

Company Registration No. 09741508 (England and Wales)

**SPARKLE MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017**

SPARKLE MULTI-ACADEMY TRUST

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SPARKLE MULTI-ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr I G Chilvers (Director of Finance and Administration)
Mr G Christie (Staff Trustee)
Mr D J M Humphreys (Vice Chair)
Dr P M Jones (Headteacher and Accounting Officer)
Mr A Josling (Resigned 1 October 2017)
Mr I N Nash
Mr P J Papps (Chair)
Mr H Stringer
Mr J W Adams

Members

The Reverend J K Gavigan
Mr P J Papps
Mr A Josling (Resigned 1 October 2017)
Mr I N Nash
Mr H Stringer

Senior management team

- Headteacher Dr P M Jones
- Deputy Headteacher Mr S Hall
- Deputy Headteacher Mrs F McCarthy
- Director of Finance and Administration Mr I G Chilvers

Company secretary Mr I G Chilvers

Company registration number 09741508 (England and Wales)

Principal address and registered office Orchards Junior School
Nelson Road
Worthing
West Sussex
BN12 6EN

Independent auditor MHA Carpenter Box
Amelia House
Crescent Road
Worthing
West Sussex
BN11 1QR

Solicitors Paris Smith
Number 1
London Road
Southampton
SO15 2AE

SPARKLE MULTI-ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 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 academy trust operates an academy for pupils aged 7 to 11 serving a catchment area in Goring and Durrington. It has a pupil capacity of 620 and had a roll of 515 in the school census on 5 October 2017.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The charitable company is known as Sparkle Multi-Academy Trust.

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

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

Covered under our membership to the DfE Risk Protection Arrangement.

Method of recruitment and appointment or election of trustees

The effectiveness of the board is fundamentally linked to the quality of the people involved. The appointment of trustees has to be agreed by the Chair and the Headteacher jointly. New trustees are recruited on the basis of a skills audit and if necessary an interview process will be held to ascertain which candidate will be the best appointment to take the school forward.

The process will be undertaken by the Chair, Headteacher and at least one other member. It can be summarized as follows:

1. Assess skills gaps on current board
2. Agree aims of recruitment
3. Agree process and specification
4. Start recruitment process
5. Informal conversations and school visits by prospective trustees
6. Formal interviews
7. Formal appointment

Policies and procedures adopted for the induction and training of trustees

The induction of new trustees is co-ordinated by the Headteacher who will arrange for a meeting with the Chair and a tour of the school. Training for new and existing trustees is co-ordinated through the meeting process.

SPARKLE MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

As a one school Multi-Academy Trust we have Members and a Board of Directors / Trustees serving The Orchards Junior School.

In the Sparkle Multi-Academy Trust:

Members are responsible for:

They have ultimate control over the academy trust, with the ability to appoint some of the trustees and the right to amend the trust's articles of association.

Trustees are responsible for:

Setting the direction, holding the headteacher to account and ensuring financial probity.

Main responsibilities include:

- Determine the aims, ethos and priorities of the school
- Delegation of power to run the school to the Headteacher
- Agree the School Improvement Plan
- Approval and monitoring of the budget and impact of spending
- Approval of whole school policies
- Monitoring of teaching standards
- Approval of the staffing structure, ratify the appraisal process and undertake the Headteacher Performance management with the support of an external adviser
- Ratify the statutory pay policy and approve teacher salaries

All other duties are delegated to the Headteacher who also undertakes the role of Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration is set using the School Teachers Pay and Conditions document and our pay policy outlines the approach undertaken by the academy trust. Headteacher pay is considered by the governing body under the recommendations from the Headteacher Performance Management Panel overseen by an accredited external adviser. Other senior staff pay awards are recommended by the Headteacher to the Governing Body.

Related parties and other connected charities and organisations

Sparkle Multi Academy trust has developed a link with two other MATs – Downview Primary and the Oak Academy Trust (Barnham Primary) to mutually develop the strengths of the schools involved. It has no impact upon operating policies.

