

Company Registration Number: 07348167 (England & Wales)

**SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST
LIMITED)**

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

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SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS/ DIRECTORS
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

D Hutt
K Crowston
A Price
R Miller (resigned 20 June 2018)
R Lowe (appointed 11 September 2018)
Vacancy

Directors

Bob Fear (resigned 24 November 2017)
Karen Crowston, Vice Chair
Vrigu Dey
David Werry (resigned 29 August 2018)
Ateef Azam
Richard Beamish
Neal Clements
Catherine Anwar
Jonathan Bridges
Shilpa Unarkat
Fiona Dennis-Stephens
Alan Price, Chair (appointed 1 October 2017)
Mary LeBreuilly

Company registered number

07348167

Company name

Summit Learning Trust (formerly Ninestiles Academy Trust Limited)

Principal and registered office

Hartfield Crescent
Birmingham
B27 7QG

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS DIRECTORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Senior leadership team

Catherine Anwar
Martyn Collin (resigned 31 October 2017)
Usha Devi (from 1 May 2018)
Steve Ralph
Gaetano Ferrante
Donna Farrugia (from 12 February 2018)
Steve Smith
Costas Tzartzalis
Clare Sutton (from 1 June 2018)

Independent auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

HSBC
34 Poplar Road
Solihull
West Midlands
B91 3AF

Lloyds Bank
Poplar Road
Solihull
B91 3AN

Solicitors

Browne Jacobson LLP
Victoria Square House
Victoria Square
Birmingham
B2 4BU

Irwin Mitchell
Imperial House
31 Temple Street
Birmingham
B2 5DB

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Governors' Report, and a Directors' Report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the academy trust. The Governors of Summit Learning Trust (formerly Ninestiles Academy Trust Limited) are also the Directors of the charitable company for the purpose of company law. The Governors have been referred to as the Directors throughout this report.

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

MEMBERS' LIABILITY

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

DIRECTORS' INDEMNITIES

During the year, an indemnity from the Charitable Company was available to the directors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Charitable Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS

The Trust's Board of Directors has been appointed for four year terms. Where a vacancy arises, through the completion of term or by the resignation of a serving director, directors will be recruited in accordance with the Articles of Association and 'A Guide to the Law for School Directors.' The term of office for any governor is 4 years, although this time limit does not apply to the CEO.

The Directors who served throughout the year and up to the date of this report are listed on page 1.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS

The Trust is a member of the National Governors' Association and through this body each member receives regular updates on current legislation by email and the NGA magazine. Additional training is provided as required based on individual or collective need. External advice and support is commissioned where necessary.

ORGANISATIONAL STRUCTURE

During the year the trust terms of reference detailed a governance structure comprising the Board of Trustees with responsibility and accountability for the schools, Academy Councils operating across two establishments

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

each, Progress and Standards Panels again operating across two establishments each as well as Finance and Resources, Remuneration & Appointments and Audit & Risk which work across the Trust. From 1 September 2018 the Trust has reverted back to local governing bodies for each establishment.

An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the Trust nurtures the talents of its entire staff to support continual improvement and excellence.

The Board of Trustees is responsible for setting the Trust's policies, adopting the Trust's Improvement Plan budget, monitoring performance against these plans and making major decisions about the direction of the Trust including its curriculum, the achievement and welfare of students, pupils and staff.

Groups of Trustees may be formally organised outside of this structure as necessary to support the trust as required, to consider ad hoc projects to then be reported back to the Board of Trustees.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The aims of the trust's pay policies are as follows:

- Maintain and improve the quality of teaching and learning at the school;
- Support the Trust's priorities and each school's improvement plan
- Underpin the Trust's Appraisal policy;
- Ensure that all staff are valued and appropriately rewarded for their work contribution to the Trust and their school;
- Ensure staff are well motivated, supported by positive recruitment and retention policies and staff development;
- Demonstrate that decisions on pay are fair and equitable and recognise the principle of equal pay for like work and work of equal value;
- Provide flexibility to recognise individual staff performance linked to pay decisions

Full copies of the policies (applying both to teaching and non-teaching staff can be accessed on the trust's website at www.ninestilesacademytrust.org.uk)

TRADE UNION FACILITY TIME

The school employs no trade union officials and therefore had no time or costs spent on union activities during the year.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Summit Learning Trust consists of the following educational establishments:

Ninestiles School
Lyndon School
Cockshut Hill School
Yarnfield Primary School
Oaklands Primary School
Erdington Hall Primary School
Pegasus Primary School
The Sixth Form College, Solihull
South Birmingham SCITT (incorporating Birmingham Primary Training Partnership)

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DIRECTORS' REPORT (continued)
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Ninestiles School was awarded Teaching School status in September 2012; the award was for four years initially and its renewal was confirmed in June 2016. The Teaching School programme is delivered through the trust, furthering the pursuit of the trust's charitable activities. The trust has developed an alliance with 30 other schools since receiving the award.

