleased to have been able to buy a new interactive touchscreen to help teach the children. This means classrooms now have much easier access to internet research and online education tools. Teachers use the touchscreens to incorporate stimulating video and pictures into lessons which means that learning is more exciting and fun for the children. We are very grateful to the Kelsick Foundation for their support.

We now have ‘Forest Fridays’ in school which Reception and Nursery children take part in every week. They have brilliant learning experiences all based on natural resources and areas outdoors. We are lucky to have a beautiful wildlife garden at the back of the school where the children can be inspired to write and draw about nature. We now have a specialist instructor delivering outdoor learning sessions every week to all of Key Stage 2.

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Trustees' Report for the Year Ended 31 August 2016

Strategic Report

We have made changes to our curriculum so that the children are more immersed in learning about and learning from the local area. Ambleside and the Lake District offer so many amazing learning opportunities. The children in Key Stage 1 enjoyed finding out about local people from history such as Beatrix Potter and William Wordsworth and some of the older children have been to Saint Catherine's Wood to experience a 'Stone Age Day' where they made real axes, learned how to light a fire and how to make rope from plants.

The following gives a flavour of the breadth of activities the children have been involved in:

- All of the Key Stage 2 children took part in a 'Pro Ride' cycling day, led by Phil Bateman who has represented Great Britain at Olympic and World Championship level. The children learnt how to ride in a peloton and safely take corners at speed in a race. Year 6 topped up their skills with 'Bikability' training week. Some of them also fitted in a bike maintenance workshop.
- The whole school took part raising money to support our Team GB athletes with their training. We had a visit from a former GB Olympian, Tim Abeyie, who put the children through their paces in a circuit session. The children were sponsored and managed to raise over £600, Tim then gave the children an inspiring talk, showing them medals he had won for sprinting and talking to them about his training regimes and how he started running.
- Early Years celebrated International Fairy Tea Party Day with a whole week of activities in school linked to Fairies and Elves. Glitter and magic were in full flow, inspiring the children to write and draw and play games together. Their week was topped off with a lovely trip to Hayes Fairy World, all dressed up beautifully.
- We celebrated the works of Roald Dahl to coincide with what would have been his 100th birthday. Each class took part in lots of activities connected to his lovely books. The children enjoyed listening to stories, creating art and writing their own tales as well as lots of fun games and special Roald Dahl maths.
- Year 5 and 6 children took part in a two day residential visit to Rydal Hall which was a great way to celebrate the end of SATs. The children learnt lots in Forest School sessions and they really enjoyed the activities in the beautiful grounds at the hall including a BBQ meal with their classmates, with toasted marshmallows.
- Residential visits are a great way to help children's personal development. Independence, perseverance, team work and leadership skills are some of the qualities that can be fostered. It is wonderful to see the children return to school with newfound confidence in themselves.
- As part of good transition links with the Lakes School, Year 5 and 6 also had a day out with some of the teachers from the Lakes School. They all walked up Coniston Old Man. Again lots of teamwork and support for each other made sure that everyone had a good day.
- The children enjoyed making valentine cards which were delivered to some of the local businesses in the village. This was to show support after the flooding and to help with the 'Cumbria is Open' campaign. The children came up with dozens of reasons why they love Ambleside. This was a great way for the children of the school to think about the local community and show support.

A new activity in school is our 'Monday Mile'. The whole school from Nursery to Year Six (and lots of the staff) get together in the spirit of fellowship to run a mile. It helps us to stay healthy and fit, and most importantly we have great fun doing it.

Braithwaite C of E School:

During this year we have been very busy, particularly with 3 key areas of school improvement work:

- Read Write Inc – improving phonics writing and outcomes in writing through introducing a new scheme which has required an investment in both resources and training for staff. However it has been well worth it as all our pupils passed the phonics screening check.

-Early Excellence – developing continuous provision in the early years classroom through working on a cluster project with Early Excellence. Again investment in training for staff and new resources for the classroom has transformed provision and improved outcomes for our youngest pupils.

-Building Learning Power – a whole school focus on the skills and attributes that make successful learners (e.g. perseverance, collaboration) has really improved attitudes to learning and is helping all learners become more independent across the curriculum.

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Trustees' Report for the Year Ended 31 August 2016

Strategic Report

In addition a couple of highlights of the year have been:

- Residential visits: Years 5 & 6 visited Manchester for 3 days in December, visiting a school in Bury, a mosque and the Christmas Markets. In March Years 3 & 4 visited Bassenfell Manor and took part in various outdoor activities such as bushcraft, canoeing, orienteering and abseiling.

- Go Herdwick public art trail: The school designed and painted a lifesize sculpture of a Herdwick Sheep as part of a fundraising project for local charity, The Calvert Trust. This was then displayed outside school and lots of people visited to see the many sheep and lambs in the area. Our sheep was called Heather and was then auctioned off for the charity, contributing to a huge fundraising total of over £200,000.

-Get Active week: In May the school had a week of trying out new activities and sports when we took part in a 'walk/run a mile in a week', tried out a climbing wall, learnt a dance to music (which was filmed for a video) and various classes also did different outdoor activities such as orienteering and team challenges. Class 4 went sailing at Derwentwater marina, the first of 5 lessons they had as part of their summer term PE.

-Charlie and the Chocolate Factory: whole school production which was enjoyed by everyone, with Year 5 and 6 taking the main parts but everyone from Reception to Year 6 involved in some way.

-New Trim Trail: The school installed a new trim trail in the summer term, partly paid for from fundraising by the Friends of Braithwaite School. It is a great addition to our play facilities and is helping our pupils to stay active and get fit during lunch and break time.

Finally in the summer term the school reviewed its aims, mission statement and underlying Christian values. The school's new mission statement was agreed as 'Learning Together, Growing Together'. 12 Christian values were prioritised as particularly important for our school and we will be focusing on one value every half term, starting in the Autumn term 2016 with 'Trust' and 'Love'.

Heversham St Peter's C of E School

During the year as a church school, daily worship is centred on our Christian Values for Life. In 2015/16 we chose the following values: "Friendship", "Responsibility" and "Justice" and "Compassion" and "Generosity". The strong links with St Peter's Church continue with members coming into school on Tuesday mornings to deliver the "Open the Book" scheme of Worship which uses drama to tell the children key stories from the Bible. They also helped the children to make posies for the Mothering Sunday service.

We link with Dallam for PE with the whole school going on Friday afternoons to use their facilities and a sports coach. This is then supplemented by topic-based PE and dance in school, forest schools in the summer term and extra sessions at Tristram's field when weather permits.

The Annual Leavers' Service held at St Peter's Church is always a lovely event and is attended by many parents. The children are fully involved in planning and taking part in this event which was a great success. As part of the transition programme Year 6 were treated to a lovely day canoeing on Windermere with staff, led by an instructor from The Lakes School and using their equipment.

The following gives a flavour of the range of activities our pupils enjoy:

- The school is part of the "Pupil Parliament" initiative in our South Lakes cluster of schools. The meetings have covered such topics as the distinctive nature of individual schools and the rights of the child in other countries.
- We undertook a variety of trips including a visit to Tatton Park as part of their topic on Anglo-Saxons and Quarry Bank Mill and KS1 Visited Park House Farm to watch lambs being born.
- All children took part in a "Sing Up" session at Casterton Sedbergh Prep. School. This is an activity that draws in schools from the surrounding area and is well attended. Children who learn an instrument also had the opportunity to attend a piano master class there.
- Linking in with a number of local activities the school participated in the "Swimsafe" programme in Windermere, the Keswick Mountain Festival Triathlon, the Kendal Junior Aquathon and the school came third in the Dallam Primary Challenge Cup (covering a variety of sports: football, netball, cricket, etc).
- The children attended interactive workshops run by a geologist on rocks and volcanoes, which was a good experience linking in with the forces topic.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Strategic Report

Finally thanks must go to members of the Local Governing Body and Heversham Parents School Association who continue to run a number of fundraising events throughout the year to support the school. These have included "Boogie in the Barn" and Strawberry Teas.

