

**Company Registration Number: 08293293 (England and Wales)**

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**EXPLORE LEARNING TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

<b>Members</b>	The Vision 4-19 Trust (resigned 6 June 2017) L Jones J Murphy-Cawrey (resigned 26 September 2016) S Ward (appointed 26 September 2016) J Merry
<b>Trustees</b>	S Ward, Chair of Trustees from 26 September 2016 <sup>1</sup> J Murphy-Cawrey, Chair of Trustees to 26 September 2016 <sup>1</sup> L Jones, Headteacher <sup>1</sup> V Savage, Staff Trustee C Stretton, Trustee <sup>1</sup> N Bedder, Staff Trustee <sup>1</sup> J Merry, Trustee <sup>1</sup> J Pike M Finnigan J Goodman (resigned 30 January 2017) <sup>1</sup> G Davis (appointed 26 June 2017)
	<sup>1</sup> Finance and Staffing Committee
<b>Company registered number</b>	08293293
<b>Company name</b>	Explore Learning Trust
<b>Principal and registered office</b>	Main Street Ratby Leicester LE6 0LN
<b>Senior management team</b>	L Jones, Headteacher L Heath, Deputy Headteacher (appointed 24 August 2017) M Tobin, Deputy Headteacher (resigned 4 June 2017) N Bedder, School Business Manager
<b>Independent auditors</b>	Magma Audit LLP Chartered Accountants 340 Melton Road Leicester LE4 7SL
<b>Bankers</b>	Lloyds Bank Plc High Street Leicester LE1 4FP
<b>Solicitors</b>	Howes Percival Solicitors 3 The Osiers Business Centre Leicester LE19 1DX

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Ratby. It has a pupil capacity of 420 and had a roll of 348 in the school census on January 2017.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **• Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity (registration no. 08293293). The company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The charitable company was incorporated as Ratby Primary School on 14 November 2012. The school converted to Academy status on 1 February 2013 when its operations, assets and liabilities were transferred to the Academy from the Local Authority. The charitable company changed its name to Explore Learning Trust on 24 March 2017.

The Governors act as Trustees for the charitable activities of Explore Learning Trust and are also directors of the charitable company for the purpose of company law. The charitable company is known as Explore Learning Trust although the Academy still uses the name Ratby Primary School. Details of the Trustees who served through the year, except as noted, are included in the Reference and Administrative Information.

### **• Members' liability**

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

### **• Trustees' indemnities**

In accordance with normal practice the School has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions whilst on school business. The cover under the policy is £3 million and the cost for the year to 31st August 2017 is £427.

### **• Method of recruitment and appointment or election of Trustees**

The Governing Body of Explore Learning Trust is constituted as laid down in its Articles of Association and is made up of not less than three Trustees but has no stated maximum, allowing us to adjust membership to reflect the needs of the school as it evolves. All Trustees, other than the Headteacher, serve for a term of four years after which they are required to be re elected/re appointed.

Trustees are appointed through nomination and election (Staff, Local Authority and Parent Trustee positions) and Community Trustees were appointed or re appointed at the inception of the Academy.

### **• Policies and procedures adopted for the induction and training of Trustees**

We expect all Trustees to undertake training as appropriate to their work at the school. The training and induction for new Trustees will depend on their existing experience and will be tailored specifically to the needs of the individual. Where necessary, induction will provide training on charity, educational, legal and finance matters. All new Trustees will be given a tour of the Academy and are provided with minutes, accounts, budgets, plans, handbook and other documents needed to undertake their role.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

As a school we buy into the Trustee Development Service and where a training need is identified the appropriate training is procured which may be on site, on line or by attendance at an external event. A log is kept of all Trustees training and reviewed on a regular basis.

● **Organisational structure**

The Trustees determine the general policy of the school. The day to day running of the school is delegated to the Head, supported by senior staff. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the senior leadership team. The day to day administration is undertaken within the policies and procedures approved by the Trustees with major expenditure and other significant decisions being referred to the Trustees in line with the agreed policies and procedures.

The work involved in reviewing and ratifying policies is delegated to the members of the Finance & Staffing, Curriculum & Standards, Performance Management and Health, Safety & Premises sub committees. These meet at least once per term and work as directed by a Chair appointed at the first full Trustees meeting at the start of the academic year. Terms of reference of these committees are reviewed and ratified annually at this meeting. The clerk to the Trustees is responsible for arranging meetings, supporting the work of the Trustees, the preparation of agendas and the review of matters arising. The School Business Manager is responsible for the preparation of accounts for the Finance and Staffing Committee. All committees have a member nominated as a clerk at the start of the academic year.

The Headteacher oversees the recruitment of all educational staff and is an ex officio Trustee, principal Accounting Officer and attends all Governing Body and sub-committee meetings. The School Business Manager attends all Finance & Staffing and Health, Safety & Premises meetings and any other meetings as required.

All Trustees give their time freely and no expenses were paid in the year.

● **Pay policy for key management personnel**

The Academy follows the national Teachers Pay and Conditions for teachers pay and set pay increases as agreed through national pay deals and incremental increases following successful performance review meetings. For support staff we follow Leicestershire local government pay scales and implemented locally agreed pay increases.

● **Connected organisations, including related party relationships**

The Headteacher is a member of several professional organisations and regularly attends a range of local and county wide meetings to keep up to date with current educational policies and practice and network with other schools to share expertise, knowledge and experience.