OBJECTS AND AIMS

As described, the object of Summit Learning Trust is set out in the Company's Articles of Association.

The Board of Directors continues to set the Academy's strategic aims through the Trust's Balanced Score Card. These aims are monitored closely by the Board of Directors by way of the CEO and through the work of the academy councils and the strategic groups.

The aims and objectives for the Summit Learning Trust are derived from the trust's mission statement which is:

Strength through diversity
Ambition through challenge
Excellence through curiosity

OBJECTIVES, STRATEGIES AND ACTIVITIES

The object of Summit Learning Trust is set out in the Company's Articles of Association, namely "to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum."

The principal activity is to operate the Trust's Academies. Summit Learning Trust now oversees three secondary schools, a sixth form college and four primary schools as well as the ancillary services operated from those educational establishments.

PUBLIC BENEFIT

In setting our objectives and planning our activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

Summit Learning Trust oversees three secondary schools, a sixth form college and four primary schools as well as the ancillary services operated from those educational establishments.

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

Each establishment monitors its budget against allocations that constitute their key financial performance indicators for each financial year. These categories include employee costs, environmental costs, educational / non educational supplies, professional services etc enabling any variations in spending vs budgets to be identified and addressed. Additionally schools benchmark costs across the Trust to ensure best value and where appropriate will aim to purchase collaboratively to achieve economies of scale. Further comparisons can be seen within the financial report where spends in the reporting year are shown against previous year's spends.

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DIRECTORS' REPORT (continued)
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GOING CONCERN

After consideration of the Trust's financial position, its financial plans, (including projected student numbers), the demand for places and the broader environment, the Board of Trustees has a reasonable expectation that the Trust has and will continue to have adequate resources to enable it to be a sustainable going concern in 2018/19 and for the foreseeable future. For this reason the Trust continues to adopt the Going Concern principle in preparing its financial statements. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

ACHIEVEMENTS AND PERFORMANCE

Primary

The Impact of the Trust on Primary standards has increased rapidly this year, and particularly from April following the appointment of a highly effective School Improvement Director, Primary.

Primary outcomes improved significantly in several areas in 2018, as a result of support and direction from the Trust. For example, the Trust wide implementation of 'Effective Maths' scheme resulted in the mathematics KS2 scores rising across three schools, and at The Oaklands rising by 20%.

Yarnfield Primary was inspected in July 2018 and came out of special measures after only 10 months of intensive Trust support. Pegasus Primary received a positive monitoring letter in October 2018 referencing effective Trust support and school leadership. This school is on track to be good by summer 2019.

The Oaklands Primary was inspected in November 2018; report will be published by the end of term but is very positive.

	Erdington	Pegasus	Oaklands	Yarnfield	National 2018
All pupils	47%	59%	40%	35%	64%
Boys	37%	50%	31%	23%	61%
Girls	55%	63%	50%	47%	68%
Pupil Premium	30%	53%	50%	24%	70% (Nat other)
Other	67%	67%	25%	49%	70%

Secondary

Outcomes in the secondary schools held steady in 2018, but did not show rapid or steep improvement due to a legacy of weak standards over time.

At Cockshut Hill school there was an improvement overall and for several groups for Progress 8. Lyndon School was inspected in June 2018 and came out of a category, to achieve RI overall with 'good' for leadership. The positive impact of recent Trust support was highlighted in the report.

School Context:		Ninestiles	Lyndon	Cockshut Hill
Number of pupils at the end of KS4		245	259	235
2018 Headlines	2018 National	Ninestiles	Lyndon	Cockshut Hill
Attainment 8	46.4	45.9	39.2	31.5
Progress 8	-0.03	-0.14	-0.61	-0.95
Grade 5 or above in English and Mathematics	39.9%	39.%	30%	11%
EBacc average points score	3.83	4.12	3.38	2.78

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Sixth Form

Value-added and progress rose considerably in 2018 outcomes, particularly for mathematics which had been a key area for improvement. Trust support from the School Improvement Director has been intensive since the college was inspected in January 2018, shortly after joining the Trust, and declined from good to RI. Despite this, the inspection report referenced clear early impact of the higher expectations from the Trust leading to better capacity in college leaders. The college is on track to be 'good' when reinspected in summer 2019.