Lazonby C of E School

This year has seen many changes to the school. Yvonne Standing, the previous head teacher, relocated to a school in Surrey, so in January Andrew Davies arrived as acting head teacher bringing different skills and ideas in which to move the school forward.

The teaching of mathematics has been a major focus this year as we worked with parents and children to develop their understanding of mathematical concepts.

A whole school focus on Building Learning Power has taken place and these skills have had an impact on our children in class. Collaboration, perseverance and managing distractions have all been important for children managing the transition to secondary school.

Over the Easter period our boiler, which kept breaking down, was replaced with money from the EFA Condition Improvement Fund. We have really noticed the benefits of this new boiler and have no doubt that the whole school will feel much warmer over the winter months. Whilst the new heating system was being installed we also knocked through from the school to the school house. Rooms have been painted and some electrical work has been undertaken. This is our project for next year and we are excited about utilising this space in the future.

In addition a couple of highlights of the year have been:

The introduction of a residential visit for years 3 and 4. They went to Rydal Hall where they stayed in the Youth Centre. The children took part in problem solving activities, walking and awe and wonder experiences near Stock Ghyll waterfall and Rydal caves.

Year 5 and 6 going to Hawes End for their outdoor residential where the children and staff took part in ghyll walking, canoeing, archery, mountain walking and problem solving.

The children watched the Tour of Britain at the start of the year as it whizzed by the school. Activities were set up by parents and Local Governing Body members for all children to take part in. Friends of Lazonby School had received a grant from Eden District Council that was used to fund these activities. Art work was placed on the school playground and we were featured on national television.

We were fortunate that Bells of Lazonby had sponsored a sheep for us to paint for the 'Go Herdwick Sheep Trail'. These sheep were displayed from Keswick to Windermere and people were encouraged to visit each of the sheep following a map. Our sheep was displayed in Windermere at Booths. At the end of the summer the sheep went to auction and raised a considerable amount of money for charity. A kind parent anonymously bought our sheep for us to display in school.

In the summer term staff, Local Governing Body members, parents, members of the community and children studied the different Christian Values and prioritised 12 of these for our school. This was really valuable as we wanted to give our collective worship a focus for the coming year. Friendship, compassion, hope and trust are values that we will be focusing on in the following terms.

Going concern

After making appropriate enquiries, the Board of Trustees has 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.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Strategic Report

Key non-financial performance indicators

Progress within the organisation will be measured in a number of ways but primarily through effective terms of reference for the committees and working towards clearly defined objectives with outcomes.

In addition, the success of the Trust will depend upon the performance of individual schools and the regular monitoring of school progress will be crucial. Each school will be visited on a termly basis and reports submitted to Trust meetings, in particular the assessment of the predicted outcomes for Early Years development, phonics and SATs results at year 2 and 6. Each school will have challenging but realistic targets. A system of monitoring meetings is in place and where necessary achievement is being assessed down to individual child level to ensure significant measurable progress is being made to improve exam outcomes.

There will be an expectation for former Church Schools within the Trust that SIAMS outcomes will be at least good. We also expect all our schools to be at least good and aspiring for outstanding within the OFSTED framework.

With a clear marketing strategy there will be feedback on this. Although recruitment has slowed informal feedback from the Office of the Regional Schools Commissioner suggests the structure, aims and objectives of the Trust are understood by schools. Although too early to tell we will be benchmarking employee issues such as recruitment and retention and staff satisfaction.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Strategic Report

Financial review

The main source of income into the schools within the Trust is the General Annual Grant (GAG) received from the Education Funding Agency (£1,255,388) which supports the educational aims of the Trust. As you can see from the accounts, this represents 72% of the Trusts total income in the year of £1,734,245. More about the activity of the Trust can be found elsewhere within the report.

The two years of support in setting up the Trust through the Primary Academy Chain Development Grant (£100,000) from the DfE has been instrumental in getting the Trust started and the central support functions for the schools in place.

The income within the "activities for generating funds" includes a number of elements as follows:

- the wrap around care that the schools offer through the before and after school clubs that they run. These clubs offer parents flexible childcare options and help support the sustainability of pupil numbers in an era of falling roles.
- a number of fundraising activities are undertaken by the schools through their school shop and other services that they offer.

The income generated from all the activities is then used to support the educational aims of the Trust.

The income and support that each of the schools, and the Trust as a whole, receive through the work of their Parent Teacher Associations and the Local Governing Bodies is invaluable in the delivery of the organisations educational aims.

Two large capital projects at Lazonby and Heversham have been successfully completed with money from the DfE Condition Improvement Fund (£79,942 in 15/16 and £64,416 in 16/17).

We are pleased that 3 of our 4 schools are developing unrestricted surpluses and that all 4 schools operated better than budget over the year, due to prudent management. This puts them in a better position to manage unforeseen events and changes in pupil numbers, which can have such a big impact on the sustainability of small rural primary schools. The details of this can be found within the reserves policy.

We were also pleased that the outturn for the central Trust was also better than budget, again due to prudent management, such that we did not have to draw down any funding from the second year allocation the Diocese of Carlisle has put in place, other than the £850 we had already received.

Total expenditure over the year has been £1,756,998, with the in year deficit of £22,753 (excluding pension provision) being funded from the carry forward of monies from the previous year.

The pension deficit for the Local Government Pension Scheme inherited through the transfer of staff on TUPE from the schools is detailed within note 24. Whilst this has a negative impact on the balance sheet figures with the agreement of the Department for Education to underwrite any liability in the event of an academy closure, and the pension scheme continuing to operate and have members, the possibility of the liability crystallising is very remote.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Strategic Report

Reserves policy

As a small Multi Academy Trust, comprising for the purposes of this report four small rural primary schools, the opportunity to develop and invest reserves (unrestricted funds that is freely available to spend on any of the charities purposes) is limited. However as detailed in future plans in order to be sustainable the Trust needs to grow and take on more schools.

In setting a reserves policy the Trustees are mindful of the fact that they need to ensure continued delivery of the charitable aims whilst making sure that they have enough money set aside to deal with unforeseen circumstances and to support the Trust's development.

It is therefore the intention of the Trust in the longer term to achieve a level of reserves that would allow it to:

- Retain three/six months central operating costs
- Develop and explore innovative opportunities for educational excellence and enable sharing across the Trust
- Support employment scenarios that are difficult to manage within individual school budgets such as redundancy scenarios, long term sick issues
- Support emergency building works and development opportunities that are unsuccessful in obtaining EFA or other external funding but that are considered by the Trustees to be important projects for the sustainability of the school
- Offer targeted support for identified academic performance issues and enable intervention independent of the individual school budgets.