It has also become a member of the newly convened group of West Sussex MATS led by Schoolsworks.

There are no related parties that either control or significantly influence the decisions and operations of the Sparkle Multi Academy Trust.

SPARKLE MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and activities

Objects and aims

The Sparkle Multi Academy Trust has been set up to run The Orchards Junior School as an operating academy.

Aims:

The aims of the school are best summed up as 'Being the best we can be'.

In summary we aim to

Make The Orchards the best place for the children to attend

Make The Orchards the best place for people to work so that.....

- All pupils are making progress
- The school achieves above average attainment across the range of areas
- The school is full of happy, confident people

Our distinctive ethos is driven by our unique 'SPARKLE' approach

Smile Pay Attention Ask Questions React Positively Keep Trying Love Learning Enjoy School

Objectives, strategies and activities

- To provide consistently good or better teaching and learning opportunities for all children that are inspirational, imaginative and engaging
- The Leadership team are strategic and relentless in securing effective teaching, learning and challenge for all learners modelling best practice and developing staff
- Performance Management & Development process to be an integrating feature of high levels of pupil progress and high achievement
- All children will enjoy their learning and make expected or better progress in all areas including reading, writing and mathematics.

Public benefit

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

Strategic report

Achievements and performance

The school has achieved a significant amount of its objectives from the 2016/2017 school improvement plan notably:

- All children received consistently good quality learning experiences as evidenced by evaluation processes – 95% of teaching to be judged in line with expectations or better.
- We further developed a high quality assessment process that was able to present a coherent picture of the children's progress and provided information relevant to future planning
- Leadership opportunities were distributed appropriately. Access to in and out of school leadership programmes was provided with four colleagues achieving national level qualifications
- The school was awarded the accolade of being a National Support School as part of the Headteacher's achievement of the role of National Leader in Education
- Parent questionnaire shows a high percentage of satisfaction with the school performance (99%)

SPARKLE MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

The Ofsted inspection dashboard shows the school has strengths in the performance of disadvantaged pupils and stated there were no weaknesses identified in this dataset.

End of key stage results are above national average.

Pupil attendance data is in line with national averages.

Pupil recruitment is positive with 30% of the school roll from outside the catchment area.

Financial and Investment Performance: Monitoring staff costs, currently at 78% of total income and monitoring and maintaining levels of surplus funds. Total income funds (including those inherited on conversion) show a surplus of £401k (2016 - £404k) at the balance sheet date.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

The principal source of funding for the Academy Trust is the General Academy Grant (GAG) obtained from the Education and Skills Funding Agency (ESFA). The grants received from the ESFA and the associated expenditure is shown as restricted funds within the Statement of Financial Activities. The expenditure in the year of which a large part related to salary costs, has been used to advance the education of children attending the Academy. Expenditure has effectively supported the key objectives of the Academy Trust.

Restricted fund income for educational operations amounts to £2,465,506 during the period. Expenditure on educational operations amounted to £2,514,267. The unrestricted fund deficit for the year amounted to £57,414. The general restricted fund surplus for the year amounted to £5,316. The actuarial gain on the Local Government Pension Scheme amounted to £347,000.

The restricted fixed asset fund has arisen from the introduction of the leasehold buildings and land at fair value on conversion of the school to academy status, together with capitalised costs incurred during the year. The fund is reduced by annual depreciation charges over the expected useful life of the assets concerned. The assets were used exclusively for providing education and the associated support services to the children of the Academy Trust.

Reserves policy

To ensure that there is always enough reserve cash to finance two months salaries (around £330k) plus a contingency of £50k for unexpected capital expenditure and other emergency items. This is achieved by regular monitoring of the bank account, month by month salary costs and ensuring best value when making purchases of school resources. Available reserves (being net current assets) amounted to £401k at the balance sheet date, being materially consistent with this policy.

