

Registered Company number: 08641815

APOLLO SCHOOLS TRUST
(a company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 August 2018

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**APOLLO SCHOOLS TRUST
COMPANY INFORMATION
Year ended 31 August 2018**

Members/Trustees

Mrs Lesley Powell (Trustee)
Mrs Suzanne Duncan (Trustee)

Trustees

Mrs Margaret Saxton (Chair)
Mrs Carina Tomlinson
Mrs Kelly Angus (resigned 13/12/2017)

Company Secretary

Mr Lee Alexander

Accounting Officer

Mrs Kerrie Whelan (Appointed 1/9/2018)

Senior Management Team:

Head of School

Mrs Kerrie Whelan (Appointed 1/9/2018)

Acting Head of School

Mrs Carina Tomlinson (1/9/2017 – 31/8/2018)

Deputy Head of School

Miss Lesley Forster

Head of Finance (Financial services provided by North East Learning Trust as co-sponsor)

Mr Lee Alexander

APOLLO SCHOOLS TRUST
COMPANY INFORMATION (continued)
Year ended 31 August 2018

Head of School Office	Endeavour Academy (Durham) C/o East Durham College Willerby Grove Peterlee County Durham SR8 2RN
Registered Office	Apollo Schools Trust C/o The Academy at Shotton Hall Passfield way Peterlee Co Durham SR8 1AU
Company Registration Number	08641815
Independent Auditor	RSM UK Audit LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD
Bankers	Lloyds Bank 102 Grey Street Newcastle upon Tyne NE1 6AG
Solicitors	Ward Hadaway Law Firm Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX

APOLLO SCHOOLS TRUST
TRUSTEES' REPORT
Year ended 31 August 2018

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operated the Endeavour Academy (Durham) a new alternative provision academy supporting 14 to 16 year old students following the change in designation from Apollo Studio Academy on the 1 September 2017. At the year end the number of students on role were 16 (2017: 109).

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust, as incorporated on 7 August 2013. The trust officially opened to staff and students on the 1 September 2013. The directors act as trustees for charitable activities of Apollo Schools Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Apollo Schools Trust. Endeavour Academy (Durham) was the only Academy within the Multi Academy Trust during the year ended 31 August 2018.

Details of the trustees who served throughout the year are included in the company information on pages 1 and 2.

Members' liability

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

Trustee indemnities

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

Method of recruitment and appointment or election of Trustees

The Members of the Academy comprise of the 2 signatories to the memorandum. Details of the appointed Trustees (directors) are shown in the company information details. The Trustees may appoint up to 3 Co-opted Trustees. A Co-opted Trustee, means a person who is appointed to be a Trustee Director by being Co-opted by Directors who have not themselves been so appointed. The Secretary of State may appoint such Additional Directors as he thinks fit under Article 62, 62A, 62C or 68A. The term of office for any Director shall be 4 years. At the Directors first meeting each school year they will elect a chairman and vice-chairman.

Policies and procedures adopted for the induction and training of trustees

The Trust provides both individual and full board training through an annual calendar which is reviewed each year to reflect any changes in practice and legislation. Trustees also have access to the website and a Governor Information File to assist in their induction.

Organisational structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for governance and determines membership, terms of reference and policy. During the year it received reports including policies financial performance, premises management, compliance with reporting and regulatory requirements and drafting the annual budget.

Leadership, Teaching & Achievement undergo a termly review to assess academy performance.

The Trustees have overall responsibility and ultimate decision making authority for all the work of the Trust, which is largely exercised through strategic planning and the setting of policy. During the majority of the year ended 31 August 2018 the Head of school post remained vacant and Trustees have assumed all responsibilities, in particular the role of acting Head of School was supported by one trustee as detailed on page 1 who assumed responsibility for day to day management

APOLLO SCHOOLS TRUST
TRUSTEES' REPORT
Year ended 31 August 2018

during the transition phase following the change in designation. As at the 1 September 2018 Trustees have devolved the day to day management of the Academy to the Head of School following the appointment of Kerrie Whelan as Head of School.