Individual schools will develop reserves within the budget setting to enable them to:

- Effectively manage pupil number fluctuations that impact on class sizes / arrangements that make amalgamating year groups difficult.
- Effectively manage potential staffing changes, including redundancy costs, as a result of the reduction in pupil numbers
- Develop targeted support for identified pupils that do not receive additional funding
- Deliver identified one off projects (that may also take longer than an academic year to develop enough funds for) such as:
 - o Refurbishment projects not fundable through other sources to enhance provision at the school
 - o Capital Projects that require match funding
 - o Identified bespoke delivery that is over and above normal school activity and that enhances the educational provision
- Fund unforeseen expenditure

Schools should aim to establish reserves equivalent to 10 -12% of annual income unless they were planning for specific scenarios/projects, in which case the reserve target could be increased.

The reserves policy will be reviewed annually.

At the year end, the Trust held free reserves for Lazonby C of E School of £13,265, Braithwaite C of E Primary School of £42,734, Ambleside C of E School of £20,793 and centrally held a further £12,896. Heversham St. Peter's C of E Primary School had no free reserves at the period end, instead the school held a deficit of unrestricted reserves of £11,418. The schools overall deficit was £6,037 excluding capital grants. Within the overall deficit was surplus restricted funds of £5,434 for PE Grant. More details can be found in note 16.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Strategic Report

Investment policy

As detailed in The Articles of Association the Trustees have the following powers:

1) to deposit or invest any funds of the Company not immediately required for the furtherance of its object (but to invest only after obtaining such advice from a financial expert as the Directors consider necessary and having regard to the suitability of investments and the need for diversification);

2) to delegate the management of investments to a financial expert, but only on terms that:

- (i) the investment policy is set down in writing for the financial expert by the Directors;
- (ii) every transaction is reported promptly to the Directors;
- (iii) the performance of the investments is reviewed regularly with the Directors;
- (iv) the Directors are entitled to cancel the delegation arrangement at any time;
- (v) the investment policy and the delegation arrangement are reviewed at least once a year;
- (vi) all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Directors on receipt; and
- (vii) the financial expert must not do anything outside the powers of the Directors;

3) to arrange for investments or other property of the Company to be held in the name of a nominee company acting under the control of the Directors or of a financial expert acting under their instructions, and to pay any reasonable fee required;

The Trust currently holds all its main deposits as cash balances at the bank. The Trust uses CAF Bank (also known as Charities Aid Foundation Bank). The decision to use this bank was made for a number of reasons:

- CAF Bank only operates bank accounts for charities and not for profit organisations
- CAF Bank gifts any profits it makes from its operation to Charities Aid Foundation which supports individual charities and companies to make their money work harder for the benefit of the charitable sector as a whole
- CAF do not charge the Trust for having a bank account with them, other than for large number of cash or cheque deposits (which is standard across the industry)

The Trust also operates two bank accounts directly linked with individual schools. This is to enable ease of access to bank accounts and a means of depositing cash in the rural areas our schools operate in. Money is not allowed to accrue in these accounts and is regularly transferred into the CAF accounts.

As the Trust grows it is the intention of the Trustees to develop a wider investment policy, moving money into higher interest earning accounts and exploring additional options that are within its powers.

The investment policy will be renewed annually.

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Strategic Report

Principal risks and uncertainties

The Board of Trustees operate a risk register that is reviewed and updated (if necessary) at each Board meeting. The risk register identifies those risks which the Trust is exposed to and details action taken to mitigate those risks.

One of the principal risks to the success of the Trust that has the most financial exposure is the failure to recruit enough schools to the Trust to enable it to become sustainable. With the priority and distinctiveness of the Trust being small rural primary schools the point at which the Trust becomes sustainable is difficult to define, since pupil's equals income and schools equals cost. To mitigate this risk we need to ensure the success of the Trust and subsequent close monitoring of performance, work with DfE so consistent message given to schools, undertake marketing - targeting schools to visit and encourage schools within the Trust to spread the message.

The other principal risk defined by the Trust is the forthcoming changes to school funding with the loss of the Education Support Grant from September 2017. This has an impact on the money the schools receive and therefore impacts on the cost to the schools of being part of the Trust, plus makes joining the Trust a potentially less favourable proposition. To mitigate this risk we need to keep up to date with changes, and review budgets where practically possible.

The other potential risks that the Trust faces are as follows:

- Change in government policy affects schools joining the Trust
- Loss of key staff either as senior managers in the schools or from the central staff team.
- Loss of reputation
- Unable to demonstrate effectiveness of supporting schools
- Key stakeholders in the Diocese fail to support the Trust
- Increase in NI and Pension contributions making budgets unsustainable
- Not enough good and outstanding schools join to get the right balance
- External contractors are not effective

These risks are managed through a combination of review, monitoring, engagement, budget review, understanding of the risk and succession planning.

Plans for future periods

The Trust has a business planning cycle that identifies key priorities for the next academic year with clear milestones.

The key areas identified in this way are:

- Marketing and communications – develop relationships with stakeholders, promote the Trust
- Operational review – working with partners to ensure the Trust continues to meet the requirements as it grows
- Compliance and LGB effectiveness – director links, calendar of events, annual review, effective reporting mechanisms
- Develop a growth strategy - linking with Trust budget scenarios as schools join
- Continue to develop added value to Trust schools including networking & development, succession planning, conferences and training, economies of scale etc.
- Health and Safety and Safeguarding - managing and monitoring at Trust level and report writing so that all systems provide a secure environment for staff and pupils
- Finance HR and payroll – deliver good quality central support services that enable the schools to concentrate on educational delivery
- Policy development - including HR to ensure fairness and equity and also allow schools to focus on day to day running of the school
- School improvement – clear reporting and targets, standardization of documents, strategy for growing capacity within the Trust

The Good Shepherd Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Board of Trustees on 8 December 2016 and signed on its behalf by:

.....
M Mill
Trustee

.....
The Reverend Canon E M Smith
Trustee

The Good Shepherd Multi Academy Trust

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to M Mill, 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 Good Shepherd Multi Academy Trust and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Mill	6	6
P J Freeman	3	6
N Appleton	6	6
H J Clarke	6	6
S Fraser	2	6
W M M Rayner	4	6
M Regan	3	6
The Reverend Canon E M Smith	5	6
S Threlkeld-Brown	0	2
The Reverend P H Vivash	4	6

The Good Shepherd Multi Academy Trust

Governance Statement (continued)

The Board of Trustees comprised of 8 people on incorporation. Within the Memorandum and Articles of Association it is detailed that 3 directors will be appointed from the Chairs of Local Governing Bodies of the academies within the Trust. Therefore Jane Clarke joined as director when Heversham St Peter's C of E School converted in June 2015 and Rev Peter Vivash joined when Braithwaite C of E School converted in September 2016. Sarah Threlkeld Brown (who was Chair of Lazonby C of E School) resigned in January 2016, and was replaced by Nigel Kingdon Chair of Ambleside C of E School.

As the Trust develops it is important to review its activity and to complete an audit, with input from internal Trust staff and directors as well as external advisers experienced in Multi Academy Trust operations, strategy and governance.

The National Society is committed to supporting diocesan MATs, and a growing part of this support is the National Society Academy Adviser's review which follows a four stage Audit Process.

1. An overview of the current MAT structure;
2. A Self-review using the Review Framework document;
3. An Academies Adviser MAT review and visit;
4. An Audit report, including priority areas.

This Audit took place in May/June 2016 and included a review of the governance arrangements and an evaluation of the impact and effectiveness of the Board of Trustees and any actions taken:

"Governance at central level is strong with a skilled and experienced Board of Directors that has a clear view of the Trust and the schools within it. A committee structure has been established with a line of reporting from the Local Governing Body (LGB) to the Trust. The Trusts monitoring of the reporting is currently limited.