The school is primarily involved in 3 main partnerships:

Enrich whose members are the local primary schools who are the feeder schools for the local high school and college. There are 2 main aims of the partnership: to provide enrichment opportunities across the schools and age ranges for pupils and to provide a highly effective transition programme for pupils in Year 6.

The school is also part of the STEP Teaching School Alliance which provides CPD opportunities for members of staff, development meetings for subjects, EYFS and SEN Coordinators as well as opportunities for career development. In addition, the school receives School to School support through visits from the Teaching and Learning Director, who is a National Leader of Education and Headteacher of Eastfield Primary School. Visits focus on monitoring and evaluating the quality of teaching and learning, reviewing assessment data and working with the Headteacher to review how the TSA can support the school with whole school development priorities.

The Academy is now classified as a 'single converter' academy following the dissolving of The Vision 4-19 Trust. During this academic year the Governing Body approved the decision to form a Multi-Academy Trust with Lady

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

Jane Grey Primary School and Elizabeth Woodville Primary School. However, after much work and deliberation it was decided not to go ahead with the final stage of this process.

The Governing Body of Explore Learning Trust have recently approved the decision to join Bradgate Education Partnership (BEP). This has been approved by the Board of BEP and is subject to approval by the RSC Headteacher's Board and the DfE.

The school has a connected charity, the Parent Teaching Association (PTA) which was established for the purpose of supporting the school in a manner as determined by its own independent board. These funds are under the control of this independent board, not the Academy. In line with the Academies Accounts Direction 2016 to 2017 (SORP 2015) some summary details of this charity's activities are included in note 24 to the financial statements.

## **OBJECTIVES AND ACTIVITIES**

### **● Objects and aims**

The principal objective of the charitable company is the operation of Explore Learning Trust to provide the best education it can for pupils of different abilities between the ages of 4 and 11 years.

The main objectives of the Academy are summarised below;

To ensure that every child enjoys the same quality of education in terms of resourcing, tuition and care

- To raise the standards of educational achievement of all pupils
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

### **● Objectives, strategies and activities**

The Academy's main strategy is encompassed in its strap line which is 'Inspiring a love of Learning' and in its mission statement:

With the cooperation and support of parents, staff and Trustees, we are committed to being a caring and inclusive school. We aim to deliver a world class education where learning and teaching are exciting, challenging and creative, within a safe, secure, nurturing environment. We endeavour to promote self esteem, independence and self motivation. We aim to assist pupils in developing the skills to become independent, life long learners who will succeed and contribute responsibly in the global community.

At Explore Learning Trust we aim

- To promote understanding, fairness and respect for other people's race, beliefs and cultures
- To enable pupils to feel pride in their effort and confidence, resilience and resourcefulness
- To enable pupils to achieve high standards in all aspects of the curriculum and help all pupils to achieve their true potential
- To create a happy, safe, caring school with equal opportunities for all
- To provide a world class creative curriculum which inspires and motivates young minds
- To develop lively, enthusiastic, enquiring minds who are able to work independently and solve problems
- To develop a healthy life style where children are encouraged to make informed choices
- To promote positive relationships, excellent behaviour and polite, well-mannered pupils

### **● Public benefit**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Academy's Trustees have complied with their duty to have regard to the guidance on public benefit published by the Charity Commission.

'Public benefit' is the legal requirement that every charitable organisation with one or more charitable aims must be able to demonstrate that its aims are for the public benefit.

The three underlying principles for the Charity are as follows;

- it must be clear what the benefits are
- the benefits must be related to the aims
- benefits must be balanced against detriment or harm

The aims and objectives of Explore Learning Trust are outlined in the section above but in ensuring the school focuses upon these aims the following has been taken into account by the Governing Body;

- the beneficiaries must be appropriate to the aims
- where the benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted
- any private benefits must be incidental

These principles underline the work undertaken at Explore Learning Trust and, through monitoring and evaluation of procedures and policies, the Governing Body ensure that the Academy has complied with its duties.

The Academy's catchment area encompasses a 'mixed' catchment area; children from private and council housing are within our catchment area. First time admissions to the school remain the decision of Leicestershire Local Authority and are therefore based upon their criteria.

The OFSTED rating as a 'good in all areas' remains in place and the continual improvements in academic progress ensure that our pupils benefit from the education we provide.

## **STRATEGIC REPORT**

### **• Key academic indicators**

At this point the comparative data is based upon the emerging National Data Results 2017. As this is the 2nd year of the new tests in Key Stage 1 and 2, the results will look very different from those of years to 2016, and cannot be compared with them.

#### **EYFS**

- 77% of the cohort made a 'Good Level of Development' (4% rise on 2016) which was 6% above the National 2017 (71%)
- The Average Point Score (APS) was 35.4 (0.4 increase on 2016), and 0.9 points above the National APS 2017 (34.5)

#### **Year 1 Phonics screening test**

- 84% of pupils achieved the expected level, which is above the national average of 2017 (81%)
- This demonstrates a 2% increase on our school results of 2016.

