

Company Registration Number: 08304460 (England and Wales)

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2017

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

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Reference and Administrative Details
For the Year Ended 31 August 2017

Members	Craig Akhurst Nandarane Parmar Gary Pocock (appointed 1 March 2018) Rhona Barnfield (appointed 1 March 2018)
Trustees	Elias Achilleos, Chief Executive Craig Akhurst (resigned 23 February 2018) Nandarane Parmar (resigned 24 January 2018) Oliver Reece (resigned 23 February 2018) Everton Wilson (resigned 31 May 2017) Robert Henderson (resigned 31 August 2017) Graham Webber (resigned 31 August 2017) Heinrich Zimmermann (resigned 31 August 2017) Patrick Eames (resigned 31 October 2017) Ray Lawrence (resigned 31 October 2017) Sarah Acland (resigned 31 October 2017) Ian Bauckham (appointed 30 November 2017) Rupert Gather (appointed 30 November 2017) Nikki King (appointed 30 November 2017) Richard McDonnell (appointed 30 November 2017) Steve Ward (appointed 30 November 2017) Tom Maddison (appointed 30 November 2017) Angela Barry (appointed 23 February 2018)
Company registered number	08304460
Company name	The SchoolsCompany Trust
Principal and registered office	1st Floor Holborn Gate 330 High Holborn London London WC1V 7QT
Company secretary	Elias Achilleos
Chief executive officer	Elias Achilleos (Angela Barry as interim CEO from 29th January 2018)
Senior management team	Sarah Acland, Executive Principal Candy Hanley (Acting), Director of Finance and Administration
Independent auditors	Williams Giles Limited Chartered Accountants Statutory Auditor 12 Conqueror Court Sittingbourne Kent ME10 5BH
Bankers	Barclays 20 The Town Enfield EN2 6LS

**THE SCHOOLSCOMPANY TRUST
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**Reference and Administrative Details
For the Year Ended 31 August 2017**

Advisers (continued)

Solicitors

Browne Jacobson LLP
Exeter Office
1 Manor Court
Dix's Field
Exeter
Devon
EX1 1UP

Surveyors

Lambert Smith Hampton London
UK House
180 Oxford Street
London
W1D 1NN

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Trustees' Report
For the Year Ended 31 August 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

a. 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 trustees of The SchoolsCompany Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The SchoolsCompany Trust.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

b. 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.

Trust reconstitution

The Board was reconstituted from in November 2017 with new interim Trustees being appointed (see page 2)

These new Trustees were emergency interim appointments have agreed to re-broker the 4 Academies into new providers that is aimed to be complete by the end of the academic year 17/18

Due to this, the Trustees have elected not to include a governance statement within the financial statements.

The Trustees can assert that to the best of their knowledge and belief that these accounts do represent a true and fair reflection for the financial year 1st September 2016 to 31st August 2017.

With the exception of the non-inclusion of the governance statement, the accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2016/17 issued by the ESFA.

c. Trustees' indemnities

The individual academies each maintain Governors' and officers' liability insurance which gives appropriate cover.

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Trustees' Report (continued)
For the Year Ended 31 August 2017

d. Organisational structure, Governance & Management

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 Trust operates a three-tier governance structure:

Members
Directors/Trustees (the Board)
Local Governing Bodies (LGBs)

The Trustee board has overall responsibility for overseeing the performance of the trust and ensuring that all regulatory duties are fulfilled.

Our Multi Academy Trust (MAT) had a board of Directors which deals with the strategic running of the MAT and delegate the operational day-to-day running of the member schools to each academy's Local Governing Body (LGB). However, during the period covered within this Annual Report, the Board was not constituted in a way that ensured absolute probity or challenge. Through the high number of paid Directors on the Board, challenge and transparency were not sufficiently in place to ensure rigor in the examination of the academies outcomes nor the Trust's financial processes, including those in relation to procurement and the securing of best value. The Trust's Articles of Association state that "No more than 33% of Trustees/Directors can be remunerated, however, in practice SCT's Board had 55% employee-membership of its Board.