A more formal process is recommended that will provide the Board with a view of LGB's work and provide evidence as to its effectiveness.

The governance handbook effectively illustrates where LGBs fit within the wider governance structure of the Trust and terms of reference and schemes of delegation set out the work and powers of each LGB. Reporting from the LGB to the Board does not have a structured process and relies on the capacity of the small central team to monitor the dropbox and read minutes of meetings. Recent concerns around the effectiveness of one of the LGBs indicates that a more formal process is necessary to ensure that LGBs are fulfilling their roles and supporting and challenging the academy leadership as required.

The plan to link individual Directors to schools within the Trust will support this process as will the inclusion of governance in the Education Officer visits.

To enable the priorities to be effectively actioned and to meet the proposed timelines there are wider Board activities that need to take place:

Governance:

In order to support the growth of the Trust, the Board should ensure it regularly evaluates the capacity of the central team and uses the skills and experience of the Board to support the work of officers."

The Good Shepherd Multi Academy Trust

Governance Statement (continued)

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to assist the Board and senior staff in the performance of their duties and in accordance with agreed delegations to determine, or to advise the Board with regard to:

- effective management of the organisations finances
- review and approval of annual budget and period and financial management accounts
- review of Audited Accounts
- review of internal audit and controls
- risk review and monitoring
- top slice retention and reserves policy
- approval of forward investment plans and capital expenditure
- review of significant contractual issues or authorisations
- compliance with Companies House and Charity Commission legislation
- Audit Committee functions as outlined by the EFA

As agreed by The Board of Trustees, Gillian Troughton, who is a member of The Diocesan Board of Education, is also a member of the committee as well as 3 Trust directors. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
The Reverend Canon E M Smith	3	4
W M M Rayner	4	4
M Mill	3	4
G Troughton (non-trustee)	4	4

The Local Governing Body within each school operates as a sub committee of the Board of Trustees. The purpose of the Local Governing Body is to play a crucial role in both supporting and challenging, acting as critical friend to the schools senior leadership team. They are a vital component in demonstrating the effective leadership of the school and are a key part of the governance arrangements of the Trust.

The make up of the Local Governing Body and the delegation of responsibility is controlled by the Board of Trustees through a Scheme of Delegation which is reviewed and agreed each year. The Trust promotes the principle of "Supported Autonomy" and the Scheme of Delegation reflects the level of support each academy requires from the Trustees and the Trust as a whole.

Attendance at Local Governing Body meetings and sub group meetings by the members of those groups is monitored by the Trust and the individual schools. Membership of the Local Governing Bodies and attendance at meetings can be found via a link from the Trust website or on the individual school websites.

Review of value for money

As Accounting Officer, M Mill 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 of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year as detailed below.

The Trust through the year has improved the use of resources to deliver better value for money. We undertook a procurement process to attain the best services we could. This included not only negotiating better price quotes from companies but also arrangements that secured savings and better value as school's joined.

Having directors with links to Cumbria University and Carmel Education Trust enables us to secure advice and good practise without having to buy it in.

The Diocese of Carlisle has a number of school effectiveness consultants. By using these consultants we have been able to ensure better value for money as we were able to access knowledge good practice from the local networks.

The Good Shepherd Multi Academy Trust

Governance Statement (continued)

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 Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In the period of the accounts, one internal audit has taken place, the internal auditor reports were reviewed by the Board of Trustees and covered the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

There were no material control or other issues reported by the Board of Trustees to date.

The Good Shepherd Multi Academy Trust

Governance Statement (continued)

Review of effectiveness

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

- the work of the external auditor;
- 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 Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 8 December 2016 and signed on its behalf by:

.....
M Mill
Accounting officer
Trustee

.....
The Reverend Canon E M Smith
Trustee

The Good Shepherd Multi Academy Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of The Good Shepherd Multi Academy Trust I have considered my responsibility to notify the Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that the Board of Trustees and I 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.

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

.....
M Mill
Accounting officer

8 December 2016

The Good Shepherd Multi Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 8 December 2016 and signed on its behalf by:

.....
M Mill
Trustee

.....
The Reverend Canon E M Smith
Trustee

The Good Shepherd Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of The Good Shepherd Multi Academy Trust

We have audited the financial statements of The Good Shepherd Multi Academy Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's Trustees 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 charity's Trustees 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 its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 26), 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Good Shepherd Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of The Good Shepherd Multi Academy Trust (continued)

Matters on which we are required to report by exception

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

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

.....
Martin S Ward (Senior Statutory Auditor)
For and on behalf of Dodd & Co Limited, Statutory Auditor

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

8 December 2016

The Good Shepherd Multi Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Good Shepherd Multi Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 10 December 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Good Shepherd Multi Academy Trust during the period 1 September 2015 to 31 August 2016 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 Board of Trustees and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Board of Trustees and the EFA 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 Board of Trustees and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Board of Trustee's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated 29 January 2015 and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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 our conclusion includes:

- enquiries of the accounting officer and reviewing the statement on regularity, propriety and compliance provided by the accounting officer
- investigating whether any special payments to staff have been made, including compromise agreements and severance pay
- reviewing transactions with related parties and ensuring the requirements of Part 3 'Delegated authorities' of the Handbook have been followed
- reviewing minutes of meetings to ensure sound governance is applied
- evaluation of the internal control procedures in place, including systems of delegation and authorisation
- evaluating systems of procurement and ensuring they adhere to the limits set by the academy and the EFA.

The Good Shepherd Multi Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Good Shepherd Multi Academy Trust and the Education Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....
Martin S Ward
For and on behalf of Dodd & Co Limited, Chartered Accountants

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

8 December 2016

The Good Shepherd Multi Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:					
Donations and capital grants	2	16,970	25,368	117,023	159,361
<i>Charitable activities:</i>					
Funding for the Trust's educational operations	3	-	1,430,616	-	1,430,616
Other trading activities	4	144,233	-	-	144,233
Investments	5	35	-	-	35
Total		161,238	1,455,984	117,023	1,734,245
Expenditure on:					
<i>Charitable activities:</i>					
Trust's educational operations	7	71,940	1,605,413	576	1,677,929
Other resources expended	8	-	79,069	-	79,069
Net income/(expenditure)		89,298	(228,498)	116,447	(22,753)
Transfers between funds		1,927	70,450	(72,377)	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	24	-	(174,000)	-	(174,000)
Net movement in funds/(deficit)		91,225	(332,048)	44,070	(196,753)
Reconciliation of funds					
Total (deficit)/funds brought forward at 1 September 2015		(12,955)	81,418	98,020	166,483
Total funds/(deficit) carried forward at 31 August 2016		78,270	(250,630)	142,090	(30,270)

The Good Shepherd Multi Academy Trust

Statement of Financial Activities for the Period from 4 December 2014 to 31 August 2015 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2015 £
Income and endowments from:					
Donations and capital grants	2	4,995	4,701	98,020	107,716
<i>Charitable activities:</i>					
Funding for the Trust's educational operations	3	-	484,560	-	484,560
Other trading activities	4	30,611	-	-	30,611
Investments	5	7	-	-	7
Total		35,613	489,261	98,020	622,894
Expenditure on:					
<i>Charitable activities:</i>					
Trust's educational operations	7	8,916	380,438	-	389,354
Other resources expended	7	-	80,057	-	80,057
Net income		26,697	28,766	98,020	153,483
Transfers between funds		(39,652)	39,652	-	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	24	-	13,000	-	13,000
Net movement in (deficit)/funds		(12,955)	81,418	98,020	166,483
Reconciliation of funds					
Total (deficit)/funds carried forward at 31 August 2015		(12,955)	81,418	98,020	166,483