#### **Key Stage 1 Teacher Assessment Results**

- 74.5% of pupils are working at 'the expected standard' in Reading (Nat 2017 75.5%) and 19.6% are working at 'a greater depth within the expected standard' (Nat 2017 25.2%)
- 66.7% of pupils are working at 'the expected standard' in Writing (Nat 2017 68.2%) and 11.8% of pupils were working at 'a greater depth within the expected standard' (Nat 2017 15.6%)
- 72.5 % of pupils are working at 'the expected standard' in Maths (Nat 2017 75. %) and 25.5% are working at 'a greater depth within the expected standard' (Nat 2017 20.5 %)
- 86% of pupils are working at 'the expected standard' in Science (Nat 2017 83%)
- Working at or above in Reading, Writing and Maths 57% (Nat 2017 64%)

#### **Key Stage 2 Test and Teacher Assessment Results**

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- 55% of pupils are working at 'the expected standard' in Reading (Nat 2017 71%) and 18.4% met the higher standard (Nat 2017 25.2%)
- 76.3% of pupils are working at 'the expected standard' in Grammar, Punctuation and Spelling (Nat 2017 72%) and 23.7% of pupils met the higher standard (Nat 2017 28.6%)
- 71.1% of pupils are working at 'the expected standard' in Mathematics (Nat 2017 74.8%) and 15.8% met the higher standard (Nat 2017 20.7%)
- 76.3% of pupils are working at 'the expected standard' in Writing (Nat 2017 76.2%) and 28.9% are working at 'a greater depth within the expected standard' (Nat 2017 17.7%). This is a teacher assessment level.
- Working at or above in Reading, Writing and Maths 47.7% (Nat 2017 61.4%)

• **Going concern**

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy 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 financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

**FINANCIAL REVIEW**

• **Financial Review**

The Academy had a net movement in funds for the year ended 31 August 2017 of £722 including fixed assets movements. As at 31 August 2017 the Academy held £121,222 of unrestricted reserves plus £72,362 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £193,584.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £481,000 at 31 August 2017 and a fixed asset reserve of £3,448,501 being the book value of past purchases.

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Academy. The principle financial management policies adopted in the period are included in the Academy's internal financial policies and are typical for an Academy Trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the academy are the General Annual Grant (GAG) and other ESFA/DfE grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the Academy Trust, subject to any remaining reserves.

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

• **Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds (excluding designated funds) plus unspent General Annual Grant (GAG), should be approximately 9% of the annual budget, being approximately £125,000.

Actual free reserves plus unspent GAG as at 31 August 2017 were £178,585, being higher than the target level set by the Trustees. The Trustees intend to use the reserves above target to facilitate potential changes in class sizes as a result of fluctuating mid year admissions. Cash at bank at 31 August 2017 was £64,322 higher than total available reserves mainly due to designated funds of £14,999, capital income received in advance of works of £11,265, Universal Infant Free School Meals funding received in advance of £31,865 plus other timing differences.

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Included within unrestricted funds above were designated funds of £14,999 at 31 August 2017, set aside by the Trustees for future repairs costs of the Premises Officer's building and future costs of extra-curricular activities. This reserve is likely to be used in the year to 31 August 2017.

At 31 August 2017 the Academy's fixed asset reserve of £3,448,501 represented funds which could only be realised if the assets were sold.

The only reserve in deficit at the year end was the pension reserve (deficit of £481,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

● **Material investments policy**

An amount of agreed cash reserves being £100,000 has been invested in a 32 day notice deposit account with a major bank so as to minimise risk. This amount is automatically reinvested after each maturity date unless notice to withdraw is given.

The School Business Manager monitors the current account cash flow and bank balance on a weekly basis to ensure that the immediate financial commitments of payroll and payments can be met and the Academy has adequate balances to meet planned future commitments.

The Academy's current Investment Policy is to only invest in risk free deposit accounts as set out in the Financial Management Manual.

● **Principal risks and uncertainties**

The risks faced by the Academy are outlined in the Risk Register agreed with the Finance & Staffing Committee and the Trustees are continually aware and are monitoring any risks associated with the Academy.

The principal risks for the academy during the future are;

1. The reduction in pupil NOR the Academy closely monitors applications for places in each year group and models the financial implications of any trends, trying to make any growth as sustainable as possible.
2. Changes to the funding formula. The Headteacher, Business Manager and Finance & Staffing Committee monitor and aim to analyse the impact of any national and local changes and adjust the running of the Academy to mirror these trends where possible.
3. At 31 August 2017 the pension deficit on the Local Government Pension Scheme stood at £481,000. The Academy has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of Academy closure, outstanding pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The Trustees are responsible for the overseeing of the risks faced by school. The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy (and its finances) and systems are in place to mitigate those risks. The Trustees assessed the risks that the Academy faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and relation to the control of finance. A financial risk register has been produced taking account of established good practice, to ensure any financial risks identified are fully and properly assessed and necessary mitigation put in place. The Trustees monitor systems, including operational procedures (vetting of new staff and visitors, and supervision of the school grounds) and internal financial controls in order to minimise risk.

Through the risk management processes established for the school, the Trustees are satisfied that the major

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**FOR THE YEAR ENDED 31 AUGUST 2017**

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

## **PLANS FOR FUTURE PERIODS**

### **• Future developments**

The Trustees intend to continue their current strategies of maintain the School's position in a competitive market by providing outstanding education for all pupils. Achieving high standards of academic results is a constant aim whilst maintain the breadth and depth of wider education to develop the whole person.

Our future plans are financed from income direct from the DfE, related to student numbers and other lump sum factors. Trustees will ensure funding is invested appropriately for the next generation of pupils as they have done in the past for current students.

The Academy has a planned programme of maintenance and investment for the school site. Environment issues are also a high priority and we continue to develop our buildings to ensure they are more energy efficient.

