

Company Registration No. 09741508 (England and Wales)

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

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 Ms E Nicholson (Appointed 4 April 2018)
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 2018

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

The 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 571 in the school census on October 2018.

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 operates as Orchards Junior School.

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, and to the date these accounts are approved, 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

The Academy Trust is covered under membership to the Department of Education's Risk Protection Arrangement ('RPA').

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 2018

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 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.

The 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 is also a member of the West Sussex Coastal MATS led by Schoolworks.

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

SPARKLE MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017/2018 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 implemented an enhanced pupil data tracking and reporting process that brought about significant improvements in pupil performance
- 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 attainment and progress in end of KS2 national curriculum tests was above average.
- Parent questionnaire shows a high percentage of satisfaction with the school performance (99%)

Key performance indicators

The Ofsted inspection dashboard shows the school needs to improve the performance of writing at higher levels

End of key stage results are well above national average

Pupil progress is well above national average

Pupil attendance data is just below national averages

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

Financial and Investment Performance: Monitoring staff costs, currently at 80% of total income and monitoring and maintaining levels of surplus funds.

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.

SPARKLE MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 £2,408,840 during the period. Expenditure on educational operations amounted to £2,585,917. The unrestricted fund deficit for the year amounted to £20,609. The general restricted fund surplus for the year amounted to £3,050. The actuarial gain on the Local Government Pension Scheme amounted to £132,000.

The restricted fixed asset fund primarily arose 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 £340k). 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 total funds less the amount held in fixed assets and pension deficit) amounted to £320k at the balance sheet date, being materially consistent with this policy.

Investment policy and powers

In our third 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 2018

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.
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.

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 reserves have 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.

SPARKLE MULTI-ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

Any fundraising undertaken by the Sparkle Multi-Academy Trust will be done so in accordance with the Charities (Protection and Social Investments) Act 2016 and by following the guidance as issued in The essential trustee: what you need to know, what you need to do (CC3) published by The Charity Commission. The main points being:

- acting in the best interests of your charity
- managing your charity's resources responsibly, which includes protecting and safeguarding its reputation
- acting with reasonable care and skill

Plans for future periods

The stakeholders of the Sparkle Multi Academy Trust after a successful third 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.

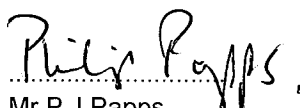
Auditor

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, on13/12/18..... and signed on its behalf by:



Mr P J Papps
Chair

SPARKLE MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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)	3	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)	0	0
Mr I N Nash	3	3
Mr P J Papps (Chair)	3	3
Mr H Stringer	3	3
Mr J W Adams	3	3
Ms E Nicholson (Appointed 4 April 2018)	2	2

The substantive composition of the board has remained with a governor resigning and successfully replaced by Elaine Nicholson who brings significant financial skills to the board. Succession planning ensures we are identifying an appropriate candidate with the requisite skills to fill the gap.

The Governors have worked effectively across the year to ensure they meet the statutory responsibilities and further their knowledge of whole school working practices. This has been achieved by school visits and by presentations of school life by members of staff – the presentation by Year Leaders was particularly well received. Feedback from external sources has reflected that the governors need to record their challenge more effectively but the knowledge displayed by governors, especially the Chair, was excellent. As well as termly meetings we have supplied them with 'live' performance data and frequent communication about school events and successes. There have been strong links established between governors and the school at Business Manager level, Special Educational Needs and the Leadership Group.

SPARKLE MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

A review of the governance of the school was undertaken on the in school governor day in September 2018 following our successful Ofsted inspection. As the school had successfully completed its third year as an academy whilst maintaining and developing its high performance, the impact is judged to be positive. The board discussed the strategies for continuing to develop the Sparkle Brand through the acquisition of other schools into the trust and also the benefits to the school of achieving Teaching School Status.

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
- Ensuring the allocation of Pupil Premium funds has been effective in bringing about improvements in performance for this group of pupils

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 2017 to 31 August 2018 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 2017 to 31 August 2018 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.

SPARKLE MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

The peer reviewers role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. However, it was noted that no such review was undertaken during the year.

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:

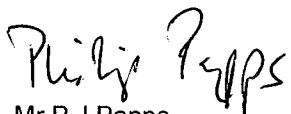
- the work of the external auditor
- the oversight of the Board of Trustees
- the work of the Director of Finance and Administration within the academy trust who has responsibility for the development and maintenance of the internal control framework.