Investment policy and powers

In our second year as an academy it is not a consideration at present, as we hold no material investments, but will create one should the trust agree to invest monies for future projects.

SPARKLE MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Principal risks and uncertainties

Risk	Risk level	Mitigation
Outcomes fall below expectations	Medium	Regular review of progress and attainment each half term across the school with interventions based on analysis
Pupil numbers do not meet predictions	High	The re-organisation of schools in Worthing has placed this high on the agenda. Staffing structures have been developed with flexibility built in and budgets set accordingly to manage the school over the uncertainty of the next 2/3 years. The new parents evening in November is key in our approach to encourage families to join the school.

Risk	Risk level	Mitigation
School is deemed to require improvement	Low	Continued focus on ensuring standard of provision by the school is at least good – referenced to the changing requirements of Ofsted
Succession planning	Medium	Each role in the organization has a member or role identified as potential replacement. This is reviewed with the Chair, Business Manager and Headteacher at least annually
Recruitment & retention	Low	The school has developed its ITT approach to ensure a steady stream of well trained teachers. Retention levels are exceptionally high and this is due to the reward & recognition process that motivates staff.
Long term absence of staff	Low	In line with the succession planning, the staffing structure has been developed to ensure there is cover immediately available for all key roles and the capacity to recruit is developed through in house training and work placements for potential candidates.
Public image	Low	The school marketing momentum team is proactive in celebrating the strengths of the school and the transparency of its processes contributes towards a mitigation of this risk.

SPARKLE MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Financial and risk management objectives and policies

Risk	Risk level	Mitigation
Capital building budget demands	Low	The continued upkeep of the school by the Premises Team, an annual condition review and a focus on continually improving the learning environment protect us against any large unknown costs occurring.
Budget reduction	High	The healthy carry forward has ensured we can staff at excellent levels and will also support us through the unknown future of the next 2/3 years before any significant changes are necessary.

Plans for future periods

The stakeholders of the Sparkle Multi Academy Trust after a successful second year with Orchards Junior School are now keen to share our skills and experience in order to improve the education of children at schools who would benefit from our guidance and leadership. As well as facilitating the improvement of educational outcomes for pupils at other schools we also believe that it would be beneficial to the continued development of our leaders and potential leaders at Orchards.

Auditor

In so far as the trustees are aware:

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

A resolution proposing that MHA Carpenter Box be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 06 December 2017 and signed on its behalf by:

Mr P J Papps
Chair

SPARKLE MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to 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 Sparkle Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
Mr I G Chilvers (Director of Finance and Administration)	3	3
Mr G Christie (Staff Trustee)	2	3
Mr D J M Humphreys (Vice Chair)	3	3
Dr P M Jones (Headteacher and Accounting Officer)	3	3
Mr A Josling (Resigned 1 October 2017)	1	3
Mr I N Nash	0	3
Mr P J Papps (Chair)	2	3
Mr H Stringer	3	3
Mr J W Adams	3	3

The composition of the board has remained unchanged with a governor resigning but not yet replaced. Succession planning ensures we are identifying an appropriate candidate with the requisite skills to fill the gap. Activity during the year has included the induction and development of new trustee, Mr J W Adams, including his involvement in the Headteacher's Performance Management Review, the process of replacing Mr A Josling with a competent individual with the necessary skills as identified by our schools audit and the redistribution of roles based upon knowledge, skills and experience.

The governors have worked during the year to ensure that they meet statutory responsibilities and have furthered their knowledge of the school through in-school days and presentations at board meetings about school life by differing members of staff. Their work was reviewed during the year by a visit from the Regional Schools Commission during which they were particularly complimentary about the knowledge of the Chair of the Board as well as reinforcing the message that governors need to be cognisant about safeguarding.