The Board is responsible for:

- 1) Setting the strategic priorities for the organisation
- 2) Overseeing education and statutory requirements
- 3) Monitoring the financial performance

The board must take into account these duties when making decisions. They must also ensure that they act in line with their duties when delegating authority to a LGB, and ensure that the individuals or entity discharging these duties are doing so correctly. Each LGB should be required to report to the directors about how its duties are being discharged.

Most of the LGB will be representatives from the school. They will however have duties delegated to them by the board and it will be the responsibility of the board to ensure that they are exercising these functions in line with the relevant duties.

During the period covered by this report, the constitution of the Devon LGBs was inappropriate due to a lack of representation by appropriate stakeholders, including parent governors. The South West Devon Academy's LGB met regularly within this period but the other two academies LGBs were not fit for purpose and had no impact upon the pupils' outcomes or provision.

The level of delegation to LGBs was varied to suit specific circumstances. For example, if a school is not performing well, the directors may reduce the level of delegation to the relevant LGB until the school improves. An alternative approach would be for the directors to appoint new persons to the relevant LGB to strengthen it and impact on performance.

The Goodwin LGB met regularly and was well led by an able, and active Chair.

As a result of the Interim Board's findings, the board appointed a new interim CEO who took up post on the 29th January 2018 to lead the organisation.

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Trustees' Report (continued)
For the Year Ended 31 August 2017

e. Connected organisations, including related party relationships

In writing this report, the Interim Trustees are keen to state that they had not been made aware of where conflicts of interest or related parties existed, both in senior and junior levels within the academy trust. This is now part of a series of investigations into the activities and practices within 2016-2017, that have been instigated within the 2017-2018 academic year in order to ensure that any poor practice, prior to the Interim Board's appointment, is identified and acted upon.

Objectives and Activities

a. Objectives, strategies and activities

The company is an educational trust/organisation and is a non-profit distribution organisation.

b. Public benefit

The primary purpose of the Trust is the advancement of education of academies within it and the development of pupils who attend these academies, inextricably linked with this is the aim of contributing to the public good.

c. STRATEGIC REPORT

Member Schools

North Devon Academy – Devon (Alternative Provision school offering educational provision to pupils from Key 1 through to Key Stage 4).

South West Devon Academy – Devon (Alternative Provision school offering educational provision to pupils from Key 1 through to Key Stage 4).

Central Devon Academy – Devon (Alternative Provision school offering educational provision to pupils from Key 1 through to Key Stage 4).

Goodwin Academy – Kent (Mainstream secondary school)

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Trustees' Report (continued)
For the Year Ended 31 August 2017

Achievements and performance

Devon Academies:

North Devon Academy (NDA), Central Devon Academy (CDA) and South West Devon Academy (SWDA):

The published data for all three of the Devon academies, especially NDA, is questionable. The new, interim leadership compared actual results provided by NDA to the results 'analysed' as having numbers of GCSEs. Their findings show that:

- Some pupils double counting for normal GCSE English and Maths with iGCSE English and maths (counting this as 4 GCSE passes)
- Counted Entry level Btechs and Entry Level certificates as GCSE equivalent – they are preGCSE courses.
- This has been for 15 of the 41 pupils
- Number getting 5 GCSE reduces by 12 which reduces % from 48% 5 GCSEs to 19.5% 5 GCSEs.

The position within the SWDA is very similar:

- EL and pre GCSE counted as a GCSE pass – English Level 1, PHSE level 1 etc.
- GCSE English with a grade then EL English counted as a second GCSE passed – double counting a subject.

This shows that there is an indicative variance that is based on a 30-40% increase that is potentially inaccurate. It also means that all the other data is insecure for each of the academies within the SCT alternative provisions in Devon. This makes the data for the Devon academies unreliable as we are unsure as to the integrity of the schools' data and the reliability that can be placed on it.

The interim leadership, including the interim Board members, have concerns in relation to the value for money achieved from expenditure on staffing and resources within the Devon SCT academies. Whereas senior staff have been in receipt of salaries, some of which sit outside of the normal benchmarks, have not translated into acceptable standards in the outcomes of their pupils. Additionally, specifically within the Devon academies, the quality of resources to support learning has not been of an appropriately high standard and again, this leads the interim leadership to judge that the value for money has been poor across the Devon SCT sites.