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 ...13/12/18... 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 2018

As accounting officer of Sparkle Multi-Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Non-financial issues

- There were no independent reviews of internal controls undertaken during the year.



Dr P M Jones
Accounting Officer

13/12/18

SPARKLE MULTI-ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who 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 & 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 2017 to 2018;
- 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 members of the board of trustees on 13/12/18 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 2018 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 2017 to 2018 issued by the Education & 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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report 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.

SPARKLE MULTI-ACADEMY TRUST

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

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.

Use of our report

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



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

13/12/18

SPARKLE MULTI-ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 2 October 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 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 & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Conclusion

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

- No independent reviews of internal controls were undertaken during the period under review.

MHA Carpenter Box

Reporting Accountant

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

Dated:13/12/18.....

SPARKLE MULTI-ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	3	10,922	-	8,050	18,972	14,696
Charitable activities:						
- Funding for educational operations	4	32,122	2,408,840	-	2,440,962	2,511,591
Other trading activities	5	-	88,555	-	88,555	102,724
Investments	6	265	-	-	265	330
Total income and endowments		43,309	2,497,395	8,050	2,548,754	2,629,341
Expenditure on:						
Raising funds	7	-	19,274	-	19,274	27,039
Charitable activities:						
- Educational operations	8	63,918	2,585,917	63,290	2,713,125	2,701,402
Total expenditure	7	63,918	2,605,191	63,290	2,732,399	2,728,441
Net expenditure		(20,609)	(107,796)	(55,240)	(183,645)	(99,100)
Transfers between funds		(272)	(21,154)	21,426	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	18	-	132,000	-	132,000	347,000
Net movement in funds		(20,881)	3,050	(33,814)	(51,645)	247,900
Reconciliation of funds						
Total funds brought forward		120,226	(200,168)	5,070,810	4,990,868	4,742,968
Total funds carried forward		99,345	(197,118)	5,036,996	4,939,223	4,990,868

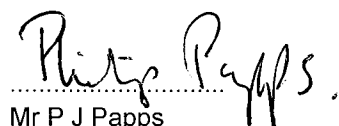
SPARKLE MULTI-ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12		5,036,996		5,070,810
Current assets					
Debtors	13	163,352		211,591	
Cash at bank and in hand		317,296		442,194	
		480,648		653,785	
Current liabilities					
Creditors: amounts falling due within one year	14	(160,421)		(252,727)	
Net current assets			320,227		401,058
Total assets less current liabilities			5,357,223		5,471,868
Net assets excluding pension liability			5,357,223		5,471,868
Defined benefit pension scheme liability	18	(418,000)		(481,000)	
Net assets			4,939,223		4,990,868
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			5,036,996		5,070,810
- Restricted income funds			220,882		280,832
- Pension reserve			(418,000)		(481,000)
Total restricted funds			4,839,878		4,870,642
Unrestricted income funds	16		99,345		120,226
Total funds			4,939,223		4,990,868

The accounts were approved by the trustees and authorised for issue on 13/12/18 and are signed on their behalf by:



Mr P J Papps

Chair

Company Number 09741508

SPARKLE MULTI-ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	19		(103,737)		165,200
Cash flows from investing activities					
Interest from investments		265		330	
Capital grants from DfE and EFA		8,050		10,424	
Payments to acquire tangible fixed assets		(29,476)		(29,188)	
			(21,161)		(18,434)
Change in cash and cash equivalents in the reporting period			(124,898)		146,766
Cash and cash equivalents at 1 September 2017			442,194		295,428
Cash and cash equivalents at 31 August 2018			317,296		442,194

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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 2018

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

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 2018

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 Leased assets

Rentals under operating leases are charged 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, as detailed in note 13. 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, as detailed in note 14. 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.

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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 2018

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 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	8,050	8,050	10,424
Other donations	10,922	-	10,922	4,272
	<u>10,922</u>	<u>8,050</u>	<u>18,972</u>	<u>14,696</u>

The income from donations and capital grants was £18,972 (2017: £14,696) of which £10,922 was unrestricted (2017: £4,272), £NIL was restricted (2017: £NIL) and £8,050 was restricted fixed assets (2017: £10,424).