Measure	2016/17		2017/18		Diff
A Levels					
A Levels	C-	26.74	C-	27.65	+0.91 (0.27 of a grade)
All Academic Quals	C-	27.04	C-	27.97	+0.93
Disadvantaged	C-	23.66	C-	24.67	+1.01

The unreformed and reformed two year linear 'A' level has seen an improvement in its performance in terms of progress and the attainment rate remains around the Sixth Form College average.

The BTEC Courses continue to have very good performance and superb high grade rates, with many students using this route to get into University including gaining entry to the Russel Group and also Pharmacy and Biomedical Science courses.

FINANCIAL REVIEW

The Academy Trust received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during 2017/18.

Restricted General Fund

The majority of the Trust's income was received through Education and Skills Funding Agency (ESFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the trust's charitable activities, its educational operations. These revenue grants and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the year was £41,830,000; expenditure against the fund was £44,055,000, giving a deficit on restricted revenue fund of £2,225,000 before transfers.

Unrestricted Funds

Income received into the Unrestricted Fund was £1,505,000. Expenditure against the fund was £742,000 for the year, giving an Unrestricted Fund surplus of £763,000 for the year.

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Trust's depreciation policy. Income received into the fund included capital grant income of £1,387,000.

The SOFA details a £1,286,000 Restricted Fixed Asset Fund year end deficit after transfers between funds.

Summary of Financial Performance

Total fund balance as at 31st August 2018 was £97,811,000 comprised of a surplus of £10,162,000, a deficit of £14,242,000 and a surplus of £101,891,000 in Unrestricted, Restricted General and Restricted Fixed Asset Funds respectively.

Balance Sheet

The Trust's assets were predominantly used for providing education to school students within Summit Learning Trust. Some assets were used by the local community, predominantly for sports and performing arts but also

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working with local charities such as Acocks Green Lions to raise funds and support for the elderly and disadvantaged.

The net book value of the Academy's tangible fixed assets was £100,813,000 as at 31st August 2018. The movement in this account is detailed in note 13.

Cash in hand at 31st August 2018 was £6,714,000.

RESERVES POLICY

Free reserves (before pension liability) at 31 August 2018 totalled £13,176,000 (2017: £12,519,000).

The Trust's aim is to spend public monies for the direct educational benefit of current and future students as soon as is prudent whilst maintaining an adequate, but not excessive, level of reserves to:

- Maintain adequate cash to cover day to day working capital needs.
- Protect the Trust against future drops in income or rises in costs;
- Save up for future capital projects and educational initiatives;
- Allow the Trust to take advantage of new opportunities.
- Provide a cushion to deal with unexpected emergencies.

Designated reserves may be set aside for a specified future project in a specified year. In addition, the Trust will aim to maintain minimum undesignated reserves to fund the higher of:

- three months' cash days in hand
- Current ratio: minimum 1.6
- a 20% drop in student numbers in its largest school for three years.
- a 10% cut in government funding per pupil for all its schools for two years.

The level of reserves will be monitored when the annual budget or financial plan are set to ensure that the level of reserves is appropriate to future need. There is a recognition of uncertainty around future funding in the context of the National Funding Formula alongside forthcoming increases in staffing employer costs and a three year budget plan has been compiled and will be carefully monitored to ensure cash flow and reserves are healthy.

A deficit of £14,242,000 has arisen on the Restricted Income Fund. This is due to the deficit of £17,256,000 on the Local Government Pension Scheme which is allocated to this fund. This liability will not crystallise immediately.

INVESTMENTS POLICY

With the growth and diversity of the Trust, Trustees recognised the need for a formal Investment Policy and within the structure of the new Trust constitution, a policy was ratified by the Finance & Resources Committee in June 2017. Where cash flows identify a base level of cash funds that will be surplus to requirements these may be invested following approval in accordance with the Treasury Management Procedures. In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk. The Trust currently has £0.4m deposited in instant access investment accounts and £10m in current investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees have compiled a comprehensive risk management process to identify and monitor the risks faced by the Trust. The principal risks they identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding,

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DIRECTORS' REPORT (continued)
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reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those identified higher risk areas.