Additionally, best value was not sought when securing contracts and this, alongside a lack of rigor in identifying related parties and conflicts of interest, contributed to a lack of clarity in many transactions, including those related to some recruitment. In the worst cases, the recruitment did not comply with safer recruitment practices and could have placed some very vulnerable pupils in danger of harm. The lack of compliance to the Academies Financial Handbook also led to the Trust being issued with a Financial Notice to Improve (FNTI) on 27th July 2017 which is a transparent document in its findings.

Two Ofsted inspections have taken place during the Autumn term 2017. The first inspection was a 'No Formal Designation Inspection' on 19th & 20th September 2017 within the Central Devon Academy. This inspection found that safeguarding was not effective' which is a damning judgement for any organisation. The second Ofsted inspection took place on the 6th & 7th December 2017 within the North Devon Academy. This deemed that the academy required Special Measures. Every area of this academy's practice was deemed to be inadequate. Again, safeguarding was found to be ineffective and the report identified that "Trustees, governors and school's leaders have failed to ensure that safeguarding procedures and practice keep pupils safe". Both of these outcomes have led to each of these academies being issued with a Termination Notice on the 16th February 2018 and, at the time of this report being drafted, the Trust's schools are within a rebrokerage process.

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Trustees' Report (continued)
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Goodwin Academy, Deal

Goodwin Academy continues its positive journey, and moved into its new home in September 2017 on Hamilton Road having been a split site school for four years. Built for 1300 students, the £25million building will give students and staff an inspiring and stimulating learning environment. There are nearly 70 classrooms or learning spaces, including some amazing specialist facilities:

- Theatre
- Dining Hall
- Media Suite
- Sports Hall with Olympic standard flooring
- Dance Studio
- Fitness Suite
- Library
- Technology facilities that include Engineering, Resistant Materials, Food and Textiles
- Sixth Form Common Room and Study Centre

The planning for the new era, which commenced with the school moving into its new building, continued throughout the 2016/17 academic year, with some key management changes for 2017/18 made in conjunction with all stakeholder including transition events included:

- Tightening up on the setting of pupils' targets to show a raising of expectation to being a minimum of three levels of progress for pupils from the end of Key Stage 2 to the end of Key Stage 4.
- Staff Restructure:
- Overall reduction in staff by 25 (due to single site institution)
- New leadership & Management structure with:
 - Heads of Faculties and Heads of Subjects, replacing Heads of Departments
 - Heads of Year replacing Progress Leaders
 - Wellbeing Team replacing Behavior Team
- Uniform – New uniform to be introduced for all students in Years 7-11 with students to wear blazers and ties rather than polo shirts, along with a smarter code for the Sixth Form.
- School Day - 5 mins to be added to Tutor Period, 5 min less at lunchtime, Staff Briefings on Monday, Wednesday & Friday and changes to Directed Time at the end of the day.
- Curriculum Development & Assessment – Introduction of 3 Year KS4 with Year 7 curriculum to be exposed to the IB (International Baccalaureate).

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Trustees' Report (continued)
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Analysis of Validated 2016-2017 Results

1. Headline figures summary:

a. GCSE

			All students -145
EM Threshold		Standard Pass (4+)	41%
		Strong Pass (5+)	17%
	Progress 8		-0.32
	Attainment 8		37.38
English (best of Lang. or Lit.)		4+	51%
		5+	33%
Maths		4+	52%
		5+	25%

- The results analysis shows that the Academy has achieved a Progress 8 score of -0.32, a standard pass (grade 4 and above) EM of 41%, and a strong pass (grade 5 and above) EM of 17%. This is in line with the results achieved by the local secondary schools in Dover, Deal, Sandwich and Thanet.
- When comparing the English and Math's results for 2016 (A*-G grades) to 2017 (9-1 grades) the following is noted:
 - The change in the Math's results were as follows:
 - Increased from 45% C+ in 2016 to 52% 4+ in 2017
 - Increased from 15% B+ in 2016 to 25% 5+ in 2017.
- This increase in results is partly due to an effective tier entry policy informed by robust assessment. Some local schools' entry policies were not as successful with the incorrect students entered for the higher tier.
- The change in the English results were as follows:
 - Decreased from 69% C+ in 2016 to 51% 4+ in 2017
 - Increased from 22% B+ in 2016 to 33% 5+ in 2017.
- It is also important to note that the 2016 English results included a coursework component whereas the 2017 English results did not.