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,992,689	1,992,689	2,070,543
Other DfE group grants	-	313,805	313,805	308,529
	<u>-</u>	<u>2,306,494</u>	<u>2,306,494</u>	<u>2,379,072</u>
Other government grants				
Local authority grants	-	81,160	81,160	77,877
	<u>-</u>	<u>81,160</u>	<u>81,160</u>	<u>77,877</u>
Other funding				
Other incoming resources	32,122	21,186	53,308	54,642
	<u>32,122</u>	<u>21,186</u>	<u>53,308</u>	<u>54,642</u>
Total funding	<u>32,122</u>	<u>2,408,840</u>	<u>2,440,962</u>	<u>2,511,591</u>

The income from funding for educational operations was £2,440,962 (2017: £2,511,591) of which £32,122 (2017: £46,085) was unrestricted and £2,408,840 (2017: £2,465,506) was restricted.

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Insurance income	-	-	-	21,608
Parental contributions	-	88,555	88,555	81,116
	<u>-</u>	<u>88,555</u>	<u>88,555</u>	<u>102,724</u>

The income from other trading activities was £88,555 (2017: £102,724) of which £NIL (2017: £21,608) was unrestricted and £88,555 (2017: £81,116) was restricted.

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	265	-	265	330

The income from funding for investment income was £265 (2017: £330) of which £265 (2017: £330) was unrestricted.

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct costs	-	-	19,274	19,274	27,039
Academy's educational operations					
- Direct costs	1,787,755	-	208,969	1,996,724	1,969,141
- Allocated support costs	274,570	288,133	153,698	716,401	732,261
	2,062,325	288,133	381,941	2,732,399	2,728,441

The expenditure on raising funds was £19,274 (2017: £27,039) of which £19,274 (2017: £27,039) was restricted.

Net income/(expenditure) for the year includes:	2018 £	2017 £
Fees payable to auditor for:		
- Audit	6,150	6,000
- Other services	3,750	3,650
Depreciation of tangible fixed assets	63,290	57,426
Net interest on defined benefit pension liability	13,000	16,000

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs - educational operations	47,436	1,949,288	1,996,724	1,969,141
Support costs - educational operations	16,482	699,919	716,401	732,261
	63,918	2,649,207	2,713,125	2,701,402

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities (Continued)

	2018 £	2017 £
Analysis of support costs		
Support staff costs	274,570	284,911
Depreciation and amortisation	63,290	57,426
Technology costs	10,636	28,153
Premises costs	213,193	202,201
Other support costs	134,987	118,041
Governance costs	19,725	41,529
	<u>716,401</u>	<u>732,261</u>

The expenditure on educational operations was £2,713,125 (2017: £2,701,402) of which £63,918 was unrestricted (2017: £129,709) £2,585,917 was restricted (2017: £2,514,267) and £63,290 was restricted fixed assets (2017: £57,426).

9 Staff

Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	1,573,082	1,569,807
Social security costs	145,923	147,764
Pension costs	330,832	326,575
Staff costs	<u>2,049,837</u>	<u>2,044,146</u>
Staff development and other staff costs	12,488	13,061
Total staff expenditure	<u>2,062,325</u>	<u>2,057,207</u>

Staff numbers

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

	2018 Number	2017 Number
Teachers	32	33
Administration and support	29	28
Management	4	4
	<u>65</u>	<u>65</u>

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	2	2
£90,001 - £100,000	-	1
£100,001 - £110,000	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 £381,219 (2017: £372,455).

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 £378 (2017: £1,091) were reimbursed to 2 trustees (2017: 2 trustees).

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

Dr P Jones (Headteacher)

Remuneration: £100,000 - £105,000 (2017: £95,000 - £100,000)
Employer's pension contributions: £ 15,000 - £20,000 (2017: £15,000 - £20,000)

Mr I Chilvers (Staff)

Remuneration: £45,000 - £50,000 (2017: £45,000 - £50,000)
Employer's pension contributions: £5,000 - £10,000 (2017: £10,000 - £15,000)

Mr G Christie (Staff)

Remuneration: £40,000 - £45,000 (2017: £40,000 - £45,000)
Employer's pension contributions: £5,000 - £10,000 (2017: £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 2018

12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2017	5,072,000	53,892	71,312	5,197,204
Additions	-	7,614	21,862	29,476
Disposals	-	(3,422)	-	(3,422)
At 31 August 2018	5,072,000	58,084	93,174	5,223,258
Depreciation				
At 1 September 2017	77,771	27,364	21,259	126,394
On disposals	-	(3,422)	-	(3,422)
Charge for the year	40,576	14,846	7,868	63,290
At 31 August 2018	118,347	38,788	29,127	186,262
Net book value				
At 31 August 2018	4,953,653	19,296	64,047	5,036,996
At 31 August 2017	4,994,229	26,528	50,053	5,070,810