### **Key Priorities for 2017-2018**

#### **Key Priority 1: Outcomes for Learners: Raising Attainment and Pupil Progress**

- Reading Outcomes at both KS1 and KS2 to be equal to or above National for EXS and GDS
- Improve quality of questioning and answering in Guided Reading
- Raise profile of Reading across the school community
- Work towards the National 85% combined R/W/M at end of KS2
- Improve outcomes for pupils in Writing at KS1
- Improve outcomes for pupils in Maths at KS1 and KS2
- Ensure pupils in KS1 make 'good or better' progress from their prior attainment in EYFS in Reading, Writing and Maths is similar to or better than National
- Ensure pupils in KS2 make 'good or better' progress from their prior attainment in KS1 in Reading, Writing and Maths is similar to or better than National

#### **Key Priority 2: Quality of Teaching, Learning and Assessment**

- Develop sharing of good practice across school
- Provide support for teachers new to school, those who have received 'requires improvement' in the quality of teaching and learning and those who have recently completed their NQT in order to ensure good practice
- Develop Assessment for Learning (AfL) strategies to ensure children are able to challenge themselves
- Continue to develop the Computing skills of teaching staff through CPD which impacts across the curriculum
- Improve accuracy of teacher assessment in Writing through cross school moderation and the use of No More Marking site (NMM) for comparative judgement marking
- Improve outcomes in Spelling at KS1 and KS2
- Embedding of new Maths Scheme (Collins Busy Ants)
- Ensure summative assessment provides clear evidence for formative assessment on Target Tracker introduce standardized testing each term to provide teachers of evidence to support judgements made on TT and to provide detailed analysis of pupils' strength and next steps, which informs future planning.

#### **Key Priority 3: Personal Development, Behaviour and Welfare**

- Further develop role of digital leaders in school
- Develop children's character through Growth Mindset/BLP to foster and promote learning skills
- Develop outdoor learning and promote healthy life styles through lunchtime coaches, PE Buddies and Forest Schools
- Embed CPOMs as an online system of monitoring attendance, behaviour, well-being and safeguarding.

#### **Key Priority 4:**

- Appoint two new community governors to ensure FGB is at capacity

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**TRUSTEES' REPORT (continued)**  
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- Ensure governors hold school leaders to account through a robust cycle of monitoring & evaluating
- Oversee the school joining BEP as part of a Multi-Academy Trust
- Develop subject and phase leadership across school to ensure staff are held accountable and all leaders are monitoring and evaluating effectively
- Monitor expenditure of Pupil Premium and evaluate impact
- Monitor expenditure of PE & Sports Premium funding evaluate impact

**Key Priority 5:**

- Develop forest school provision
- Further develop outdoor learning provision

**Key Priority 6:**

- School applies for LSMS Gold Music Award
- School to work towards achieving Artsmark
- School to develop network links through membership of STEP teaching school alliance
- Participation in Enrich Events to provide opportunities to enhance curriculum for pupils
- School to work towards achieving Silver Games Award

**Funds held as custodian**

The Academy does not hold funds on behalf of any other organisations.

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**Auditors**

The auditors, Magma Audit LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report was approved by order of the Governing Body, as the company directors, on 27 November 2017 and signed on its behalf by:

**S Ward**  
**Chair of Trustees**

**L Jones**  
**Headteacher / Accounting Officer**

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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Explore Learning 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 Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Explore Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body 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 Governing Body has formally met 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
S Ward	5	5
J Murphy-Cawrey	3	5
L Jones, Headteacher	5	5
V Savage, Staff Trustee	5	5
C Stretton, Trustee	5	5
N Bedder, Staff Trustee	5	5
J Merry, Trustee	5	5
J Pike	3	5
M Finnigan	5	5
J Goodman	1	2
G Davis	1	1

During the year one new Trustee has been appointed to ensure the composition of the Governing Body is in line with the Articles of Association.

All Members and Trustees have completed the National Governance Association skills audit matrix and completed training with regards to their role of monitoring and evaluation of the schools effectiveness. The past 12 months have presented a number of challenges for the Board including managing a Multi-Academy Trust application and subsequent decision not to proceed.

Governors find that the information presented by the Headteacher and School Business Manager is sufficiently detailed with regards to assessment, finance and personnel, ensuring that they feel fully informed with regards to any decisions that need to be made.

**Governance reviews:**

The Governors annual review of 2016/17 will be undertaken during the Autumn Term 2017 once whole school data has been reviewed and performance management has been carried out.

The Governing Body intends to conduct another self-evaluation review during the forthcoming year.

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**GOVERNANCE STATEMENT (continued)**

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to assist in ensuring financial stability, transparency and effective financial procedures are maintained at Explore Learning Trust.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Murphy-Cawrey	5	6
L Jones	6	6
N Bedder	6	6
J Goodman	1	2
C Stretton	6	6
J Merry	5	6
S Ward	5	5

**Review of Value for Money**

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

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

- Arranging a preferred agency agreement for supply to reduce costs
- Bulk buying school supplies
- Working with local school's for training and school to school support to reduce or share costs

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Explore Learning Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and Staffing Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

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**GOVERNANCE STATEMENT (continued)**

- 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 Governing Body has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council as internal auditor.

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

- testing of payroll systems
- testing of purchase controls
- testing of control account/bank reconciliations

On an annual basis, the internal auditor reports to the Governing Body through the audit committee on the operation of the systems of control and on the discharge of the Governing Body' financial responsibilities.

The latest internal audit visit was in October 2017. No material control issues were identified as a result of the internal auditor's review work.

**Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 27 November 2017 and signed on their behalf, by:

**S Ward**  
**Chair of Trustees**

**L Jones**  
**Accounting Officer**

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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 2016.