During the year the designated Accounting Officer (Suzanne Duncan for the year ended 31 August 2018) and Head of Finance (as service provider from North East Learning Trust (NELT)) were responsible for the authorisation of spending within agreed budgets as detailed in the scheme of delegation. The new Head of School was appointed as Accounting officer effective from the 1/9/2018. The head of school is responsible for the appointment of staff, through appointment panels for teaching posts which may include a Trustee.

Arrangements for setting pay and remuneration of key management personnel

The Trustees have ultimate authority for setting pay and remuneration for all staff including key management personnel. No Trustee receives any pay or remuneration for discharging their duties as an officer to the company and therefore during the year key management personnel consisted of the acting Head of School (Trustee), Deputy Head and Head of Finance (Employee of North East Learning Trust), in addition to the collective management by Trustees.

The school has an internal performance management policy. Targets are based on whole school priorities: standards of teaching and learning, standards of assessment and progress and whole school literacy, in addition to this some will also have individual targets based on individual observations and wider discussions with reviewers.

Connected organisations, including related party relationships

The Trust is sponsored by both North East Learning Trust and East Durham College working in partnership to provide quality alternative provision for students in the North East of England. The Trust partners are committed to the furtherance of education and provide support through collaboration and sharing of resources, which during the year consisted of teaching staff, access to procurement contracts and delivery of professional services. As part of this arrangement the Trust confirm that the trading between connected parties occurs at cost and the majority of the services provided are specific to the landlord tenant relationship at East Durham College and therefore Trustees have little alternative procurement options, however Trustees are satisfied that arrangements remain value for money following a review of the in year activity and charges levied. The Trust does not work in federation with any other organisation.

Risk management

Trustees have assessed the major risks to which the Trust is exposed, in particular those related to the transition from Studio School Status to Alternative Provision status. Throughout the year monitoring of performance and student places have been reviewed closely to ensure operations were viable during this early start-up phase. Robust financial and accounting procedures have been adopted from the North East Learning Trust as sponsor, which comply with statutory and ESFA accounting requirements. The Trust is insured under the DfE Risk Protection Assurance scheme to minimise the trusts exposure to risk. The Trust has developed a risk register and medium term plan to mitigate risk and support strategic planning.

Objectives, strategies and activities

The principle objective and activity of the charitable trust during the year was the operation of Endeavour Academy (Durham) to provide education for students between the ages of 14 and 16 in line with the vision and values of the Trust.

The new provision has been successfully established and has undergone a successful Ofsted inspection where the Academy secured a Good Ofsted grade. The Academy has continued to grow and develop since opening and now has a full staff compliment in place.

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our Aims and Objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trust intends to provide a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role including local enterprise.

APOLLO SCHOOLS TRUST
TRUSTEES' REPORT
Year ended 31 August 2018

Strategic Report

Achievements and Performance

During the period our principle achievement was the establishment of the new provision and the addition of students to the school in line with our strategic plan.

Our KPI's link to student numbers, Ofsted rating and free reserves levels. Performance against these is detailed within this report.

Going concern

Taking into account consideration of all relevant facts and circumstances and after making appropriate enquiries the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties that may cast significant doubt about the company's ability to continue as a going concern. For this reason, it adopts the going concern basis in preparing the financial statements.

During the beginning of the year the majority of time was spent supporting the teach out of Apollo Studio Academy students whilst the new provision was fully established, including the appointment of key staff to address the needs of future Endeavour students. By the end of the year there were 16 students on role, there are now 27 students on role which is expected to increase to 30 students during 2018/19. Additional confirmation has also been received confirming future guaranteed funding for Durham County Council commissioned places will increase from 15 to 20 in 2019/20. For this reason, it adopts the going concern basis in preparing the financial statements.

Financial Review

The majority of the Trusts income is obtained from the DfE, via the ESFA for commissioned place funding. During the year ending 31 August 2018 total income of £318k (2016/17: £964k) exceeded expenditure (excluding depreciation) of £278k (2017: £1,238k). The net income before recognised gains and losses, LGPS pension adjustments, transfers and depreciation was £59k which has increased the closing reserves fund excluding fixed asset funds and pensions to £92k (2017: £33k).

The full £927k capital project budget made up of £627k Construction, £234k Information Technology and £66k Fixtures, Furniture & Equipment was fully recognised during 2013/14. The remaining unutilised capital project funding remains at £12k, relating to branding, which is expected to be utilised during 2018/19.