Feedback from the Governing Body has shown that they have welcomed the increased and enhanced provision of data through processes such as ASP and FFT. They have also benefited from seeing across the whole school at year group level via the schools' own pupil progress tracking data.

As well as termly meetings of the board of trustees, governors have further opportunities to have an input into the monitoring and understanding of the schools' performance. The school carries out its own internal "Ofsted" in March each year and in September it hosts a Governors in School Day. On both occasions governors are invited in to observe the running of the school on a normal day. They may also meet separately with the Headteacher, SENco, or Business Manager depending on their own roles and responsibilities within the board to learn more about a particular area of the school.

SPARKLE MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

A review of the governance of the school was undertaken on the in school governor day. As the school had successfully completed its second year as an academy whilst maintaining and developing its high performance, the impact could be judged to be positive. Consideration was given to the capacity of the board to develop the multi-academy trust which it would explore in the coming year.

Review of value for money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Structuring the staffing framework to enable low pupil:teacher ratio whilst staying within budgetary guidelines
- Delivering an exceptional PE and School Sports programme through dedicated use of PE funding

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed a Business Manager of an LA maintained school to carry out a peer review programme of internal checks.

SPARKLE MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

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

On a termly basis, the peer reviewer reports to the board of trustees, through the finance manager on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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 peer reviewer
- the oversight of the Board of Trustees
- the work of the Director of Finance and Administration within the academy trust who has responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the external auditor and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 06 December 2017 and signed on its behalf by:

Dr P M Jones
Headteacher and Accounting Officer

Mr P J Papps
Chair

SPARKLE MULTI-ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE *FOR THE YEAR ENDED 31 AUGUST 2017*

As accounting officer of Sparkle Multi-Academy 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's 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.

Dr P M Jones
Accounting Officer

06 December 2017

SPARKLE MULTI-ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for Sparkle Multi-Academy Trust and are also the directors of Sparkle Multi-Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 06 December 2017 and signed on its behalf by:

Mr P J Papps
Chair

SPARKLE MULTI-ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARKLE MULTI-ACADEMY TRUST

Opinion

We have audited the accounts of Sparkle Multi-Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

SPARKLE MULTI-ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARKLE MULTI-ACADEMY TRUST (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

Robin Evans BA FCA CTA (Senior Statutory Auditor)
for and on behalf of MHA Carpenter Box

6 December 2017

Chartered Accountants
Statutory Auditor

SPARKLE MULTI-ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SPARKLE MULTI-ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 2 October 2015 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 Sparkle Multi-Academy Trust during the period 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 Sparkle Multi-Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Sparkle Multi-Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sparkle Multi-Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sparkle Multi-Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sparkle Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 21 September 2015 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- reviewing authorisation procedures and controls to ensure their adequacy and that they are being adhered to
- reviewing and assessing the appropriateness of delegation levels
- testing expenditure to ensure that it is being incurred for the benefit and in the best interests of the academy trust
- testing expenditure to ensure it is appropriate and properly authorised
- reviewing expenditure to assess whether it is an efficient and effective use of resources
- reviewing expenditure for necessity

SPARKLE MULTI-ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SPARKLE MULTI-ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