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

**L Jones**  
**Accounting Officer**

Date: 27 November 2017

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who act as governors of Explore Learning 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 Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Governing Body on 27 November 2017 and signed on its behalf by:

**S Ward**  
**Chair of Trustees**

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EXPLORE LEARNING TRUST**

**Opinion**

We have audited the financial statements of Explore Learning Trust for the year ended 31 August 2017 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy'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 Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

**Basis of opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EXPLORE LEARNING TRUST**

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Trustees**

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

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

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EXPLORE LEARNING TRUST**

**Auditor's responsibilities for the audit of the financial statements**

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

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Magma Audit LLP**

Chartered Accountants  
Statutory Auditors

340 Melton Road  
Leicester  
LE4 7SL  
8 December 2017

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EXPLORE LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 28 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Explore Learning Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Explore Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Explore Learning 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 Explore Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Explore Learning Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Explore Learning Trust's funding agreement with the Secretary of State for Education dated 1 February 2013, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in place.

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EXPLORE  
LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Magma Audit LLP**

340 Melton Road  
Leicester  
LE4 7SL

8 December 2017

**EXPLORE LEARNING TRUST**  
(A company limited by guarantee)

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £	
Note						
<b>INCOME FROM:</b>						
Donations and capital grants	2	100	3,855	49,085	53,040	788,601
Charitable activities	3	-	1,321,422	-	1,321,422	1,295,949
Other trading activities	4	47,021	-	-	47,021	15,831
Investments	5	624	-	-	624	868
<b>TOTAL INCOME</b>		<b>47,745</b>	<b>1,325,277</b>	<b>49,085</b>	<b>1,422,107</b>	<b>2,101,249</b>
<b>EXPENDITURE ON:</b>						
Raising funds		40,284	-	-	40,284	12,579
Charitable activities		10,000	1,371,706	154,395	1,536,101	1,451,224
<b>TOTAL EXPENDITURE</b>	6	<b>50,284</b>	<b>1,371,706</b>	<b>154,395</b>	<b>1,576,385</b>	<b>1,463,803</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between funds	16	(2,539)	(46,429)	(105,310)	(154,278)	637,446
		-	(28,475)	28,475	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(2,539)	(74,904)	(76,835)	(154,278)	637,446
Actuarial gains/(losses) on defined benefit pension schemes	21	-	155,000	-	155,000	(124,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(2,539)</b>	<b>80,096</b>	<b>(76,835)</b>	<b>722</b>	<b>513,446</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		123,761	(488,734)	3,525,336	3,160,363	2,646,917
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>121,222</b>	<b>(408,638)</b>	<b>3,448,501</b>	<b>3,161,085</b>	<b>3,160,363</b>

The notes on pages 23 to 44 form part of these financial statements.

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08293293**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	12		3,448,501		3,525,336
<b>CURRENT ASSETS</b>					
Stocks	13	2,970		2,970	
Debtors	14	40,010		54,182	
Cash at bank and in hand		242,907		323,538	
		<u>285,887</u>		<u>380,690</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	<u>(92,303)</u>		<u>(165,663)</u>	
<b>NET CURRENT ASSETS</b>			<u>193,584</u>		<u>215,027</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,642,085</u>		<u>3,740,363</u>
Defined benefit pension scheme liability	21	<u>(481,000)</u>		<u>(580,000)</u>	
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>3,161,085</u></u>		<u><u>3,160,363</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted income fund	16	72,362		91,266	
Fixed asset fund	16	3,448,501		3,525,336	
Restricted funds excluding pension liability		<u>3,520,863</u>		<u>3,616,602</u>	
Pension reserve		<u>(481,000)</u>		<u>(580,000)</u>	
Total restricted funds			<u>3,039,863</u>		<u>3,036,602</u>
Unrestricted income funds	16		<u>121,222</u>		<u>123,761</u>
<b>TOTAL FUNDS</b>			<u><u>3,161,085</u></u>		<u><u>3,160,363</u></u>

The financial statements on pages 20 to 44 were approved by the Trustees, and authorised for issue, on 27 November 2017 and are signed on their behalf, by:

**S Ward**  
**Chair of Trustees**

The notes on pages 23 to 44 form part of these financial statements.

**EXPLORE LEARNING TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	18	<b>(52,780)</b>	30,829
<b>Cash flows from investing activities:</b>			
Interest received		624	868
Purchase of tangible assets		<b>(77,560)</b>	(880,605)
Capital grants from DfE and other capital income		<b>49,085</b>	833,163
<b>Net cash used in investing activities</b>		<b>(27,851)</b>	(46,574)
<b>Change in cash and cash equivalents in the year</b>		<b>(80,631)</b>	(15,745)
Cash and cash equivalents at 1 September 2016		<b>323,538</b>	339,283
<b>Cash and cash equivalents at 31 August 2017</b>	19	<b>242,907</b>	323,538

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Explore Learning Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 FUND ACCOUNTING**

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

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

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

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

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

Grants are included in the statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants. The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at using the ESFA standard valuation on a depreciated replacement cost basis provided to the academy. This provided a value for the land and buildings as at the date of conversion.

**EXPLORE LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.4 EXPENDITURE**

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

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

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

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	-	3% Straight line
Leasehold buildings - roof	-	6% Straight line
Leasehold land (125 year lease)	-	over 125 years
Fixtures and fittings	-	15% Straight line
Fixtures and fittings - windows	-	10% Straight line
Computer equipment	-	25% Straight line

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

**1.7 OPERATING LEASES**

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 STOCKS**

Classroom consumables, unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

**1.9 TAXATION**

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

**1.10 CASH AT BANK AND IN HAND**

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

**EXPLORE LEARNING TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.11 LIABILITIES AND PROVISIONS**

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

Provisions are 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.