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Trustees' Report (continued)
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b. Overall Year 13 Results

A*-A/D*-D	64%
A*-B/D*-D	67%
A*-C/D*-M	87%
A*-E/D*-P	98% (3 U Grades)

Level 3 Value Added (without 3 U Grades)	
Academic	-0.23 (-0.11)
A Level	-0.32 (-0.22)
Vocational	+0.39 (+0.39)

- All students that have decided to take up their offer to study at Higher Education (43% of the cohort) have achieved their entry requirements.
- In Vocational subjects 74% of students achieved a Distinction* or Distinction and 94% achieved a Merit or higher.
- Academic subjects involved 15 students (excluding EPQ) with 19 results in total, including 4xB, 4xC, 5xD, 3xE and 3xU.

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Trustees' Report (continued)
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Student Groups at Goodwin Academy

44 students in Year 11 at Goodwin were designated as 'disadvantaged' and 55 were in receipt of Pupil Premium, including those in receipt of FSM in the previous six-year period (Ever 6).

For disadvantaged students in 2016-17, 38.18% made expected progress in English and 35.19% in maths. A8 was 33.35. For 7 more able disadvantaged students, A8 was + 0.2 in front of more able (non-disadvantaged) and 5 students achieved English / maths threshold.

For 2016-17, there was a focus on student groups in CDFs, and in termly DTT meetings, designed to ensure that all PP and disadvantaged students were uppermost in teachers' planning and delivery. PP students had a score of +3.61% points in front of non-PP students for +4 LOP in maths. This was supported by use of an HLTA and a subject specific TA in the department, funded by PP.

Throughout the academy, funding was also used to support development of engagement, self-esteem and aspirational ambition, through music lessons, PE opportunities, robotics, cameras, D of E sponsorship, science resources and performing arts workshops and performances.

11 students in Year 11 had a special educational need for which they were receiving a targeted intervention. Interventions for mainstream students took place in the Learning Support Centre, with Speech and Language and Communication and Interaction as the priority needs. Students' literacy and numeracy were also supported here, including KS4 study skills for pre- and precision teaching. 5 students had an EHCP and 2 were part of the KCC Specialist Resource Base Provision for Speech, Language and Communication needs.

P8 for students with SEN was +0.22 in front of P8 for non-SEN. 3 students made +4LOP and the VA score was +27.93 for the 11 students overall.

Attendance & Exclusions

The end of year, main school (7-11) percentage attendance figure finished as 93.3% so we therefore maintained the exact same figure from 2015-16 which was a consolidation of standards during a period where we were still working across two sites. Part of the restructure meant that the pastoral team was reduced to one attendance officer from two. The disaggregated (removing 7 complex attendance needs students) main school percentage attendance figure was 94%. Our main school persistent absence end of year figure was 16.7%, from a cohort that was smaller than the previous intake but this figure did represent an increase of 0.7% year on year.

The end of year fixed term exclusions figure showed that 52 students received a fixed term exclusion, compared to 123 students receiving a fixed term exclusion from 2015-16 which represented a reduction of 58% year on year. We had 0 permanent exclusions which maintains and extends our record of no permanent exclusions to 8 years (The last being in January 2010).

The end of year sixth form (12-13) percentage attendance figure was 90.9%. which was a decrease from 92.2% in 2015-16. This figure was impacted by a challenging Y12 cohort that had historically poor attendance and had a large number of level two learners. This cohort was impacted severely by the merger and subsequent special measures judgement.

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Trustees' Report (continued)
For the Year Ended 31 August 2017

a. Key performance indicators

Through ESFA monitoring a Financial Notice to Improve was issued to the Trust 27th July 2017. More specifically, within Devon, the routine monitoring by Devon County Council, as the Commissioner and under a partnership Commissioning Agreement, did not take place with sufficient rigor and consequently, underachievement and poor value for money occurred during this year.

Within the Devon provisions, improvement and progress have been questionable through a lack of strategic thinking at Board, and Trust SLT, levels. Consequently, public money has been inappropriately allocated to funding a range of sites which were not only expensive but were also unfit for purpose in the delivery of a high quality education for such vulnerable pupils.