The Good Shepherd Multi Academy Trust

(Registration number: 09341374) Balance Sheet as at 31 August 2016

	Note	31 August 2016 £	31 August 2015 £
Fixed assets			
Tangible assets	13	104,415	-
Current assets			
Debtors	14	101,082	85,058
Cash at bank and in hand		<u>319,248</u>	<u>248,229</u>
		420,330	333,287
Creditors: Amounts falling due within one year	15	<u>(181,015)</u>	<u>(107,804)</u>
Net current assets		<u>239,315</u>	<u>225,483</u>
Total assets less current liabilities		<u>343,730</u>	<u>225,483</u>
Net assets excluding pension liability		343,730	225,483
Pension scheme liability	24	<u>(374,000)</u>	<u>(59,000)</u>
Net (liabilities)/assets including pension liability		<u><u>(30,270)</u></u>	<u><u>166,483</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		(250,630)	81,418
Restricted fixed asset fund		<u>142,090</u>	<u>98,020</u>
		(108,540)	179,438
Unrestricted funds			
Unrestricted general fund		<u>78,270</u>	<u>(12,955)</u>
Total funds		<u><u>(30,270)</u></u>	<u><u>166,483</u></u>

The financial statements on pages 31 to 57 were approved by the Trustees, and authorised for issue on 8 December 2016 and signed on their behalf by:

.....
M Mill
Trustee

.....
The Reverend Canon E M Smith
Trustee

The Good Shepherd Multi Academy Trust

Statement of Cash Flows for the Year Ended 31 August 2016

	Note	31 August 2016 £	31 August 2015 £
Net cash inflow from operating activities	19	14,762	127,310
Cash transferred on conversion into the Trust		44,190	22,892
Returns on investments and servicing of finance	20	35	7
Capital expenditure and financial investment	21	<u>12,032</u>	<u>98,020</u>
Increase in cash in the year		71,019	248,229
Cash and cash equivalents at 1 September		<u>248,229</u>	<u>-</u>
Cash and cash equivalents at 31 August	22	<u><u>319,248</u></u>	<u><u>248,229</u></u>

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Statement of accounting policies

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.

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 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Good Shepherd Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

Conversion to an academy

The conversion from a state maintained school into the Trust involves the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion into the Trust have been valued at their fair value being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Good Shepherd Multi Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in expenditure as net expenditure in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

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 one year from the date of approval 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.

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

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

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

Capital grants are recognised 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.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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.

Donations

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

Other income

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

Donated goods, facilities and services

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

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 Trust's accounting policies.

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £2,000 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

Asset class	Depreciation method and rate
Land	Not depreciated
Buildings	50 years straight line basis
Fixtures and fittings	5 or 10 years straight line basis
ICT equipment	3 years straight line basis
Furniture and equipment	3 years straight line basis
Vehicles	3 years straight line basis

The school buildings used by the academies within the Trust are not owned by the Trust. No formal lease is in place, and no rent is due as part of an agreement with the custodian trustees. As such, no buildings are required to be capitalised in accordance with the Academies Accounts Direction 2015/16.

As no lease is in place for the buildings, the arrangement should be disclosed as a short term lease with a market value rent. The Trustees believe this to be £nil due to the restrictions on the buildings use, therefore no rent has been disclosed in the accounts.

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.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 24 the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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.

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 Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

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.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Educational trips and visits	-	25,368	-	25,368	4,701
Capital grants	-	-	117,023	117,023	98,020
Other donations	16,970	-	-	16,970	4,995
	<u>16,970</u>	<u>25,368</u>	<u>117,023</u>	<u>159,361</u>	<u>107,716</u>

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

3 Funding for Trust's educational operations

	Restricted funds £	Total 2016 £	Total 2015 £
DfE/EFA revenue grants			
GAG School Budget Share	1,205,892	1,205,892	218,279
GAG Pupil Premium	23,949	23,949	5,255
EFA Infant Meal Funding	31,328	31,328	7,524
GAG Education Services Grant	25,547	25,547	7,079
LEA Nursery Grant	51,259	51,259	11,093
EFA Start-up Grant	-	-	100,000
EFA Conversion Grants	-	-	108,822
EFA Rates Relief	11,523	11,523	-
LEA SEN Funding	9,617	9,617	-
	<u>1,359,115</u>	<u>1,359,115</u>	<u>458,052</u>
Other government grants			
Other Government Grants	28,351	28,351	4,954
Non-government grants and other income			
Start-up grant	850	850	21,554
Kelsick Trust	42,300	42,300	-
	<u>43,150</u>	<u>43,150</u>	<u>21,554</u>
Total grants	<u>1,430,616</u>	<u>1,430,616</u>	<u>484,560</u>

4 Other trading activities

	Unrestricted funds £	Total 2016 £	Total 2015 £
Catering income	43,389	43,389	8,005
School shop sales	8,022	8,022	2,625
School club income	26,817	26,817	10,657
Music services	5,591	5,591	3,257
School club surplus received after conversion	48,002	48,002	-
Other sales	12,412	12,412	6,067
	<u>144,233</u>	<u>144,233</u>	<u>30,611</u>

5 Investment income

	Unrestricted funds £	Total 2016 £	Total 2015 £
Short term deposits	35	35	7

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Expenditure

	Staff costs £	Premises £	Other costs £	Total 2016 £	Total 2015 £
Trust's educational operations					
Direct costs	927,403	-	143,083	1,070,486	205,050
Allocated support costs	210,107	211,431	185,905	607,443	184,304
	<u>1,137,510</u>	<u>211,431</u>	<u>328,988</u>	<u>1,677,929</u>	<u>389,354</u>
Other resources expended					
Transfers from local authorities on conversion	-	-	79,069	79,069	80,057
	<u>1,137,510</u>	<u>211,431</u>	<u>408,057</u>	<u>1,756,998</u>	<u>469,411</u>

Net incoming/outgoing resources for the year include:

	2016 £	2015 £
Fees payable to auditor - audit	4,250	3,525
- other audit services	600	2,075
Operating lease rentals	2,261	335
Depreciation	576	-
	<u>7,687</u>	<u>6,235</u>

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Direct costs					
Teaching and educational support staff costs	-	927,403	-	927,403	175,680
Educational supplies	14,219	76,870	-	91,089	24,189
Examination fees	-	27	-	27	-
Staff development	-	20,206	-	20,206	2,747
Educational consultancy	-	18,511	-	18,511	389
Other direct costs	-	13,250	-	13,250	2,045
	<u>14,219</u>	<u>1,056,267</u>	<u>-</u>	<u>1,070,486</u>	<u>205,050</u>
Allocated support costs					
Support staff costs	18,966	186,141	-	205,107	75,074
Defined benefit pension scheme service cost adjustment	-	5,000	-	5,000	2,000
Depreciation	-	-	576	576	-
Maintenance of premises and equipment	-	109,650	-	109,650	10,244
Cleaning	-	29,917	-	29,917	2,115
Rent, rates and utilities	-	69,822	-	69,822	17,196
Insurance	-	1,466	-	1,466	466
IT and website costs	-	15,039	-	15,039	24,739
Recruitment and support	-	13,573	-	13,573	1,936
Security and transport	-	14,013	-	14,013	4,097
Catering	38,755	51,533	-	90,288	19,763
Bank interest and charges	-	273	-	273	172
Interest on defined benefit pension scheme	-	6,000	-	6,000	1,000
Professional fees	-	11,994	-	11,994	2,922
Printing, postage and stationery	-	11,899	-	11,899	2,530
Subscriptions	-	326	-	326	2
Governance costs	-	22,500	-	22,500	20,036
Other support costs	-	-	-	-	12
	<u>57,721</u>	<u>549,146</u>	<u>576</u>	<u>607,443</u>	<u>184,304</u>
	<u><u>71,940</u></u>	<u><u>1,605,413</u></u>	<u><u>576</u></u>	<u><u>1,677,929</u></u>	<u><u>389,354</u></u>

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Charitable activities (continued)

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs include the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

8 Conversion to an academy

On 1 September 2016 Braithwaite C of E School converted to an academy within the Trust under the Academies Act 2010 and all the operations assets and liabilities were transferred to The Good Shepherd Multi Academy Trust from the Local Authority for £Nil consideration. A total surplus on local authority funds of £42,449 was transferred, which included a surplus on restricted PE Grant funds of £1,066, leaving a surplus on general funds of £41,383.