All expenditure of the Academy Trust is made in line with the requirements of the grants provided by the DfE.

The Trust Finance Manual sets out the key financial responsibilities and policies including: delegation of spending, capitalisation limit, purchasing procedures including procurement regulations and systems of internal control. All expenditure of the Academy Trust is made in line with this manual and as such, supports the provision of Education of all students on role.

Head of School risks and uncertainties

The Trustees have considered that the principal risk and uncertainties facing the Academy during the year are: Safeguarding pupils, student recruitment and financial viability.

The principal risk to Endeavour Academy (Durham) is the ability to allocate the forecast number of students; which provides a significant risk to the overall affordability and viability of the Trust.

Trustees are focused on the establishment of Endeavour and consider the principal risks are as follows:

- Safeguarding and management of pupils
- Recruitment and training of experienced AP staff
- Financial viability

Procedures and forecasts have been established to support trustees to minimise any exposure to risk.

Fundraising

The academy trust carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Management Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

APOLLO SCHOOLS TRUST
TRUSTEES' REPORT
Year ended 31 August 2018

Reserves policy

The Trustees review the reserve levels of the Academy annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. Endeavour Academy (Durham) is expected to produce at least a break even budget, however the Trustees recognise that this is not always feasible in the start-up phase of a new provision with low pupil numbers and lower funding levels from ESFA. The level of available reserves at 31st August 2018 is £92k (2016/17: £33k), which is made up of restricted general reserves of £83k (2016/17: £24k) and unrestricted reserves of £9k (2016/17: £9k). Current reserve levels are intended to be retained for the foreseeable future to ensure sufficient reserves are in place to support the equivalent of 2-3 months' expenditure (circa £30k), where possible.

Investment policy

The Trust does not have sufficient spare cash available to invest presently, however the trust will establish an investment policy which aims to manage cash balances to provide daily working capital requirements and any surplus cash will be optimised where possible. Forecast cashflows show sufficient operational reserves for the foreseeable future and cash flow projections are fully considered before any significant expenditure decisions are made during this early phase of the provisions establishment.

Plans for Future Periods

Endeavour is undergoing a period of growth and development as it embeds itself within the community of schools within the region.

Auditors

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 10th December 2018 and signed on its behalf:



Margaret Saxton
Chair

**APOLLO SCHOOLS TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2018**

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Apollo Schools 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 Trustees have delegated the day-to-day responsibility to the Head of School, as Accounting Officer, for ensuring financial controls conform to 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 Apollo Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the 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 Trustees have formally met 6 times during the academic year 2017-18. Attendance during the period at Trustee meetings was as follows:

Trustee meeting	Meetings Attended	Out of a Possible
Lesley Powell	4	6
Suzanne Duncan	6	6
Margaret Saxton	4	6
Carina Tomlinson	6	6
Kelly Angus (resigned 13/12/17)	1	1

Review of value for Money

The Accounting Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the 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 academy trust has delivered improved value for money during the year by:

Economies of scale at both sponsors have reduced support costs in respect of Finance, payroll, Human Resources and IT support as Endeavour has no direct appointments for the delivery of these services and has agreed service level agreements specific to Endeavours needs. During the year there has been significant demand for these support services in order to carry out a seamless transition from Studio School to Alternative Provision.

There have been no significant purchases during the year and funds have been managed to ensure there was sufficient funding to support the operational needs of the Academy.

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 Apollo Schools Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**APOLLO SCHOOLS TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2018**

Capacity to handle risk

The Trustees reviews the key risks of the Academy Trust on an on-going basis to minimise any potential risk together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Academy Trust is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process will be regularly reviewed by the Local Governing Body and Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustees;
- regular reviews by Trustees 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.

During the year RSM UK Risk Assurance Services LLP carried out an internal assurance engagement in relation to duplicate payments following the implementation of the new financial system. This review provided evidence to trustees that sufficient operating controls were in place. In addition, other Internal assurance was provided to trustees following a mock Ofsted review carried out by an independent senior school practitioner as well as a separate DFE monitoring visit.