**1.12 FINANCIAL INSTRUMENTS**

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

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

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

**1.13 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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.

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**1. ACCOUNTING POLICIES (continued)**

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

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

**1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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

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.

**Defined benefit pension scheme**

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

**Tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital grants	-	-	49,085	49,085	784,607
Parent Teaching Association donations	-	3,170	-	3,170	3,594
Other donations	100	685	-	785	400
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	<b>100</b>	<b>3,855</b>	<b>49,085</b>	<b>53,040</b>	788,601
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total 2016</i>	-	3,994	784,607	788,601	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,153,422	1,153,422	1,116,252
Other DfE/ESFA grants	-	139,763	139,763	132,028
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,293,185	1,293,185	1,248,280
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other government grants</b>				
Local Authority grants	-	28,237	28,237	47,669
	<hr/>	<hr/>	<hr/>	<hr/>
	-	28,237	28,237	47,669
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,321,422	1,321,422	1,295,949
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total 2016</i>	-	1,295,949	1,295,949	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Fundraising income	2,879	-	2,879	2,976
Consultancy income	37,943	-	37,943	8,643
Lettings income	3,391	-	3,391	-
Rental income	2,808	-	2,808	4,212
	<u>47,021</u>	<u>-</u>	<u>47,021</u>	<u>15,831</u>
<i>Total 2016</i>	<u>15,831</u>	<u>-</u>	<u>15,831</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	624	-	624	868
	<u>624</u>	<u>-</u>	<u>624</u>	<u>868</u>
<i>Total 2016</i>	<u>868</u>	<u>-</u>	<u>868</u>	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	37,565	656	2,063	40,284	12,579
Educational Operations:					
Direct costs	928,736	115,796	80,664	1,125,196	1,054,215
Support costs	130,884	104,521	175,500	410,905	397,009
	<u>1,097,185</u>	<u>220,973</u>	<u>258,227</u>	<u>1,576,385</u>	<u>1,463,803</u>
<i>Total 2016</i>	<u>1,043,948</u>	<u>204,149</u>	<u>215,706</u>	<u>1,463,803</u>	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. CHARITABLE ACTIVITIES**

	<b>Total funds 2017 £</b>	<b>Total funds 2016 £</b>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Teaching and educational support staff costs - salaries	693,944	704,983
Teaching and educational support staff costs - NI	51,841	44,109
Teaching and educational support staff costs - pensions	163,354	144,192
LGPS pension interest cost (£22,000) less return on assets (£10,000)	12,000	16,000
Educational supplies	27,999	25,038
Staff development	10,332	6,595
Other direct costs	46,045	13,946
Depreciation	115,796	96,752
Technology costs	3,885	2,600
	<b>1,125,196</b>	<b>1,054,215</b>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Support staff costs - salaries	103,407	103,674
Support staff costs - NI	6,187	5,328
Support staff costs - pensions	21,290	20,096
Maintenance of premises and equipment	23,579	39,116
Cleaning	2,981	1,483
Rates	7,410	6,893
Insurance	18,976	12,103
Depreciation	38,599	32,251
Catering	68,552	57,827
Legal and professional fees	1,620	2,002
Other support costs	90,466	89,106
Security and transport	155	594
Technology costs	4,000	2,838
Energy costs	12,976	15,551
Governance	10,707	8,147
	<b>410,905</b>	<b>397,009</b>
	<b>1,536,101</b>	<b>1,451,224</b>

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

This is stated after charging:

	<b>2017 £</b>	<b>2016 £</b>
Depreciation of tangible fixed assets: - capitalised by the charity	154,395	129,003
Auditors' remuneration - audit	5,560	5,450
Auditors' remuneration - other services	3,218	901
Operating lease rentals	1,872	2,306
	<b>165,045</b>	<b>137,660</b>

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

Staff costs were as follows:

	<b>2017</b>	2016
	<b>£</b>	<b>£</b>
Wages and salaries	<b>827,809</b>	816,277
Social security costs	<b>60,936</b>	49,437
Operating costs of defined benefit pension schemes	<b>188,843</b>	164,288
	<u><b>1,077,588</b></u>	<u>1,030,002</u>
Supply staff costs	<b>19,597</b>	13,946
	<u><b>1,097,185</b></u>	<u>1,043,948</u>

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

	<b>2017</b>	2016
	<b>No.</b>	<b>No.</b>
Teachers	<b>19</b>	19
Administration and support	<b>33</b>	37
Management	<b>1</b>	1
	<u><b>53</b></u>	<u>57</u>

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

	<b>2017</b>	2016
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>1</b>	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for this staff member amounted to £11,315 (2016: £10,665).

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £225,065 (2016: £218,033). These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within their employment.