The Directors consider a significant source of financial risk to be that of the funding requirements of the Local Government Pension Scheme ("LGPS"). In order to mitigate this risk, the current and foreseeable service cost is monitored and periodic actuarial valuations are reviewed to assess the impact of external factors on the scheme liability.

FUNDRAISING

Summit Learning Trust has during the period used the following fundraising routes:

- Request for periodic donations from parents
- Request for donations from suppliers for specific projects
- Use of easyfundraising website
- Student led fundraising for specific trips and causes

None of these methods involved unreasonably intrusive or persistent methods of communication and there is no undue pressure placed on any of the individuals/companies to donate to the Trust.

PLANS FOR FUTURE PERIODS

Summit Learning Trust strives to continually improve levels of attainment for all students and pupils, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment.

The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child achieve their full potential.

The Trust believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the Academy strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extra-curricular activities.

It is a significant priority of the Trust to ensure that all settings continue to be supported to make excellent progress both in Leadership and Management and Teaching and Learning. Alongside this the trust will explore opportunities as they arise to work with, and support other organisations and promote prudent growth within the trust.

FUNDS HELD AS CUSTODIAN AND AGENCY ARRANGEMENTS

The academy trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a % of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

The Sixth Form College, Solihull holds custodian funds on behalf of The Flora Forster Fund from which it makes bursary payments to students. The balance held at the year end on behalf of the Fund was £16,252.

Otherwise, neither Summit Learning Trust or the Board of Trustees are acting as third party custodial trustees.

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DIRECTORS' REPORT (continued)
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EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy
- Health & safety policy
- Pay policies for teaching/non-teaching staff

In accordance with the Trust's Equal Opportunities Policy, the Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

DISCLOSURE OF INFORMATION TO AUDITOR

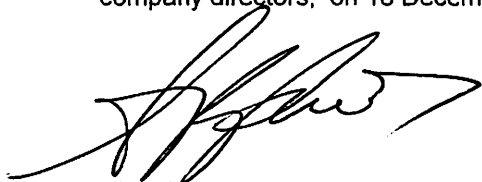
Insofar as the Directors are aware:

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

AUDITOR

The auditors, Crowe U.K. LLP are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Directors' Report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 18 December 2018 and signed on its behalf by:



Alan Price
Chair of Directors

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As directors, we acknowledge we have overall responsibility for ensuring that Summit Learning Trust (formerly Ninestiles Academy Trust Limited) 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 directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Summit Learning Trust (formerly Ninestiles Academy Trust Limited) and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met 5 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Director	Meetings attended	Out of a possible
Karen Crowston	5	5
Vrigu Dey	4	5
David Werry	3	5
Ateef Azam	5	5
Richard Beamish	4	5
Neal Clements	5	5
Catherine Anwar	5	5
Jonathan Bridges	3	5
Shilpa Unarkat	3	5
Fiona Dennis-Stephens	4	5
Alan Price, Chair	4	5
Mary LeBreuilly	4	5

The composition of the board of trustees has changed significantly during the year as a result of the conversion of Cockshut Hill School and The Sixth Form College, Solihull. As part of the conversion process of the College a Joint Governance Group made up of representatives from both sides was formed and met regularly to ensure that the conversion process ran smoothly and also to ensure that the governance model going forward was fit for purpose for the Trust.

REVIEW OF VALUE FOR MONEY

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

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

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GOVERNANCE STATEMENT (continued)

The Strategic group (Finance and Resources) continues to apply the four principles of best value:

Challenge

Is the Trust's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do stakeholders want?

Compare

How does the Trust's student performance and financial performance compare with all schools? How does it compare with similar schools/Trusts?

Consult

How does the Trust seek the views of stakeholders about the services the Trust provides?

Compete

How does the Trust secure efficient and effective services? Are services of appropriate quality, economic value?

The SG (Finance and Resources) Approach

The trustees and school business managers apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the schools and the Trust;
- the targeting of resources to best improve standards and the quality of provision; and
- the use of resources to best support the various educational needs of all students.