13 Debtors

	2018 £	2017 £
Trade debtors	3,332	9,397
VAT recoverable	38,057	25,722
Other debtors	70,801	121,231
Prepayments and accrued income	51,162	55,241
	163,352	211,591

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	23,842	65,622
Other taxation and social security	37,516	35,269
Other creditors	33,970	30,856
Accruals and deferred income	65,093	120,980
	160,421	252,727

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15	Deferred income				2018	2017
					£	£
	Deferred income is included within:					
	Creditors due within one year				49,076	42,184
	Deferred income at 1 September 2017				42,184	-
	Released from previous years				(42,184)	-
	Resources deferred in the year				49,076	42,184
	Deferred income at 31 August 2018				49,076	42,184
16	Funds					
		Balance at			Gains,	Balance at
		1 September	Income	Expenditure	losses and	31 August
		2017	£	£	transfers	2018
		£			£	£
	Restricted general funds					
	General Annual Grant (GAG)	149,734	1,992,689	(1,975,498)	(21,426)	145,499
	Other DfE / ESFA grants	72,947	313,805	(387,024)	272	-
	Other government grants	33,150	81,160	(61,051)	-	53,259
	Other restricted funds	25,001	109,741	(112,618)	-	22,124
	Funds excluding pensions	280,832	2,497,395	(2,536,191)	(21,154)	220,882
	Pension reserve	(481,000)	-	(69,000)	132,000	(418,000)
		(200,168)	2,497,395	(2,605,191)	110,846	(197,118)
	Restricted fixed asset funds					
	Transfer on conversion	5,036,596	-	(52,272)	-	4,984,324
	DfE group capital grants	19,304	8,050	(5,361)	-	21,993
	Capital expenditure from GAG	14,910	-	(5,657)	21,426	30,679
		5,070,810	8,050	(63,290)	21,426	5,036,996
	Total restricted funds	4,870,642	2,505,445	(2,668,481)	132,272	4,839,878
	Unrestricted funds					
	General funds	120,226	43,309	(63,918)	(272)	99,345
	Total funds	4,990,868	2,548,754	(2,732,399)	132,000	4,939,223

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	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
	<u>224,769</u>	<u>2,546,622</u>	<u>(2,475,649)</u>	<u>(14,910)</u>	<u>280,832</u>
Funds excluding pensions					
Pension reserve	(760,000)	-	(68,000)	347,000	(481,000)
	<u>(535,231)</u>	<u>2,546,622</u>	<u>(2,543,649)</u>	<u>332,090</u>	<u>(200,168)</u>
Restricted fixed asset funds					
Transfer on conversion	5,091,370	-	(54,774)	-	5,036,596
DfE group capital grants	11,532	10,424	(2,652)	-	19,304
Capital expenditure from GAG	-	-	-	14,910	14,910
	<u>5,102,902</u>	<u>10,424</u>	<u>(57,426)</u>	<u>14,910</u>	<u>5,070,810</u>
Total restricted funds	<u>4,567,671</u>	<u>2,557,046</u>	<u>(2,601,075)</u>	<u>347,000</u>	<u>4,870,642</u>
Unrestricted funds					
General funds	175,297	72,295	(127,366)	-	120,226
Total funds	<u>4,742,968</u>	<u>2,629,341</u>	<u>(2,728,441)</u>	<u>347,000</u>	<u>4,990,868</u>