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**10. TRUSTEES' REMUNERATION AND EXPENSES**

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

The value of Trustees' remuneration and other benefits was as follows:

L Jones (Headteacher and Trustee)

Remuneration £65,000 - £70,000 (2016: £60,000 - £65,000)

Employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000)

V Savage (Staff Trustee)

Remuneration £20,000 - £25,000 (2016: £10,000 - £15,000)

Employer's pension contributions £0 - £5,000 (2016: £0 - £5,000)

N Bedder (Staff Trustee)

Remuneration £30,000 - £35,000 (2016: £30,000 - £35,000)

Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

J Pike (Staff Trustee)

Remuneration £30,000 - £35,000 (2016: £25,000 - £30,000)

Employer's pension contributions £5,000 - £10,000 (2016: £0 - £5,000)

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

**11. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2017 was £427 (2016: £391).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. TANGIBLE FIXED ASSETS**

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 September 2016	3,639,032	134,735	83,568	3,857,335
Additions	-	60,805	16,755	77,560
At 31 August 2017	<u>3,639,032</u>	<u>195,540</u>	<u>100,323</u>	<u>3,934,895</u>
<b>DEPRECIATION</b>				
At 1 September 2016	257,037	32,744	42,218	331,999
Charge for the year	117,562	18,645	18,188	154,395
At 31 August 2017	<u>374,599</u>	<u>51,389</u>	<u>60,406</u>	<u>486,394</u>
<b>NET BOOK VALUE</b>				
At 31 August 2017	<u>3,264,433</u>	<u>144,151</u>	<u>39,917</u>	<u>3,448,501</u>
At 31 August 2016	<u>3,381,995</u>	<u>101,991</u>	<u>41,350</u>	<u>3,525,336</u>

See note 1.3 regarding assets transferred on conversion.

**13. STOCKS**

	2017 £	2016 £
Classroom and other materials	<u>2,970</u>	<u>2,970</u>

**14. DEBTORS**

	2017 £	2016 £
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	5,075	-
VAT recoverable	10,950	18,255
Prepayments and accrued income	23,985	35,927
	<u>40,010</u>	<u>54,182</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade creditors	2,289	614
Other taxation and social security	11,273	14,636
Other creditors	17,423	16,761
Accruals and deferred income	61,318	133,652
	92,303	165,663
	92,303	165,663
	2017	2016
	£	£
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2016	83,728	29,362
Resources deferred during the year	52,018	83,728
Amounts released from previous years	(83,728)	(29,362)
	52,018	83,728
Deferred income at 31 August 2017	52,018	83,728

The closing balance of deferred income relates to Universal Infant Free School Meals and income for educational visits received in advance of the 2017/18 academic year, rates income in relation to the post year end period and capital grants received matched in line with progress of work.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>DESIGNATED FUNDS</b>						
Future capital and repairs work	10,000	-	(10,000)	-	-	-
Repairs and maintenance	11,440	2,808	-	-	-	14,248
Activities and awards	1,030	707	(986)	-	-	751
	<u>22,470</u>	<u>3,515</u>	<u>(10,986)</u>	<u>-</u>	<u>-</u>	<u>14,999</u>
<b>UNRESTRICTED FUNDS</b>						
General Funds	101,291	44,230	(39,298)	-	-	106,223
Total Unrestricted funds	<u>123,761</u>	<u>47,745</u>	<u>(50,284)</u>	<u>-</u>	<u>-</u>	<u>121,222</u>
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	87,932	1,153,422	(1,140,517)	(28,475)	-	72,362
Pupil Premium	-	75,788	(75,788)	-	-	-
Other DfE/ESFA grants	3,334	63,975	(67,309)	-	-	-
Other government grants	-	28,237	(28,237)	-	-	-
PTA donations	-	3,170	(3,170)	-	-	-
Other donations	-	685	(685)	-	-	-
Pension reserve	(580,000)	-	(56,000)	-	155,000	(481,000)
	<u>(488,734)</u>	<u>1,325,277</u>	<u>(1,371,706)</u>	<u>(28,475)</u>	<u>155,000</u>	<u>(408,638)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
DfE/ESFA capital grants	20,834	7,746	(4,266)	-	-	24,314
Transfer from Local Authority	2,070,383	-	(62,401)	-	-	2,007,982
Academies Capital Maintenance Fund	532,716	-	(35,042)	-	-	497,674
Conditional Improvement Fund	40,953	37,291	(4,795)	-	-	73,449
Local Authority	729,549	-	(21,886)	-	-	707,663
Other donations	24,221	4,048	(5,829)	-	-	22,440
Capital expenditure from GAG	106,680	-	(20,176)	28,475	-	114,979
	<u>3,525,336</u>	<u>49,085</u>	<u>(154,395)</u>	<u>28,475</u>	<u>-</u>	<u>3,448,501</u>
Total restricted funds	<u>3,036,602</u>	<u>1,374,362</u>	<u>(1,526,101)</u>	<u>-</u>	<u>155,000</u>	<u>3,039,863</u>
Total of funds	<u>3,160,363</u>	<u>1,422,107</u>	<u>(1,576,385)</u>	<u>-</u>	<u>155,000</u>	<u>3,161,085</u>

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

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

Designated funds

The future capital and repairs fund was set up to fund future works in relation to the library refurbishment which were carried out during the year.

The repairs and maintenance fund has been set up to fund the future repairs costs of the Premises Officer's building.

The activities and awards fund has been set up to fund the future costs of extra-curricular activities and awards.

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer from GAG relates to funding towards fixed asset additions in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The DfE/ESFA restricted funds grants consists of Universal Infant Free School Meals (UIFSM) and PE Sport Grant. All funds have been spent in full within the year.

Other government grants consist of High Level Needs funding which has been fully spent within the year.

The PTA donation relates to amounts received from the Parent Teaching Association (PTA) for specific items of expenditure.

Other donations consists of a donation received from the Henry Sacheverell Charity which was spent in full subsidising educational trips.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed asset funds

DfE/ESFA capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned.

The transfer from Local Authority relates to the value of £2,298,717 (leasehold land and buildings plus moveable assets) transferred from the Local Authority to the academy on conversion. The closing balance relates to the net book value of the assets concerned.