Trustees, and the school business managers, will:

- make comparisons with other/similar schools using data provided by the Government, e.g. FFT, of teaching & learning, levels of expenditure.
- challenge proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual student achievement targets, expansion of number of form entry.
- require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup, e.g. provision of computer suite, redecoration.
- consult individuals and organisations on quality/suitability of service we provide to parents and students, and services we receive from providers, e.g. Sex and Relationships Education, student reports, assigned inspector, OFSTED, maintenance consultant, Energy.

This will apply in particular to:

- staffing
- use of premises
- use of resources
- quality of teaching
- quality of learning
- purchasing
- students' welfare
- health and safety

Trustees and school business managers:

- will not waste time and resources on investigating minor areas where few improvements can be achieved
- will not waste time and resources to make minor savings in costs

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GOVERNANCE STATEMENT (continued)

- will not waste time and resources by seeking tenders for minor supplies and services

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

Trustees and school business managers develop procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures already in place include:

- competitive tendering procedures (e.g. for goods and services above £10,000 as per delegation statement but much lower values where appropriate)
- procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship)
- procedures which minimise office time by the purchase of goods or services under £1,000 direct from known, reliable suppliers (e.g. stationery, small equipment)

During the year the Trust has set up a procurement team to ensure that the Trust is purchasing in a manner that attracts best value supplies that are of a suitable standard to enable quality teaching and learning as well as ensuring that procurement exercises are undertaken in accordance with all relevant legislation.

Trustees and school business managers review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for students, staff and visitors.

Monitoring

These areas will be monitored for best value by:

- In-house monitoring by the Principal and curriculum managers, e.g. classroom practice, work sampling
- Annual Performance Management
- Annual Budget Planning
- Analysis's of school student performance data
- Analysis of DfE student performance data, e.g. Fischer Family Trust
- OFSTED Inspection reports
- Trustees' termly committee meetings

During the year a number of services were contracted for on a Trust wide basis. This brought the benefit of financial economies of scale plus additional resources available to the pupils, students, staff, academy trustees and directors within the Trust than under the previous stand-alone school contracts. This was particularly evident in areas such as Educational Psychology, CPD, HR advice, insurance and Leadership Support. The Trust continues to develop an ICT strategy that will allow the benefits to be felt across the Trust both in respect of value, the services provided by our suppliers and how this manifests itself in teaching and learning outcomes.

The Trust's financial statements are available on the Trust website and are returned to the Department of Education and Companies House. The financial statements are subject to external audit which includes a Regularity Assurance Report. This assurance report covers two aspects of the use of public funds being Regularity and Propriety. Regularity derives from the concern that public money is used only for the purposes intended by Parliament and propriety is concerned with the standards of conduct, behaviour and corporate governance. No issues have been raised by the auditors in respect of external audit or regularity and propriety.

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

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GOVERNANCE STATEMENT (continued)

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 Summit Learning Trust (formerly Ninestiles Academy Trust Limited) for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of directors 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 board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of directors has considered the need for a specific internal audit function and has decided to appoint Crowe U.K. LLP as internal auditor.

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

- Thresholds for sign offs in accordance with the scheme of delegation
- Review of the robustness of financial planning and budget monitoring at an establishment level
- Staff expenses

On a termly basis, the auditor will report to the board of directors through the audit committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

The Risk and Audit Committee is currently formulating a strategy for the next two years taking the key risks from the Trusts Risk Register and mapping out the controls in place to mitigate these risks. A schedule of work will then be designed to take place over the period that ensures that these controls are operating effectively. This will involve different levels of testing some of which will be via internal auditors, some via peer or trustee review and some via other appointed experts dependent on the area of testing required.

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

- the work of the external auditor;
- 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 Strategic Group (Finance and Resources) 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 directors on 18 December 2018 and signed on their behalf, by:



Alan Price
Chair of Trustees



Catherine Anwar
Accounting Officer

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Summit Learning Trust (formerly Ninestiles Academy Trust Limited) 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 board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



Catherine Anwar
Accounting Officer

Date: 18 December 2018

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors are responsible for preparing the Directors' Report and the financial statements 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 Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors 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 2017 to 2018;
- make judgments 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors 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 Directors 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 Directors 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 directors on 18 December 2018 and signed on its behalf by:



Alan Price
Chair of Directors

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)

OPINION

We have audited the financial statements of Summit Learning Trust (formerly Ninestiles Academy Trust Limited) (the 'academy trust') for the year ended 31 August 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements 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 financial statements are authorised for issue.

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SUMMIT
LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

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 Directors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' 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 trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report including the 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Directors' responsibilities statement, the directors 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 Directors 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 Directors 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 Directors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.