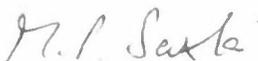
Review of effectiveness

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

- The work of the internal assurance reviewer
- The work of the external auditor
- The work of the Head of Finance from North East Learning Trust who has 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 Academy Trust and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 19th December 18 and signed on its behalf by:



Margaret Saxton
Chair



Kerrie Whelan
Accounting Officer

APOLLO SCHOOLS TRUST
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
Year ended 31 August 2018

As accounting officer of Apollo Schools Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

Following the change in accounting officer I have made sufficient and appropriate enquires to the out going Accounting Officer to satisfy myself that the necessary controls and procedures are in operation.

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

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



Kerrie Whelan
Accounting officer

10/12/18

APOLLO SCHOOLS TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
Year ended 31 August 2018

The trustees (who act as Trustees of Apollo Schools Trust and are also 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 Academies Accounts Direction issued 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 period. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

The 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the body of trustees on 10th Dec 2018 and signed on its behalf by:

M. P. Saxton

Margaret Saxton
Chair

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APOLLO SCHOOLS TRUST
YEAR ENDING ON 31 AUGUST 2018**

Opinion

We have audited the financial statements of Apollo Schools Trust (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the Director's Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APOLLO SCHOOLS TRUST
YEAR ENDING ON 31 AUGUST 2018**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors Report or Strategic Report included within the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

L. Robson

LUCY ROBSON (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

DATE: 20/12/18

APOLLO SCHOOLS TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account and statement of total recognised gains and losses)
For the year ended 31 August 2018

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	3	-	-	7	7	12
Charitable activities:						
Funding for the academy trust's educational operations	2	-	311	-	311	950
Other trading activities	4	-	-	-	-	2
Total		<u>-</u>	<u>311</u>	<u>7</u>	<u>318</u>	<u>964</u>
Expenditure on:						
Raising funds	5	-	-	-	-	9
Charitable activities:						
Academy trust educational operations	6	-	278	112	390	1,229
Total		<u>-</u>	<u>278</u>	<u>112</u>	<u>390</u>	<u>1,238</u>
Net expenditure		-	33	(105)	(72)	(274)
Transfers between funds	13	-	-	-	-	-
Other recognised gains / (losses):						
Re-measurement of net defined benefit obligations	21	-	74	-	74	(635)
Net movement in funds		<u>-</u>	<u>107</u>	<u>(105)</u>	<u>2</u>	<u>(909)</u>
Reconciliation of funds						
Total funds brought forward		9	(744)	650	(85)	824
Total funds carried forward		<u>9</u>	<u>(637)</u>	<u>545</u>	<u>(83)</u>	<u>(85)</u>

All of the Academy Trust's activities derive from continuing operations during the above financial year. A statement of total recognised gains and losses is not required as all gains and losses are included in the Statement of Financial Activities.

APOLLO SCHOOLS TRUST
(Company Number: 08641815)
BALANCE SHEET
at 31 August 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	10	512	624
Current assets			
Debtors	11	158	29
Cash at bank and in hand		<u>12</u>	<u>298</u>
		170	327
Liabilities			
Creditors: amounts falling due within one year	12	<u>(45)</u>	<u>(268)</u>
Net current assets		<u>125</u>	<u>59</u>
Net assets (excluding pension liability)	14	637	683
Pension scheme liability	21	<u>(720)</u>	<u>(768)</u>
Net (liabilities)/assets (including pension liability)		<u>(83)</u>	<u>(85)</u>
Total funds of charity			
Restricted funds			
Fixed Asset fund	13	545	650
General fund	13	83	24
Pension fund	13	<u>(720)</u>	<u>(768)</u>
	13	<u>(92)</u>	<u>(94)</u>
Unrestricted fund			
General fund	13	<u>9</u>	<u>9</u>
Total funds	13	<u>(83)</u>	<u>(85)</u>

The financial statements on pages 13 to 29 were approved by the Trustees and authorised for issue on 10/12/18 and signed on their behalf by:

M. P. Saxton

Margaret Saxton
Chair

APOLLO SCHOOLS TRUST
STATEMENT OF CASH FLOWS
for the Year ended 31 August 2018

	Note	2018 £'000	2017 £'000
Cashflows from operating activities	15	<u>(293)</u>	<u>(134)</u>
Cashflows from investing activities			
Capital grants from DfE		7	6
Purchase of tangible fixed assets		<u>-</u>	<u>(14)</u>
Net cash provided by investing activities		<u>(7)</u>	<u>(8)</u>
Change in cash and cash equivalents in the reporting period		<u>(286)</u>	<u>(142)</u>
Cash and cash equivalents at 1 September		<u>298</u>	<u>440</u>
Cash and cash equivalents at 31 August	16	<u>12</u>	<u>298</u>

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

1 ACCOUNTING POLICIES

General Information

Apollo Schools Trust is a Charitable Company (the 'Academy Trust'). The address of the Trust's principal place of business is given on page 2. The nature of the Academy Trust's operations are set out in the Trustees' Report.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS102, 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 (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Apollo Schools Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in the financial statements are rounded to the nearest £1,000.

Going Concern

After reviewing financial and other information available, the trustees consider that the Academy 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. Endeavour Academy (Durham) is in its start-up phase following its change in designation to an Alternative Provision Academy. Future forecasts and ongoing commitment from the LA commissioner support the going concern assumption. At the balance sheet date, the cash at bank was £12k (2017: £298k) generally the decrease in cash reflects the size and nature of the provision in place now, however there were unsettled receipts included in debtors of £158k, which have largely been settled after the balance sheet date. Current cash levels are favourable and forecast to remain stable for the foreseeable future. At the balance sheet date, the academy trust net liabilities of £83k (2017: £85k), largely relate to actuarial valuation of the LGPS pension fund see note 21.

Incoming resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are included in the Statement of Financial Activities based upon when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

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

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

Other Income

Other income including income for student places is recognised in the period it is receivable.

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

1 ACCOUNTING POLICIES (continued)

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Donations

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

Resources expended

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

- **Expenditure on Raising Funds**
This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable Activities**
These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Tangible fixed assets costing £5,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £112k.

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

Depreciation is provided on all tangible fixed assets other than freehold land, on a straight-line basis over its expected useful life dependant on the type of asset.

- Leasehold improvements 10 years
- Fixtures, fittings and equipment 7 years
- ICT Equipment 7 years

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

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.

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

2 ACCOUNTING POLICIES (continued)

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 11. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 12. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

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

Pensions benefits

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

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

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

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

Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the ESFA/DfE.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the ESFA, where the asset acquired or created is held for a specific purpose.

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

1 ACCOUNTING POLICIES (continued)

Critical accounting estimates and areas of judgement

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

Critical areas of judgement, 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 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 FUNDING OF THE ACADEMIES EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets fund £'000	2018 Total £'000	2017 Total £'000
DfE/ESFA REVENUE GRANTS					
General annual grants/GAG	-	161	-	161	901
Other DfE/group grants	-	90	-	90	49
Other income from the	-	-	-	-	-
	-	251	-	251	950
Other income from the academy trust's educational operations	-	60	-	60	-
	-	311	-	311	-
2017	-	950	-	950	-

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets fund £'000	2018 Total £'000	2017 Total £'000
Capital grants	-	-	7	7	6
	-	-	7	7	12
2017	5	1	6	12	-

4 OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2018 Total £'000	2017 Total £'000
Other trading activities	-	-	-	2
	-	-	-	2
2017	2	-	2	-

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

5 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises Depreciation £'000	Other £'000		
Expenditure on raising funds:					
Direct costs	-	-	-	-	9
Allocated support costs	-	-	-	-	-
Academy's educational operations:					
Direct costs	115	112	22	249	973
Allocated support costs	48	-	93	141	256
	<u>163</u>	<u>112</u>	<u>115</u>	<u>390</u>	<u>1,238</u>
2017	<u>907</u>	<u>112</u>	<u>219</u>	<u>1,238</u>	

The restricted expenditure on charitable activities was £390k (2017: £1,229k).