The Academies Capital Maintenance Fund (ACMF) relates to funding received in relation to roofing repairs. The closing balance relates to the net book value of the assets concerned.

The Condition Improvement Fund (CIF) relates to funding received in relation to replacement windows/doors and fire risk assessment works. The closing balance relates to the net book value of the assets concerned.

The Local Authority fund relates to a grant received towards the classroom extension. The closing balance relates to the net book value of the assets concerned.

Other donations income of £1,500 relates to funding received from Leicestershire County Council towards the purchase of classroom furniture and £2,458 raising towards a playground memorial train. The closing

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

balance relates to the net book value of the School Food Support assets £5,256, Leicestershire County Council furniture £1,300, Leicestershire Academies Insurance Scheme assets £9,451, assets purchased with funding received from the Parent Teaching Association (PTA) with a net book value of £3,922 and the memorial train with a net book value of £2,511.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from designated and restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

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

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,448,501	3,448,501
Current assets	171,896	113,992	-	285,888
Current liabilities	(50,674)	(41,630)	-	(92,304)
Pension scheme liability	-	(481,000)	-	(481,000)
	<u>121,222</u>	<u>(408,638)</u>	<u>3,448,501</u>	<u>3,161,085</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(154,278)	637,446
<b>Adjustment for:</b>		
Depreciation charges	154,395	129,003
Interest receivable	(624)	(868)
Decrease in stocks	-	243
Decrease/(increase) in debtors	14,172	(6,939)
(Decrease)/increase in creditors	(73,360)	70,107
Capital grants from DfE and other capital income	(49,085)	(833,163)
Defined benefit pension scheme cost less contributions payable	44,000	19,000
Defined benefit pension scheme finance cost	12,000	16,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(52,780)</u>	<u>30,829</u>

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**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	242,907	323,538
Total	<u>242,907</u>	<u>323,538</u>

**20. CAPITAL COMMITMENTS**

At 31 August 2017 the Academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>11,265</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. PENSION COMMITMENTS**

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

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

Contributions amounting to £17,423 were payable to the schemes at 31 August 2017 (2016 - £16,761) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 16.48%)
- 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 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £85,614 (2016 - £86,187).

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

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**21. PENSION COMMITMENTS (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £72,000 (2016 - £72,000), of which employer's contributions totalled £57,000 (2016 - £57,000) and employees' contributions totalled £15,000 (2016 - £15,000). The agreed contribution rates for future years are 22.4% - 23.4%% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2017</b>	2016
Discount rate for scheme liabilities	<b>2.50 %</b>	2.00 %
Rate of increase in salaries	<b>3.40 %</b>	3.10 %
Rate of increase for pensions in payment / inflation	<b>2.40 %</b>	2.10 %
Inflation assumption (CPI)	<b>2.40 %</b>	2.10 %
Commutation of pensions to lump sums	<b>50.00 %</b>	50.00 %

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

	<b>2017</b>	2016
Retiring today		
Males	<b>22.1</b>	22.2
Females	<b>24.3</b>	24.3
Retiring in 20 years		
Males	<b>23.8</b>	24.2
Females	<b>26.2</b>	26.6

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**21. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2017 £</b>	Fair value at 31 August 2016 £
Equities	<b>414,000</b>	350,000
Bonds	<b>123,000</b>	87,000
Property	<b>49,000</b>	44,000
Cash	<b>31,000</b>	5,000
	<hr/> <b>617,000</b> <hr/>	<hr/> 486,000 <hr/>
Total market value of assets		

The actual return on scheme assets was £10,000 (2016 - £14,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 report for fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

**Asset model**

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2016 for the year to 31 August 2017, or date of joining the fund if later).

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**21. PENSION COMMITMENTS (continued)**

	2017 £	2016 £
Current service cost	(101,000)	(76,000)
Interest income	10,000	14,000
Interest cost	(22,000)	(30,000)
	<hr/>	<hr/>
Total	<b>(113,000)</b>	<b>(92,000)</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
Opening defined benefit obligation	1,066,000	769,000
Current service cost	101,000	76,000
Interest cost	22,000	30,000
Employee contributions	15,000	15,000
Actuarial (gains)/losses	(87,000)	191,000
Benefits paid	(19,000)	(15,000)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>1,098,000</b>	<b>1,066,000</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
Opening fair value of scheme assets	486,000	348,000
Interest income	10,000	14,000
Actuarial gains	68,000	67,000
Employer contributions	57,000	57,000
Employee contributions	15,000	15,000
Benefits paid	(19,000)	(15,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>617,000</b>	<b>486,000</b>
	<hr/> <hr/>	<hr/> <hr/>

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions as at 31 August 2017:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount £</b>
0.5% decrease in Real Discount Rate	12%	129,000
0.5% increase in the Salary Increase Rate	2%	24,000
0.5% increase in the Pension Increase Rate	9%	102,000

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**22. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2017</b>	2016
	£	£
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	<b>1,872</b>	1,872
Between 1 and 5 years	<b>1,560</b>	3,276
Total	<b>3,432</b>	5,148

**23. RELATED PARTY TRANSACTIONS**

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

No related party transactions took place in either the current or prior period.

**24. CONNECTED CHARITIES**

The Ratby Primary School Parent Teaching Association (PTA) raises money for the school and then, in line with its own board decisions, donates funds for particular projects, or assets for the benefit of the school. The charity's net assets/reserves at 31 August 2017 were £437. The charity's gross income for the year to 31 August 2017 was £7,521, its expenditure was £7,084 and its surplus was £437.

**25. 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.