The Interim Schools Company Trust Board is working closely with the ESFA on determining the long-term financial security of the four Academies, including the resolution of the Trust's deficit issue. In January 2018, the Interim Board agreed to ask support from the Regional Schools Commissioners for SESL and SW in order to re-broker all four Academies to new sponsors. In the meantime, the Interim Board is working with an Interim CEO and Interim FD to ensure the smooth running of the Trust during this time of change.

b. Going concern

The Trust's academies are to be re-brokered during 2017/2018, and definitely prior to the start of the 2018-2019 academic year. The board have agreed to apply for additional funds during 2017/18 and these requests are being considered on a monthly basis by the EFSA. The Interim Trustees are working in close co-operation with the Interim CEO and Interim FD to ensure the efficient transfer of all assets once new providers have been approved.

Based on this information, the Interim Board of Trustees expects to wind up the Academy Trust during the next 12 months and therefore has prepared these accounts on a basis other than going concern, being the break-up basis. Further details regarding the basis of these accounts can be found in the note 1.5 to the Financial Statements.

Financial review

Financial oversight

The Trust has received a financial notice to improve highlighting failings in its duty to provide adequate financial oversight. As a result, changes were made within the board to appoint interim board members and secured the support of an experienced finance director from another Academy Trust.

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Trustees' Report (continued)
For the Year Ended 31 August 2017

a. Principal risks and uncertainties

The following risks have been identified by the board:

- 1) The Trust has significant recoverable debt with the Department for Education and budgets for the year 17/18 require further borrowing.
- 2) Education performance in the Academies currently suggest pupils will have negative progress.
- 3) Safeguarding concerns in the Devon academies linked to unsafe working practices.
- 4) A number of senior leaders including the CEO are currently not able to work.

b. Related Parties and othe Connected Charities and Organisations

Under the stewardship of the newly appointed Trustees, there were no related parties' transactions. However, prior to the Interim Board appointments, there had been a lack of clarity in respect of this aspect of the Trust's leadership. This is currently part of a wider investigation by the new executive team and the ESFA.

Plans for future periods

Disclosure of information to auditors

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.
- The trustees have reappointed the auditors but are minded to ask how such financial aspects of SCT's work which did not comply with the Academies Financial Handbook, were allowed to occur without the expected challenge from the external auditor.

The Trustees' Report was approved by order of the board of trustees, as the company directors, on 25 May 2018 and signed on its behalf by:



Nikki King
Chair of Trustees

THE SCHOOLS COMPANY TRUST
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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Schools Company 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 Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Schools Company 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Craig Akhurst	6	6
Nandarane Parmar	6	6
Oliver Reece	6	6
Everton Wilson	6	6
Robert Henderson	0	0
Heinrich Zimmermann	2	3
Patrick Eames	0	1
Ray Lawrence	3	3
Sarah Acland	1	1
Ian Bauckham	0	0
Rupert Gather	0	0
Nikki King	0	0
Richard McDonnell	0	0
Steve Ward	0	0
Tom Maddison	0	0
Angela Barry	0	0

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer is accountable for structure of the organization to ensure that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees.

The Purpose of the System of Internal Control

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

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Governance Statement (continued)

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Risk and Control Framework

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

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 Williams Giles Limited, the external auditors, to perform additional checks.

On an annual basis, the auditors report to the board of trustees 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 Chief Executive 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 auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 25 May 2018 and signed on their behalf, by:



Nikki King
Chair of Trustees



Angela Barry
Accounting Officer

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Statement on Regularity, Propriety and Compliance

Since 29th January 2018 I have been the Interim CEO of The SchoolsCompany Trust, including the adoption of the role of the SCT Accounting Officer (AO). To carry out this function I have worked closely with Lee Miller (LM), the Interim Finance Director. Due to the nature of some transactions not being compliant with the Funding Agreement, the Governance Handbook or the Academies Financial Handbook, a Financial Notice to Improve was issued in July 2017.