	2018 £'000	2017 £'000
Net incoming/(outgoing) resources for the period are stated after:		
Depreciation	112	112
Fees payable to RSM UK Audit LLP and its associates for:		
- audit	8	8
- other services	2	-
- Interest on defined benefit liability	19	1

6 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Total 2018 £'000	Total 2017 £'000
Direct costs	249	973
Support costs	<u>141</u>	<u>256</u>
	<u>390</u>	<u>1,229</u>
Analysis of support costs		
Support staff costs (incl. pension deficit charge of £7k (2017: £46k))	48	110
Transport	-	16
Subscriptions	1	5
Premises costs	7	11
Other support costs	14	44
Governance costs	12	9
Service contracts	59	61
Total support costs	<u>141</u>	<u>256</u>

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

7 STAFF COSTS

	2018	2017
	£'000	£'000
Staff costs during the period were:		
Wages and salaries	119	516
Social security costs	8	49
Pension costs including defined benefit pension charge of £7k (2017: £46k)	31	141
	158	706
Other staff recharges	5	37
Staff restructuring	-	164
Total Staff Costs	163	907
Staff restructuring costs comprise:		
Redundancy payments	-	50
LGPS Strain on fund pension cost	-	114
	-	164

Staff recharges from sponsors during the year were £5k (2017: £37k).

The following number of persons (including seconded personnel) employed by the Academy Trust during the Year ended 31 August 2018 was as follows:

	2018	2017
	No.	No.
Teachers	3	11
Administration and support	1	3
Management	1	3
	5	17

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

	2018	2017
	No.	No.
£80,001 - £90,000	-	1
£90,001 - £100,000	-	-
	-	-

During the year there were no employees whose employee benefits exceeded £60,000. The regular Local Government Pension Scheme contributions in relation to the previous Principal paid directly by the Academy during 2016/17 were £16k.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) paid was £47k (2017: £289k).

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

8 RELATED PARTY TRANSACTIONS – TRUSTEES’ REMUNERATION AND EXPENSES

Head of School and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Head of School and staff trustees and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees.

During the year the support provided by the acting Head of School (Trustee) was provided pro bono by East Durham College as sponsor to support the transition phase from Studio School to Alternative Provision Academy. S Duncan acted as Accounting Officer during the year 2017/18 in the absence of a permanent Head of School and no remuneration was received for this role. S Hudson, the Head of School and Accounting Officer (2016/17), received remuneration of £84,150 and employer pension contributions of £16k for 2016/17.

During the year ended 31 August 2018 no trustee (including trustee was paid any expenses.

Related party transactions involving the trustees are set out in note 18.

9 TRUSTEES’ AND OFFICERS’ INSURANCE

The Academy Trust is a member of the Department for Education’s risk protection arrangement (RPA), which is a voluntary arrangement for academies and free schools. It is an alternative to insurance through which the cost of risks that materialise will be covered by government funds. The scheme provides protection for Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides unlimited cover on any one claim. The cost of insurance is £300 (2017: £2000).

10 TANGIBLE FIXED ASSETS

	Leasehold Improvements £'000	Equipment Fixtures & Fittings £'000	IT Equipment £'000	Total £'000
Cost				
Opening	605	75	244	924
Additions	-	-	-	-
At 31 August 2018	<u>605</u>	<u>75</u>	<u>244</u>	<u>924</u>
Depreciation				
Opening	(181)	(30)	(89)	(300)
Charge in Period	(60)	(11)	(41)	(112)
At 31 August 2018	<u>(241)</u>	<u>(41)</u>	<u>(130)</u>	<u>(412)</u>
Net book value				
At 31 August 2018	364	34	114	512
At 31 August 2017	<u>424</u>	<u>45</u>	<u>155</u>	<u>624</u>

11 DEBTORS

	2018 £'000	2017 £'000
Trade Debtors	35	-
Prepayments and accrued income	116	22
Other debtors	7	7
	<u>158</u>	<u>29</u>

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE PERIOD

	2018	2017
	£'000	£'000
Trade creditors	8	23
Accruals	31	216
Tax & social security	3	22
Other Creditors	3	7
	<u>45</u>	<u>268</u>

At the year end accruals included £12k unbilled service level agreement costs from sponsor schools (2017: £66k). Prior years accruals for 2016/17 included LGPS strain on fund cost of £114k and redundancy cost of £12k.