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	135,981	4,063,232	(4,017,378)	(36,336)	145,499
Other DfE / ESFA grants	30,218	622,334	(652,824)	272	-
Other government grants	14,595	159,037	(120,373)	-	53,259
Other restricted funds	43,975	199,414	(221,265)	-	22,124
	<u>224,769</u>	<u>5,044,017</u>	<u>(5,011,840)</u>	<u>(36,064)</u>	<u>220,882</u>
Funds excluding pensions					
Pension reserve	(760,000)	-	(137,000)	479,000	(418,000)
	<u>(535,231)</u>	<u>5,044,017</u>	<u>(5,148,840)</u>	<u>442,936</u>	<u>(197,118)</u>
Restricted fixed asset funds					
Transfer on conversion	5,091,370	-	(107,046)	-	4,984,324
DfE group capital grants	11,532	18,474	(8,013)	-	21,993
Capital expenditure from GAG	-	-	(5,657)	36,336	30,679
	<u>5,102,902</u>	<u>18,474</u>	<u>(120,716)</u>	<u>36,336</u>	<u>5,036,996</u>
Total restricted funds	<u>4,567,671</u>	<u>5,062,491</u>	<u>(5,269,556)</u>	<u>479,272</u>	<u>4,839,878</u>
Unrestricted funds					
General funds	<u>175,297</u>	<u>115,604</u>	<u>(191,284)</u>	<u>(272)</u>	<u>99,345</u>
Total funds	<u>4,742,968</u>	<u>5,178,095</u>	<u>(5,460,840)</u>	<u>479,000</u>	<u>4,939,223</u>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	5,036,996	5,036,996
Current assets	99,345	381,303	-	480,648
Creditors falling due within one year	-	(160,421)	-	(160,421)
Defined benefit pension liability	-	(418,000)	-	(418,000)
	<u>99,345</u>	<u>(197,118)</u>	<u>5,036,996</u>	<u>4,939,223</u>

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 £32,404 were payable to the schemes at 31 August 2018 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' 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)
- 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 £196,506 (2017: £186,358)

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

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pensions and similar obligations

(Continued)

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

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 20.9% for employers and 7.4 to 11.7% for employees. The estimated value of employer contributions for the forthcoming year is £80,000.

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	2018 £	2017 £
Employer's contributions	79,000	98,000
Employees' contributions	21,000	22,000
Total contributions	100,000	120,000

Principal actuarial assumptions	2018 %	2017 %
Rate of increases in salaries	3.1	3.1
Rate of increase for pensions in payment	2.4	2.4
Discount rate	2.8	2.5

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

	2018 Years	2017 Years
Retiring today		
- Males	23.6	23.6
- Females	25.0	25.0
Retiring in 20 years		
- Males	26.0	26.0
- Females	27.8	27.8

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pensions and similar obligations

(Continued)

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

	2018 £'000	2017 £'000
Discount rate + 0.1%	(30)	(31)
Discount rate - 0.1%	30	31
Mortality assumption + 1 year	60	48
Mortality assumption - 1 year	(60)	(48)
CPI rate + 0.1%	26	21
CPI rate - 0.1%	(26)	(21)

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

	2018 Fair value £	2017 Fair value £
Equities	604,800	495,560
Bonds	392,000	352,610
Cash	33,600	28,590
Property	89,600	76,240
Total market value of assets	1,120,000	953,000
Actual return on scheme assets - gain/(loss)	67,000	72,000

Amounts recognised in the statement of financial activities

	2018 £	2017 £
Current service cost	135,000	150,000
Interest income	(25,000)	(17,000)
Interest cost	38,000	33,000
Total operating charge	148,000	166,000

Changes in the present value of defined benefit obligations

	2018 £	2017 £
Obligations at 1 September 2017	1,434,000	1,587,000
Current service cost	135,000	150,000
Interest cost	38,000	33,000
Employee contributions	21,000	22,000
Actuarial gain	(90,000)	(292,000)
Benefits paid	-	(66,000)
At 31 August 2018	1,538,000	1,434,000

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pensions and similar obligations

(Continued)

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

	2018 £	2017 £
Assets at 1 September 2017	953,000	827,000
Interest income	25,000	17,000
Actuarial gain	42,000	55,000
Employer contributions	79,000	98,000
Employee contributions	21,000	22,000
Benefits paid	-	(66,000)
At 31 August 2018	1,120,000	953,000

19 Reconciliation of net expenditure to net cash flows from operating activities

	2018 £	2017 £
Net income for the reporting period	(183,645)	(99,100)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(8,050)	(10,424)
Investment income	(265)	(330)
Defined benefit pension costs less contributions payable	56,000	52,000
Defined benefit pension net finance cost/(income)	13,000	16,000
Depreciation of tangible fixed assets	63,290	57,426
(Increase)/decrease in debtors	48,239	(39,788)
Increase/(decrease) in creditors	(92,306)	189,416
Net cash used in operating activities	(103,737)	165,200

20 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	18,035	18,697
Amounts due in two and five years	43,114	2,666
	61,149	21,363

SPARKLE MULTI-ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 £800 (2017: £3,682) during the period. There were no amounts outstanding at 31 August 2018 (2017: £Nil)

In entering into these transactions the trust has complied with the requirements of the Academies Financial Handbook 2018.

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.