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

Reporting Accountant

MHA Carpenter Box

Dated: 06 December 2017

SPARKLE MULTI-ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	3	4,272	-	10,424	14,696	15,893
Donations - transfer from local authority on conversion		-	-	-	-	5,044,315
Charitable activities:						
- Funding for educational operations	4	46,085	2,465,506	-	2,511,591	2,325,815
Other trading activities	5	21,608	81,116	-	102,724	146,511
Investments	6	330	-	-	330	368
Total income and endowments		<u>72,295</u>	<u>2,546,622</u>	<u>10,424</u>	<u>2,629,341</u>	<u>7,532,902</u>
Expenditure on:						
Raising funds	7	-	27,039	-	27,039	11,625
Charitable activities:						
- Educational operations	8	127,366	2,516,610	57,426	2,701,402	2,563,309
Total expenditure	7	<u>127,366</u>	<u>2,543,649</u>	<u>57,426</u>	<u>2,728,441</u>	<u>2,574,934</u>
Net income/(expenditure)		(55,071)	2,973	(47,002)	(99,100)	4,957,968
Transfers between funds		-	(14,910)	14,910	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	347,000	-	347,000	(215,000)
Net movement in funds		<u>(55,071)</u>	<u>335,063</u>	<u>(32,092)</u>	<u>247,900</u>	<u>4,742,968</u>
Reconciliation of funds						
Total funds brought forward		175,297	(535,231)	5,102,902	4,742,968	-
Total funds carried forward		<u>120,226</u>	<u>(200,168)</u>	<u>5,070,810</u>	<u>4,990,868</u>	<u>4,742,968</u>

SPARKLE MULTI-ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	12		5,070,810		5,099,048
Current assets					
Debtors	13	211,591		171,803	
Cash at bank and in hand		442,194		295,428	
		<u>653,785</u>		<u>467,231</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	<u>(252,727)</u>		<u>(63,311)</u>	
Net current assets			401,058		403,920
Net assets excluding pension liability			5,471,868		5,502,968
Defined benefit pension liability	18		<u>(481,000)</u>		<u>(760,000)</u>
Net assets			<u>4,990,868</u>		<u>4,742,968</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			5,070,810		5,102,902
- Restricted income funds			280,832		224,769
- Pension reserve			<u>(481,000)</u>		<u>(760,000)</u>
Total restricted funds			4,870,642		4,567,671
Unrestricted income funds	16		<u>120,226</u>		<u>175,297</u>
Total funds			<u>4,990,868</u>		<u>4,742,968</u>

The accounts were approved by the board of trustees and authorised for issue on 06 December 2017 and are signed on its behalf by:

Mr P J Papps
Chair

Company Number 09741508

SPARKLE MULTI-ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	19	165,200		(106,771)	
Cash funds transferred on conversion		-		397,977	
		<u>165,200</u>		<u>291,206</u>	
Cash flows from investing activities					
Interest from investments		330		368	
Capital grants from DfE and EFA		10,424		11,532	
Payments to acquire tangible fixed assets		<u>(29,188)</u>		<u>(7,678)</u>	
		(18,434)		4,222	
Change in cash and cash equivalents in the reporting period					
		146,766		295,428	
Cash and cash equivalents at 1 September 2016		295,428		-	
Cash and cash equivalents at 31 August 2017		<u>442,194</u>		<u>295,428</u>	

SPARKLE MULTI-ACADEMY TRUST

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), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The accounts 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.

Sparkle Multi-Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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 accounts 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 accounts.

1.3 Income

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

Grants receivable

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

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

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

Donations

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

Other income

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

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

1.5 Tangible fixed assets and depreciation

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

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

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

Leasehold land and buildings	125 years
Computer equipment	3 years
Fixtures, fittings & equipment	10 years

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

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.6 Liabilities

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

1.7 Leasing commitments

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

1.8 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, 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 are recognised in the period to which they relate.

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.11 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates, judgements and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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.

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	10,424	10,424	11,532
Other donations	4,272	-	4,272	4,361
	<u>4,272</u>	<u>10,424</u>	<u>14,696</u>	<u>15,893</u>

The income from donations and capital grants was £14,696 (2016: £15,893) of which £4,272 was unrestricted (2016: £270), £Nil was restricted (2016: £4,091) and £10,424 was restricted fixed assets (2016: £11,532).