On 1 October 2016 Ambleside C of E Primary School converted to an academy within the Trust under the Academies Act 2010 and all the operations assets and liabilities were transferred to The Good Shepherd Multi Academy Trust from the Local Authority for £Nil consideration. A total surplus on local authority funds of £8,482 was transferred, which was entirely made up of restricted PE Grant funds of £8,482. General funds were in deficit on conversion, but as the school was sponsored, any deficit on general funds was cleared by the Local Authority. On conversion, the general deficit was £8,742.

Both the transfers have been accounted for using the acquisition method. 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 in the Statement of Financial Activities as other resources expended.

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

	Restricted general fund £	Total £
Budget surplus on LA funds	50,931	50,931
LGPS pension deficit	<u>(130,000)</u>	<u>(130,000)</u>
Net liabilities	<u>(79,069)</u>	<u>(79,069)</u>

The above net liabilities include £44,190 that were transferred as cash.

9 Staff

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	890,049	208,293
Social security costs	50,284	10,189
Pension costs	146,964	26,272
Supply teacher costs	39,419	6,000
Staff restructuring costs	5,794	-
Defined benefit pension scheme service cost adjustment	<u>5,000</u>	<u>2,000</u>
	<u>1,137,510</u>	<u>252,754</u>

No employees were paid salaries in excess of £60,000 during the period.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

9 Staff (continued)

The average number of persons (including senior management team) employed by the Trust during the year was as follows:

	2016 No	2015 No
Charitable Activities		
Teachers	11	4
Administration and support	15	9
Management	<u>4</u>	<u>2</u>
	<u>30</u>	<u>15</u>

Key management personnel

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) received by key management personnel for their services to the Trust was £209,824.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

10 Central services

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

Providing a framework for improvement by:

- Support/ engagement with SI consultants through at least termly contact providing focussed reports and advice. Monitoring and sharing school outcomes to ensure schools receive appropriate challenge and support. Common monitoring system across academies in the Trust.
- Support and advice from a dedicated central team of staff and access to identified consultants.
- Co-ordination of termly heads meetings - meetings arranged for one day a term to foster common approaches share ideas and good practice. Develop and identify delivery of shared training, as well as support the direction of the Trust as it grows and develops. Input to review of Trust services and policy.
- Bi annual staff conference - to support staff learning and enable them to feel part of a wider organisation and meet shared objectives, ethos and values
- Policy Management - develop Trust wide policies and templates that are fit for purpose within the Trust setting and removing the need for policy review and adoption at LGB level. The policies schools need to adopt/ develop will be clearly identified as will website requirements.
- Regular Trust briefings - on new policies, new areas to be considered/ worked on, for example risk management, changes in legislation
- Named link director who will develop knowledge of your school for input into the Board and central Trust development
- Annual health check and review of Scheme of Delegation with LGB to ensure the Trust and the school are working effectively together and improving/ learning as the Trust develops and grows
- Support during and after Ofsted inspection
- Attendance at LGB meetings when requested. Providing reports for LGBs and reviewing and advising on LGB responsibilities
- Access to national MAT networks through the National Society and strong links with local teaching school alliances
- Providing a recognised voice for our schools in CASL and with the LA.
- Future developments of cluster model/regional hubs approach to maximize local skills in local schools providing staff development opportunities
- Joint staff development opportunities - facilitated/ identified through head teachers meetings/ staff conference
- Promoting achievement through effective communication and newsletters

Providing support for organisational effectiveness by:

- HR and payroll - centrally delivered and supported by Strictly Education a specialist in education employment plus central Trust staff member to ensure organisational compliance, consistency of approach within the values of the Trust, undertake pension returns etc
- Monitoring and Challenge - of educational delivery and financial management
- Finance Management including annual external audit and twice yearly DFE returns, regular budget reviews, transparent authorisation/ procurement process, all school monies within one finance system including school fund activity
- Savings through on-going identification and procurement of services, through benchmarking and knowledge across school budgets and school contracts
- Union Facilitation Fee. The Trust as an employer has termly meetings with union reps to discuss policy development and ensure on-going local representation for any issues in Trust schools and ensure consistent employment arrangements for staff and help ensure good staff relations.
- Legal and financial compliance with charity and company law as well as DFE requirements
- Encouraging school sustainability through management of reserves appropriate to individual circumstances

The Trust charges for these services on the following basis:

- School proportion of de-delegated budget less library services costs
- School proportion of ESG income
- Equivalent cost that school paid prior to conversion for Payroll, HR and Finance services

With the future changes in the ESG and the need to make the recharge more streamlined, for the 16/17 academic year the Trust has decided to move to a recharge based on a minimum of 4% of the central government income excluding pupil premium and capital grants. (This may be increased depending on the agreed Scheme of Delegation with each school). This means that the Trust income from the schools will be directly linked to the number of pupils the schools have, and will fluctuate as pupil numbers fluctuate.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

10 Central services (continued)

The actual amounts charged during the year were as follows:

	2016 £
Heversham St. Peter's C of E Primary School	8,281
Lazonby C of E School	17,048
Braithwaite C of E Primary School	19,583
Ambleside C of E School	<u>17,331</u>
	<u><u>62,243</u></u>

11 Related party transactions - trustees' remuneration and expenses

The Trustees did not receive any remuneration or payments, other than expenses, from the Trust in respect of their role as Trustees.

During the year ended 31 August 2016, travel and expenses totalling £674 were reimbursed to 3 Trustees.

Related party transactions involving the Trustees are set out in note 25.

12 Trustees' and officers' insurance

In accordance with normal commercial practice the Trust protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The Trust therefore contributes into the Department for Education's risk protection arrangement which is a voluntary arrangement for academies. It is an alternative to insurance and covers among other things employers liability, public liability, buildings and contents as well as Trustees and officers. It operates as a risk pooling scheme through which the costs of risk that materialise will be covered by government funds.

The cover for Trustees and officers is for up to £5,000,000 on any one claim and the cost for the period ended 31 August 2016 is included in the total insurance cost.