13 FUNDS – Current year

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted General Fund					
General Annual Grant (GAG)	24	251	(192)	-	83
DfE Revenue	-	-	-	-	-
Other income	-	60	(60)	-	-
Pension reserve	(768)	-	(26)	74	(720)
	<u>(744)</u>	<u>311</u>	<u>(278)</u>	<u>74</u>	<u>(637)</u>
Restricted General Funds	<u>(744)</u>	<u>311</u>	<u>(278)</u>	<u>74</u>	<u>(637)</u>
Restricted Fixed Asset Fund					
DfE capital grants	650	7	(112)	-	545
	<u>650</u>	<u>7</u>	<u>(112)</u>	<u>-</u>	<u>545</u>
Restricted Fixed asset Funds	<u>650</u>	<u>7</u>	<u>(112)</u>	<u>-</u>	<u>545</u>
Total Restricted Funds	<u>(94)</u>	<u>318</u>	<u>(390)</u>	<u>74</u>	<u>(92)</u>
Unrestricted Funds	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
Total Funds	<u>(85)</u>	<u>318</u>	<u>(390)</u>	<u>74</u>	<u>(83)</u>

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

13 FUNDS – Current year (continued)

FUNDS – Prior year

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted General Fund					
General Annual Grant (GAG)	125	901	(1,002)	-	24
DfE Revenue	25	49	(74)	-	-
Other grants	-	1	(1)	-	-
Pension reserve	(86)	-	(47)	(635)	(768)
Restricted General Funds	64	951	(1,124)	(635)	(744)
Restricted Fixed Asset Fund					
DfE capital grants	756	6	(112)	-	650
Restricted Fixed asset Funds	756	6	(112)	-	650
Total Restricted Funds	820	957	(1,236)	(635)	(94)
Unrestricted Funds	4	7	(2)	-	9
Total Funds	824	964	(1,238)	(635)	(85)

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

FUNDS – Combined

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted General Fund					
General Annual Grant (GAG)	125	1,152	(1,194)	-	83
DfE Revenue	25	49	(74)	-	-
Other grants	-	1	(1)	-	-
Other income	-	60	(60)	-	-
Pension reserve	(86)	-	(73)	(561)	(720)
Restricted General Funds	64	1,262	(1,402)	(561)	(637)
Restricted Fixed Asset Fund					
DfE capital grants	756	13	(224)	-	545
Restricted Fixed asset Funds	756	13	(224)	-	545
Total Restricted Funds	820	1,275	(1,626)	(561)	(92)
Unrestricted Funds	4	7	(2)	-	9
Total Funds	824	1,282	(1,628)	(561)	(83)

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

13 FUNDS – Current year (continued)

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

The remaining balance of both restricted general reserves £83k and unrestricted reserves £9k will be retained to support future needs and development of Endeavour Academy (Durham), during the early establishment phase.

Restricted fixed asset funds represent the DfE studio school development capital grant award plus devolved formula capital less current year depreciation. The total cash draw down from the original development grant is £915k, and the remaining £12k relates to final retentions not yet discharged relating to the allocated branding budget. The remaining unutilised devolved formula capital is £21k, which will be retained for future IT and furniture replacement.

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Current year	Unrestricted Funds £'000	Restricted General Fund £'000	Restricted Fixed Asset Fund £'000	Total 2018 £'000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	512	512
Current assets	9	128	33	170
Current liabilities	-	(45)	-	(45)
Pension scheme liability	-	(720)	-	(720)
Total net assets	9	(637)	545	(83)
Prior year				
	Unrestricted Funds £'000	Restricted General Fund £'000	Restricted Fixed Asset Fund £'000	Total 2017 £'000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	624	624
Current assets	9	292	26	327
Current liabilities	-	(268)	-	(268)
Pension scheme liability	-	(768)	-	(768)
Total net assets	9	(744)	650	(85)

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

15 RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£000	£000
Net (expenditure) for the reporting period (as per the statement of financial activities)	(72)	(274)
Adjusted for:		
Depreciation [note 10]	112	112
Capital grants from DfE and other capital income	(7)	(5)
Interest receivable [note 4]	-	-
Pension movement [note 21]	26	46
(Increase)/decrease in debtors	(129)	61
(Decrease) in creditors	(223)	(74)
Net cash (used in) Operating Activities	(293)	(134)

16 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31	At 31
	August	August
	2018	2017
	£000	£000
Cash in hand and at bank	12	298
Total cash and cash equivalents	12	298

17 ULTIMATE CONTROLLING PARTY

The Academy is a charitable company limited by guarantee, has no share capital and is controlled by its members.