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	2,070,543	2,070,543	2,003,991
Other DfE / ESFA grants	-	308,529	308,529	200,236
	<u>-</u>	<u>2,379,072</u>	<u>2,379,072</u>	<u>2,204,227</u>
Other government grants				
Local authority grants	-	77,877	77,877	69,724
	<u>-</u>	<u>77,877</u>	<u>77,877</u>	<u>69,724</u>
Other funds				
Other incoming resources	46,085	8,557	54,642	51,864
	<u>46,085</u>	<u>8,557</u>	<u>54,642</u>	<u>51,864</u>
Total funding	<u>46,085</u>	<u>2,465,506</u>	<u>2,511,591</u>	<u>2,325,815</u>

The income from funding for educational operations was £2,511,591 (2016: £2,325,815) of which £46,085 (2016: £51,055) was unrestricted and £2,465,506 (2016: £2,274,760) was restricted.

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Insurance income	21,608	-	21,608	-
Parental contributions	-	81,116	81,116	146,511
	<u>21,608</u>	<u>81,116</u>	<u>102,724</u>	<u>146,511</u>

The income from other trading activities was £102,724 (2016: £146,511) of which £21,608 (2016: £Nil) was unrestricted and £81,116 (2016: £146,511) was restricted.

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

5 Other trading activities (Continued)

6 Investment income	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	330	-	330	368
	<u>330</u>	<u>-</u>	<u>330</u>	<u>368</u>

The income from funding for investment income was £330 (2016: £368) of which £330 (2016: £368) was unrestricted.

7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	27,039	27,039	11,625
Academy's educational operations					
- Direct costs	1,772,296	-	196,845	1,969,141	1,911,280
- Allocated support costs	284,911	273,525	173,825	732,261	652,029
	<u>2,057,207</u>	<u>273,525</u>	<u>397,709</u>	<u>2,728,441</u>	<u>2,574,934</u>

The expenditure on raising funds was £27,039 (2016: £11,625) of which £27,039 (2016: £11,625) was restricted.

Net income/(expenditure) for the year includes:	2017 £	2016 £
Fees payable to auditor for:		
- Audit	6,000	5,750
- Other services	3,650	2,750
Depreciation of tangible fixed assets	57,426	68,968
Net interest on defined benefit pension liability	16,000	18,000
	<u>83,076</u>	<u>95,468</u>

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs - educational operations	59,226	1,909,915	1,969,141	1,911,280
Support costs - educational operations	68,140	664,121	732,261	652,029
	<u>127,366</u>	<u>2,574,036</u>	<u>2,701,402</u>	<u>2,563,309</u>

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities (Continued)

	2017	2016
	£	£
Analysis of support costs		
Support staff costs	284,911	277,155
Depreciation and amortisation	57,426	68,968
Technology costs	28,153	15,769
Premises costs	202,201	99,425
Other support costs	118,041	140,411
Governance costs	41,529	50,301
	<u>732,261</u>	<u>652,029</u>

The expenditure on educational operations was £2,701,402 (2016: £2,563,309) of which £129,709 was unrestricted (2016: £268,171), £2,514,267 was restricted (2016: £2,226,170) and £57,426 was restricted fixed assets (2016: £68,968).

9 Staff costs

	2017	2016
	£	£
Wages and salaries	1,569,807	1,547,797
Social security costs	147,764	125,070
Operating costs of defined benefit pension schemes	326,575	293,994
	<u>2,044,146</u>	<u>1,966,861</u>
Staff costs	2,044,146	1,966,861
Staff development and other staff costs	13,061	8,882
	<u>2,057,207</u>	<u>1,975,743</u>

Staff numbers

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

	2017	2016
	Number	Number
Teachers	33	43
Administration and support	28	25
Management	4	4
	<u>65</u>	<u>72</u>

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

(Continued)

Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u> </u>	<u> </u>

Key management personnel

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 £372,455 (2016: £341,023).

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employment, and not in respect of their services as trustees. During the year, expenses totalling £1,091 (2016: £472) were reimbursed to 2 trustees (2016: 3 trustees).