13 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
Additions	<u>96,373</u>	<u>8,618</u>	<u>104,991</u>
At 31 August 2016	<u>96,373</u>	<u>8,618</u>	<u>104,991</u>
Depreciation			
Charge for the year	<u>-</u>	<u>576</u>	<u>576</u>
At 31 August 2016	<u>-</u>	<u>576</u>	<u>576</u>
Net book value			
At 31 August 2016	<u><u>96,373</u></u>	<u><u>8,042</u></u>	<u><u>104,415</u></u>

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Debtors

	2016	2015
	£	£
Trade debtors	6,577	1,731
VAT recoverable	61,813	19,966
Prepayments	<u>32,692</u>	<u>63,361</u>
	<u><u>101,082</u></u>	<u><u>85,058</u></u>

15 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	49,777	45,857
Other taxation and social security	16,690	5,750
Accruals	77,655	22,934
Deferred income	<u>36,893</u>	<u>33,263</u>
	<u><u>181,015</u></u>	<u><u>107,804</u></u>

	2016
	£
Deferred income at 1 September 2015	33,263
Resources deferred in the period	36,893
Amounts released from previous periods	<u>(33,263)</u>
Deferred income at 31 August 2016	<u><u>36,893</u></u>

At the balance sheet date the Trust was holding grants received in advance for 2016/17 for:

Heversham St. Peter's C of E Primary School: £1,785 Universal Infant Free School Meals Funding and £660 Pupil Premium.

Lazonby C of E School: £7,903 Universal Infant Free School Meals Funding and £4,515 Pupil Premium.

Braithwaite C of E Primary School: £6,883 Universal Infant Free School Meals Funding and £1,610 Pupil Premium.

Ambleside C of E School: £9,432 Universal Infant Free School Meals Funding and £4,105 Pupil Premium.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	-	1,255,388	(1,306,680)	80,046	28,754
Start Up Grants	55,062	850	(43,221)	(12,691)	-
Conversion Grants	64,140	-	(40,294)	4,419	28,265
Other Government Grants	6,262	132,078	(133,817)	26,131	30,654
Other Restricted Funds	14,954	67,668	(19,470)	(27,455)	35,697
Pension Deficit	(59,000)	-	(141,000)	(174,000)	(374,000)
	<u>81,418</u>	<u>1,455,984</u>	<u>(1,684,482)</u>	<u>(103,550)</u>	<u>(250,630)</u>
Restricted fixed asset funds					
DfE Capital Grants	79,942	64,416	-	(64,416)	79,942
EFA Capital Maintenance	18,078	37,701	(111)	(7,961)	47,707
Kelsick ICT Grant	-	5,000	(465)	-	4,535
Big Lottery Fund Grant	-	9,906	-	-	9,906
	<u>98,020</u>	<u>117,023</u>	<u>(576)</u>	<u>(72,377)</u>	<u>142,090</u>
Total restricted funds	179,438	1,573,007	(1,685,058)	(175,927)	(108,540)
Unrestricted funds					
Unrestricted general funds	(12,955)	161,238	(71,940)	1,927	78,270
Total funds	<u>166,483</u>	<u>1,734,245</u>	<u>(1,756,998)</u>	<u>(174,000)</u>	<u>(30,270)</u>

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Funds (continued)

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

Purpose of general restricted funds:

General Annual Grant (GAG) funding must be used for normal running costs of the Academies. Under the funding agreements 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 2016.

Start Up Grants includes a two year £100,000 Primary Academy Chain Development Grant which is only available for use by the Trust for the establishment and development of the Trust as a whole. A total of £55,062 resources expended were allocated against the grant during the period leaving a balance of £12,691 which was transferred to unrestricted in accordance with the terms of the grant. Also included is a non-government start up grant of £850 from Carlisle Diocesan Board of Finance, which was spent fully during the period.

Conversion Grants includes the remaining balances of ring-fenced EFA funding transferred on conversion for both Braithwaite C of E School and Ambleside C of E School, along with a School Improvement grant for Ambleside as a sponsored academy. Each conversion grant received is restricted to cover costs directly incurred as a result of schools converting to an Academy and joining the Trust. In total, £6,754 remains unspent at the period end and has been transferred to other restricted funds in accordance with the funding agreement. Also included is an EFA School Improvement grant of £44,669 for Ambleside C of E School to contribute towards expenses incurred by the Trust facilitating school improvement at Ambleside, which joined the Trust 1 October 2015. £28,265 remains unspent at the period end, which will be spent on on-going school improvement plans for 2016/17.

Other Government Grants includes EFA PE Grants, Nursery Early Years Funding, Infant Meal Funding and Eden DC Apprentice Grant, all of which were receivable during the period. Other than PE Grants, which is available to carry forward to future periods, all funding was spent fully in the period.

Other restricted funds include monies transferred on conversion from the LA from Braithwaite C of E school and Ambleside C of E School.

The Trust's share of the Local Government Pension Scheme assets is measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet.

Purposes of restricted fixed asset funds:

EFA Capital Maintenance includes the remaining balances of ring-fenced Devolved Formula Capital (DFC) funding transferred on conversion for both Ambleside C of E School and Braithwaite C of E School, along with DFC funding receivable in the period for all 4 schools.

DfE Conditions Improvement Grant Funding 2016/17 for capital works is restricted funding. A grant of £64,416 was received for replacement of the pitched roof at Heversham, with most of the works taking place over the summer break, and an accrual made for contractors retention.

DfE Conditions Improvement Grant Funding 2015/16 for capital works is restricted funding. An allocation of £79,942 was received in June 2015 for the improvement of the heating system at Lazonby C of E School, with works taking place in March/April 2016.

Lazonby C of E School has received a Big Lottery Fund Grant of £9,906 for Early Years Outside Learning Space Upgrade.

Purpose of unrestricted funds:

Each school generates unrestricted funds through donations and sponsorship, school club income and music, catering and uniform sales. All income has been included as unrestricted as there is no specific designated purpose for the income and how it should be spent. The schools and Trust are free to spend the available reserves on any matter in line with the overall aims and objectives.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Funds (continued)

Transfers:

A transfer of £10,764 was made from Unrestricted Funds to General Annual Grant (GAG) to cover expenses incurred in excess of GAG funding received in the year for Heversham St. Peter's C of E Primary School. A further transfer of £64,416 was made from Capital Grants to General Annual Grant (GAG) as reimbursement for costs relating to the roof replacement at Heversham St. Peter's C of E Primary School which are able to be covered by the DfE Roof Replacement Grant. £4,866 was transferred from EFA Capital Maintenance to General Annual Grant (GAG) as reimbursement for capital repair costs incurred as part of the general spend but able to be covered by the Devolved Formula Capital Funding.

A transfer of £3,095 was made from EFA Capital Maintenance to Other Government Funds to reimburse the fund for capital repair costs incurred as part of the general spend but able to be covered by the Devolved Formula Capital Funding for Braithwaite C of E Primary School.

A transfer of £47,192 was made from Other Restricted Funds to allocate funds inherited on conversion. £14,554 and £8,482 were transferred to Other Government Grants for Braithwaite C of E Primary School and Ambleside C of E School respectively, representing surplus funds for Universal Infant Free School Meals, SEN Funding and PE Grant. £24,156 was transferred to Conversion Grants representing the balance unspent upon conversion for the Conversion Grant received by Braithwaite C of E Primary School.

A transfer of £19,737 was made from Conversion Grants to Other Restricted Funds to move the unspent Conversion Grant monies under the terms of the grant to Ambleside C of E School (£6,754 unspent) and Braithwaite C of E Primary School (£12,983 unspent).