18 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, 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 Academy Trust's financial regulations and normal procurement procedures.

Income related party transaction

During the year income of £67k (2017: £nil) was received from North East Learning Trust (NELT), in respect of guaranteed student place numbers of £60k and AWPU adjustments of £7k.

Expenditure related party transaction

During the period the Trust purchased goods and services from both sponsors.

	2018	2017
	£'000	£'000
North East Learning Trust (NELT)	14	35
East Durham College (EDC)	81	93

At the yearend there were no outstanding trade balances for NELT or EDC. Trading with EDC included recharges of staff support costs of £16k charged at cost, transfers of pupil premium funding and service level agreement costs for Estates, IT and HR services totalling £48k. Trading with NELT included accruals of £11k in relation to service level agreements for Finance and IT support and £3k recharge of support staff costs.

19 CONTINGENT LIABILITIES

In the event that during the period of the funding agreement, the Academy sells or disposes of any asset for which a capital grant was received, the Academy shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Academy for its charitable purposes.

APOLLO SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 August 2018

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

21 PENSIONS AND SIMILAR OBLIGATIONS

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

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

Contributions amounting to £7,287 were payable to the schemes at 31 August 2018 (2017: £19,414) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014.

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fees), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £2k (2017: £44k).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £37k (2017: £65k), of which employer's contributions totalled £23k (2017: £46k) and employees' contributions totalled £14k (2017: £19k). The agreed contribution rates for future years are 21 percent for employers and employee contribution rates remain the same.

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21 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

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

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Head of School actuarial assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.5%	3.4%
Rate of increase for pensions in payment/inflation	2.0%	1.9%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.0%	1.9%
Retail Price index (RPI)	3.1%	3.0%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.3	23.2
Females	25.0	24.9
<i>Retiring in 20 years</i>		
Males	25.5	25.4
Females	27.3	27.2

Sensitivity analysis	At 31 August 2018	At 31 August 2017
	£'000	£'000
Discount rate +0.1%	1,243	1,369
Discount rate -0.1%	1,310	1,444
Mortality assumption – 1 year increase	1,239	1,364
Mortality assumption – 1 year decrease	1,313	1,447
CPI rate +0.1%	1,302	1,433
CPI rate -0.1%	1,251	1,379

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equity instruments	270	313
Debt instruments	211	251
Property	38	46
Cash	37	28
Total market value of assets	556	638

The actual return on scheme assets was £24,000 (2017: £345,000)

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21 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Amount recognised in the statement of financial activities

	2018	2017
	£000	£000
Past service cost	-	114
Current service cost	35	94
Net interest cost	19	1
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	54	209

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

	2018	2017
	£000	£000
At 1 September 2017	1,406	200
Current service cost	35	94
Interest cost	34	4
Employee contributions	6	19
Actuarial (gain)/loss	(65)	977
Past service cost	-	114
Benefits paid	(140)	(2)
At 31 August 2018	1,276	1,406

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

	2018	2017
	£000	£000
At 1 September 2017	638	114
Interest income	15	3
Return on plan assets	9	342
Employer contributions	28	162
Employee contributions	6	19
Benefits paid	(140)	(2)
At 31 August 2018	556	638

22 FINANCIAL INSTRUMENTS

	2018	2017
	£000	£000
Carrying amount of financial assets		
Measured at amortised cost	137	28
Carrying amount of financial liabilities		
Measured at amortised cost	(42)	(246)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO APOLLO SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 11 December 2018 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by Apollo Schools Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of Apollo Schools Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Apollo Schools Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Apollo Schools Trust's funding agreement with the Secretary of State for Education dated 31 August 2017 and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Apollo Schools Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2017 to 2018.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO APOLLO SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to Apollo Schools Trust and the ESFA in accordance with the terms of our engagement letter dated 11 December 2018. Our work has been undertaken so that we might state to the Apollo Schools Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Apollo Schools Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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20.12.18