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

Dr P Jones (Headteacher)

Remuneration: £95,000 - £100,000 (2016: £85,000 - £90,000)

Employer's pension contributions: £15,000 - £20,000 (2016: £10,000 - £15,000)

Mr I Chilvers (Staff)

Remuneration: £45,000 - £50,000 (2016: £40,000 - £45,000)

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

Mr G Christie (Staff)

Remuneration: £40,000 - £45,000 (2016: £35,000 - £40,000)

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

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

11 Trustees and officers insurance

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

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2016	5,072,000	38,836	57,180	5,168,016
Additions	-	15,056	14,132	29,188
At 31 August 2017	5,072,000	53,892	71,312	5,197,204
Depreciation				
At 1 September 2016	37,195	15,643	16,130	68,968
Charge for the year	40,576	11,721	5,129	57,426
At 31 August 2017	77,771	27,364	21,259	126,394
Net book value				
At 31 August 2017	4,994,229	26,528	50,053	5,070,810
At 31 August 2016	5,034,805	23,193	41,050	5,099,048

13 Debtors

	2017 £	2016 £
Trade debtors	9,397	4,547
VAT recoverable	25,722	24,429
Other debtors	121,231	57,081
Prepayments and accrued income	55,241	85,746
	211,591	171,803

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	65,622	52,997
Other taxation and social security	35,269	-
Other creditors	30,856	86
Accruals and deferred income	120,980	10,228
	252,727	63,311

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15	Deferred income				2017	2016
					£	£
	Deferred income is included within:					
	Creditors due within one year				42,184	-
	Deferred income at 1 September 2016				-	-
	Amounts deferred in the year				42,184	-
	Deferred income at 31 August 2017				42,184	-
16	Funds					
		Balance at			Gains,	Balance at
		1 September	Income	Expenditure	losses and	31 August
		2016	£	£	transfers	2017
		£	£	£	£	£
	Restricted general funds					
	General Annual Grant	135,981	2,070,543	(2,041,880)	(14,910)	149,734
	Other DfE / ESFA grants	30,218	308,529	(265,800)	-	72,947
	Other government grants	14,595	77,877	(59,322)	-	33,150
	Other restricted funds	43,975	89,673	(108,647)	-	25,001
	Funds excluding pensions	224,769	2,546,622	(2,475,649)	(14,910)	280,832
	Pension reserve	(760,000)	-	(68,000)	347,000	(481,000)
		(535,231)	2,546,622	(2,543,649)	332,090	(200,168)
	Restricted fixed asset funds					
	Transferred on conversion	5,091,370	-	(54,774)	-	5,036,596
	DfE / ESFA capital grants	11,532	10,424	(2,652)	-	19,304
	Capital expenditure from GAG	-	-	-	14,910	14,910
		5,102,902	10,424	(57,426)	14,910	5,070,810
	Total restricted funds	4,567,671	2,557,046	(2,601,075)	347,000	4,870,642
	Unrestricted funds					
	General funds	175,297	72,295	(127,366)	-	120,226
	Total funds	4,742,968	2,629,341	(2,728,441)	347,000	4,990,868

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

(Continued)

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

- GAG funds are restricted to providing education
- Other DfE / EFA grants relate to reimbursements for specific services
- Other restricted funds are held to provide trips and other activities for students and the provision of education.

17 Analysis of net assets between funds

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2017
	£	£	£	£
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	5,070,810	5,070,810
Current assets	186,351	467,434	-	653,785
Creditors falling due within one year	(66,125)	(186,602)	-	(252,727)
Defined benefit pension liability	-	(481,000)	-	(481,000)
	<u>120,226</u>	<u>(200,168)</u>	<u>5,070,810</u>	<u>4,990,868</u>

18 Pensions and similar obligations

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

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

Contributions amounting to £30,856 were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £186,358 (2016: £169,352)

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

Under the definitions set out in FRS 102, the TPS is 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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 24.7% for employers and 7.4% to 11.7% for employees. The estimated value of employer contributions for the forthcoming year is £93,000.