A transfer of £12,691 was made from Start Up Grants to Unrestricted General Funds to move the unspent Start Up Grants money under the terms of the grant to the Trust.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total £
Heversham St. Peter's C of E Primary School	(6,037)
Lazonby C of E School	50,863
Braithwaite C of E Primary School	69,824
Ambleside C of E School	45,830
Central services	<u>41,160</u>
Total before fixed assets and pension reserve	201,640
Capital Grants	142,090
Pension scheme liability	<u>(374,000)</u>
Total	<u><u>(30,270)</u></u>

Heversham St. Peter's C of E Primary School is carrying a net deficit of £6,037 on these funds because:

The school converted on 1 June 2015 with a deficit. Whilst they have been working to curb spending and have been actively engaged in fundraising activities, the pupil numbers have fallen again, meaning the school had to go through a restructure which incurred additional costs.

The Trust is taking the following action to return the academy to surplus:

The school and the Local Governing Body have put in place a recovery plan for the 2016/17 academic year. Staffing numbers have reduced and a fundraising target has been set by the Local Governing Body.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Funds (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2016 £
Lazonby C of E School	134,047	43,233	19,499	112,073	308,852
Heversham St. Peter's C of E Primary School	232,755	55,914	27,733	68,511	384,913
Braithwaite C of E Primary School	277,721	59,314	54,948	65,876	457,859
Ambleside C of E School	282,880	42,883	33,696	100,012	459,471
Central services	-	8,763	7,207	50,288	66,258
Academy Trust	<u>927,403</u>	<u>210,107</u>	<u>143,083</u>	<u>396,760</u>	<u>1,677,353</u>

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	104,415	104,415
Current assets	78,270	304,385	37,675	420,330
Current liabilities	-	(181,015)	-	(181,015)
Pension scheme liability	-	(374,000)	-	(374,000)
Total net assets	<u>78,270</u>	<u>(250,630)</u>	<u>142,090</u>	<u>(30,270)</u>

18 Commitments under operating leases

Operating leases

At 31 August 2016 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts due within one year	3,213	447
Amounts due between one and five years	4,443	894
Amounts due after five years	15,200	-
	<u>22,856</u>	<u>1,341</u>

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

19 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2016	2015
	£	£
Net (expenditure)/income	(22,753)	153,483
Depreciation	576	-
Cash transferred on conversion to an academy trust	(44,190)	(22,892)
Donated capital and capital grants	(117,023)	(98,020)
Interest receivable	(35)	(7)
FRS 17 interest on defined benefit pension scheme	6,000	1,000
FRS17 service cost adjustment	5,000	2,000
Increase in debtors	(16,024)	(85,058)
Increase in creditors	73,211	107,804
Pension deficit transferred on conversion	130,000	69,000
Net cash inflow from operating activities	14,762	127,310

20 Cash flows from financing activities

	31 August 2016	31 August 2015
	£	£
Interest received	35	7
Net cash provided by financing activities	35	7

21 Capital expenditure and financial investment

	31 August 2015	31 August 2015
	£	£
Purchase of tangible fixed assets	(104,991)	-
Capital funding received from sponsors and others	117,023	98,020
Net cash inflow from capital expenditure and financial investment	12,032	98,020

22 Analysis of cash and cash equivalents

	At 31 August 2016	At 31 August 2015
	£	£
Cash at bank and in hand	319,248	248,229
Total cash and cash equivalents	319,248	248,229

23 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Pension and similar obligations

The 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 Cumbria County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 August 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £92,426 (2015: £14,722).

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

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a 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.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £69,622, of which employer's contributions totalled £54,538 and employees' contributions totalled £15,084. The agreed contribution rates for future years is 16.8 per cent for employers and 5.5 to 12.5 per cent 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

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.30	4.00
Rate of increase for pensions in payment/inflation	1.90	2.00
Discount rate for scheme liabilities	2.10	4.00
Inflation assumptions (CPI)	1.80	2.00

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	23.10	23.00
Females retiring today	25.70	26.00
Retiring in 20 years		
Males retiring in 20 years	25.90	26.00
Females retiring in 20 years	28.90	29.00

The Trust's share of the assets and liabilities in the scheme were:

	At 31 August 2016 £	At 31 August 2015 £
Equities	129,000	7,000
Government bonds	51,000	3,000
Other bonds	19,000	1,000
Property	27,000	2,000
Cash	8,000	-
Other	24,000	1,000
Total market value of assets	258,000	14,000
Present value of scheme liabilities - funded	(632,000)	(73,000)
Deficit in the scheme	(374,000)	(59,000)

The actual return on scheme assets was £38,000 (2015 - £Nil).

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	31 August 2016	31 August 2015
	£	£
Current service cost	(58,000)	(13,000)
Net interest cost	(7,000)	(1,000)
Total operating charge	<u>(65,000)</u>	<u>(14,000)</u>

Changes in the present value of defined benefit obligations were as follows:

	31 August 2016	31 August 2015
	£	£
At 1 September	73,000	-
Current service cost	58,000	13,000
Interest cost	13,000	1,000
Employee contributions	15,000	3,000
Actuarial losses/(gains)	205,000	(13,000)
Benefits paid	(11,000)	-
Upon conversion	<u>279,000</u>	<u>69,000</u>
At 31 August	<u>632,000</u>	<u>73,000</u>

Changes in the fair value of academy's share of scheme assets:

	31 August 2016	31 August 2015
	£	£
At 1 September	14,000	-
Interest income	6,000	-
Actuarial gains	31,000	-
Employer contributions	54,000	11,000
Employee contributions	15,000	3,000
Benefits paid	(11,000)	-
Upon conversion	<u>149,000</u>	<u>-</u>
At 31 August	<u>258,000</u>	<u>14,000</u>

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Related party transactions

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

During the year the Trust made the following related party transactions:

Carlisle Diocesan Board of Finance

(Member of Trust)

Carlisle Diocesan Board of Finance is custodian trustee for the school buildings which all four schools operate from. No formal lease is in place for the use of the buildings, and no rent is payable under the arrangement.

For part of the year (Sept 2015 to May 2016) the Trust's central administration used a building owned by Carlisle Diocesan Board of Finance. No rent was payable under the arrangement. From June 2016 the central administration staff occupied serviced office accommodation within the Diocesan offices in Penrith.

The Diocesan Board of Education offers support to Trust schools via a number of mechanisms, some of which are charged for. These include conferences, training and head teacher's performance management.

During the year Carlisle Diocesan Board of Finance incurred and recharged costs totaling £7,701 for provision of support services to the Trust schools, and purchasing materials, provision of IT support/ system access, buildings insurance and provision of serviced office accommodation from 1 June 2016 on behalf of the central Trust staff.

Carlisle Diocesan Board of Finance also allocated up to £35,000 a year over two years towards the set up of the Trust and its initial running costs. For the 15/16 period none of this allocation was claimed from the Diocese (£850 had been released early). At the balance sheet date the amount due to Carlisle Diocesan Board of Finance was £6,359.

26 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of The Good Shepherd Multi Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Good Shepherd Multi Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 4 December 2014, being the incorporation date of the Trust. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Change in recognition of LGPS interest cost

Under previous UK GAAP the accounting treatment would recognise an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There would be no change in the defined benefit liability at either 4 December 2014 or 31 August 2015. The Trust did not have any expected return on defined plan assets included in the previous years valuation therefore no restatement as a result of the transition to FRS 102 has been necessary.

The Good Shepherd Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26 Transition to FRS 102 (continued)

Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. All school employee's of the Trust have holiday years that run from 1 September to 31 August in line with the financial year end and school term time. Three members of the central administration team have holiday year ends based on the start date of employment. The number of days to accrue would be highly immaterial and therefore no provision has been made for outstanding holiday pay.