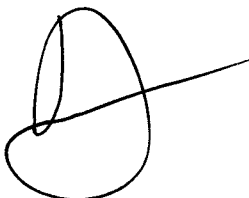
In view of the seriousness of the situation, both in relation to pupils' outcomes and the Trust's finances, the interim team have ensured regular meetings between AB/LM and the Education & Skills Funding Agency (ESFA). The Interim Team includes a new Board of Trustees being appointed (November 2017) when progress in relation to the FNTI was not sufficiently advanced. In my AO role, I have worked closely with the newly appointed Chair, Nikki King, to ensure that governance fulfilled the requirements in terms of ensuring regularity compliance and an assurance that any related parties were removed from all governance levels.

As Accounting Officer of The SchoolsCompany Trust, I have considered my responsibility to notify the Trust Board and the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding under the funding agreement in place between the Trust and the Secretary of State. To this end, the Trustees' Board has met on a monthly basis since January 2018 and has received detailed reports from both myself as the Interim CEO and from the Interim Finance Director. Other matters related to the AO role have been shared, and collated in an Accounting Officer File which stays in my office within my Kent base which, for the duration of the interim leadership team's tenure, will be situated on the Goodwin Academy site.

As part of my AO role I have had due regard to the requirements of the Academies Financial Handbook 2017 which has been rigorously applied since my appointment in January 2018. To the best of my knowledge, based on the transactions that had previously been sanctioned, this would have been the first time that such due diligence has been applied within The Schoolscompany Trust.

I can confirm that I, and the newly constituted Trust Board 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 Handbook 2017 commencing as of January 2018 until the rebrokerage process is complete.

I can confirm that since the 29th January 2018, no instances of material irregularity, impropriety or funding non-compliance have been sanctioned. However, the auditing of accounts shows that this cannot be said of the period prior to the Spring term 2018. As instances of such practice have been identified, they have been duly reported to the ESFA and to our newly constituted Board of Trustees. At the time of writing, the concerns in relation to the activity within 2016-2017 are being investigated by the ESFA.



Angela Barry
Accounting Officer

Date: 25 May 2018

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Statement of Trustees' Responsibilities
For the Year Ended 31 August 2017

The Trustees (who act as governors of The Schools Company Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 25 May 2018 and signed on its behalf by:



Nikki King
Chair of Trustees

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The SchoolsCompany Trust

Opinion

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

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

In our opinion the financial statements:

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

Basis 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.5 in the financial statements, which indicates that the Trust's academies are to be re-brokered during 2017/2018, and definitely prior to the start of the 2018-2019 academic year. As stated in note 1.5, these events or conditions, along with the other matters as set forth in the note 1.5 indicate that a material uncertainty exists that may cast significant doubt on the academy's ability to continue as a going concern and that these financial statements have been prepared on the break up basis. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw your attention to note 28 of the accounts, Related Party Transactions. Prior to the Interim Board appointments, there had been a lack of clarity in respect of this aspect of the Trust's leadership. This is currently part of a wider investigation by the new executive team and the ESFA which may identify previously undisclosed Related Party Transactions.

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The SchoolsCompany Trust

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The SchoolsCompany Trust

Auditors' responsibilities for the audit of the financial statements

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

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



Alastair Crawford FCA (Senior Statutory Auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants
Statutory Auditor

12 Conqueror Court
Sittingbourne
Kent

ME10 5BH

Date: 27 June 2018

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

**Independent Reporting Accountants' Assurance Report on Regularity to The SchoolsCompany Trust
and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 3 May 2016 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 The SchoolsCompany Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The SchoolsCompany Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The SchoolsCompany Trust's funding agreement with the Secretary of State for Education dated 25 February 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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime
- Consideration of evidence obtained through the work performed as part of our audit in order to support the regularity conclusion

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

**Independent Reporting Accountants' Assurance Report on Regularity to The SchoolsCompany Trust
and the Education and Skills Funding Agency (continued)**

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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- Suitable and adequate budget monitoring processes were not in place during the year. This led to serious cash flow and liquidity issues not being identified and forecast.
- Processes were not in place to ensure that potential related party transactions were identified, appropriately authorised and reported to the board and auditors.
- The trust is subject to a Financial Notice to Improve and the ESFA is conducting an investigation into financial activities in the trust which may lead to further findings not identified in these financial statements and reports.



Williams Giles Limited

Chartered Accountants
Statutory Auditor

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: 27 June 2018