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

Total contributions made	2017 £	2016 £
Employer's contributions	98,000	93,000
Employees' contributions	22,000	24,000
Total contributions	120,000	117,000

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations (Continued)

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.1	3.6
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.0

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

	2017 Years	2016 Years
Retiring today		
- Males	23.6	24.4
- Females	25.0	25.8
Retiring in 20 years		
- Males	26.0	26.9
- Females	27.8	28.5

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

	2017 £'000	2016 £'000
Discount rate + 0.1%	(28)	(31)
Discount rate - 0.1%	28	31
Mortality assumption + 1 year	57	48
Mortality assumption - 1 year	(57)	(48)
CPI rate + 0.1%	23	21
CPI rate - 0.1%	(23)	(21)

The academy trust's share of the assets in the scheme	2017 Fair value £	2016 Fair value £
Equities	495,560	603,710
Bonds	352,610	132,320
Cash	28,590	24,810
Property	76,240	66,160
Total market value of assets	953,000	827,000
Actual return on scheme assets - gain/(loss)	72,000	149,000

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations	(Continued)	
Amounts recognised in the statement of financial activities	2017 £	2016 £
Current service cost	150,000	106,000
Interest income	(17,000)	(21,000)
Interest cost	33,000	39,000
	<u>166,000</u>	<u>124,000</u>
	<u><u>166,000</u></u>	<u><u>124,000</u></u>
Changes in the present value of defined benefit obligations	2017 £	2016 £
Obligations at 1 September 2016	1,587,000	-
Obligations acquired on conversion	-	1,075,000
Current service cost	150,000	106,000
Interest cost	33,000	39,000
Employee contributions	22,000	24,000
Actuarial (gain)/loss	(292,000)	343,000
Benefits paid	(66,000)	-
	<u>1,434,000</u>	<u>1,587,000</u>
At 31 August 2017	<u><u>1,434,000</u></u>	<u><u>1,587,000</u></u>
Changes in the fair value of the academy trust's share of scheme assets	2017 £	2016 £
Assets at 1 September 2016	827,000	-
Assets acquired on conversion	-	561,000
Interest income	17,000	21,000
Actuarial gain	55,000	128,000
Employer contributions	98,000	93,000
Employee contributions	22,000	24,000
Benefits paid	(66,000)	-
	<u>953,000</u>	<u>827,000</u>
At 31 August 2017	<u><u>953,000</u></u>	<u><u>827,000</u></u>

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Reconciliation of net income/(expenditure) to net cash flows from operating activities	2017	2016
	£	£
Net income for the reporting period	(99,100)	4,957,968
Adjusted for:		
Net deficit/(surplus) transferred on conversion	-	(5,044,315)
Capital grants from DfE/EFA and other capital income	(10,424)	(11,532)
Investment income	(330)	(368)
Defined benefit pension costs less contributions payable	52,000	13,000
Defined benefit pension net finance cost/(income)	16,000	18,000
Depreciation of tangible fixed assets	57,426	68,968
(Increase)/decrease in debtors	(39,788)	(171,803)
Increase/(decrease) in creditors	189,416	63,311
Net cash provided by operating activities	<u>165,200</u>	<u>(106,771)</u>

20 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017	2016
	£	£
Amounts due within one year	18,697	17,029
Amounts due in two and five years	2,666	12,582
	<u>21,363</u>	<u>29,611</u>

21 Related party transactions

Owing to the nature of the academy trust 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 trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account:

Simon McCarthy Electrical - a company in which Mrs F McCarthy's (Deputy Headteacher) close family member, is the owner:

- Undertook various electrical repairs on behalf of the trust totalling £3,682 (2016: £nil) during the period. There were no amounts outstanding at 31 August 2017 (2016: £Nil)

In entering into these transactions the trust has complied with the requirements of the Academies Financial Handbook 2017

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

22 Members' liability

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