Helen Drew, (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 20-12-18

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SUMMIT
LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED) AND THE EDUCATION &
SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 4 May 2018 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 Summit Learning Trust (formerly Ninestiles Academy Trust Limited) during the year 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 Summit Learning Trust (formerly Ninestiles Academy Trust Limited) and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Summit Learning Trust (formerly Ninestiles Academy Trust Limited) 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 Summit Learning Trust (formerly Ninestiles Academy Trust Limited) and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Summit Learning Trust (formerly Ninestiles Academy Trust Limited)'s funding agreement with the Secretary of State for Education dated 30 April 2013, 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 year 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 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SUMMIT
LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED) AND THE EDUCATION &
SKILLS FUNDING AGENCY (continued)**

CONCLUSION

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

Crowe UK LLP
Crowe U.K. LLP

Reporting Accountant

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: *20-12-18*

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	<i>As restated</i> <i>Total</i> <i>funds</i> <i>2017</i> <i>£000</i>
INCOME FROM:						
Donations & capital grants:						
Transfer from Local Authority on Conversion	2	-	-	-	-	6,911
Transfer on business combinations	2	-	-	-	-	44,103
Other donations and capital grants	2	9	-	1,387	1,396	915
Charitable activities:						
Funding for the academy trust's educational operations	5	989	41,813	-	42,802	33,235
Teaching schools	30	177	17	-	194	553
Other trading activities	3	256	-	-	256	227
Investments	4	74	-	-	74	14
TOTAL INCOME		1,505	41,830	1,387	44,722	85,958
EXPENDITURE ON:						
Raising funds		125	-	-	125	184
Other charitable activities		269	44,015	2,451	46,735	36,117
Teaching schools	30	348	40	-	388	372
TOTAL EXPENDITURE	6	742	44,055	2,451	47,248	36,673
NET INCOME/ (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	763	(2,225)	(1,064)	(2,526)	49,285
		-	222	(222)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		763	(2,003)	(1,286)	(2,526)	49,285
Actuarial gains/(losses) on defined benefit pension schemes	24	-	3,813	-	3,813	(633)
NET MOVEMENT IN FUNDS		763	1,810	(1,286)	1,287	48,652
RECONCILIATION OF FUNDS:						
Total funds brought forward		9,399	(16,052)	103,177	96,524	47,872
TOTAL FUNDS CARRIED FORWARD		10,162	(14,242)	101,891	97,811	96,524

The notes on pages 27 to 53 form part of these financial statements.

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07348167

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	2018 £000	2018 £000	As restated 2017 £000	£000
FIXED ASSETS					
Intangible assets	12		12		-
Tangible assets	13		100,813		102,567
			<u>100,825</u>		<u>102,567</u>
CURRENT ASSETS					
Debtors	14	1,470		1,611	
Investments	15	10,000		6,250	
Cash at bank and in hand		6,714		9,946	
		<u>18,184</u>		<u>17,807</u>	
CREDITORS: amounts falling due within one year	16	(3,817)		(4,459)	
NET CURRENT ASSETS			<u>14,367</u>		<u>13,348</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>115,192</u>		<u>115,915</u>
CREDITORS: amounts falling due after more than one year	17		(125)		(219)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>115,067</u>		<u>115,696</u>
Defined benefit pension scheme liability	24		(17,256)		(19,172)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>97,811</u>		<u>96,524</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	19	3,014		3,120	
Pension reserve	19	(17,256)		(19,172)	
Restricted fixed asset funds	19	101,891		103,177	
Total restricted funds			<u>87,649</u>		<u>87,125</u>
Unrestricted income funds	19		10,162		9,399
TOTAL FUNDS			<u>97,811</u>		<u>96,524</u>

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 23 to 53 were approved by the Directors, and authorised for issue, on 18 December 2018 and are signed on their behalf, by:



Alan Price
Chair of Directors

The notes on pages 27 to 53 form part of these financial statements.

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(152)	2,013
Cash flows from investing activities:			
Interest from investments		74	14
Purchase of fixed assets		(709)	(576)
Capital grants from DfE Group		1,395	869
Cash transferred on conversion to an academy trust		-	383
Cash transferred on business combinations		-	1,041
Purchase of investments		(3,750)	-
Net cash (used in)/provided by investing activities		(2,990)	1,731
Cash flows from financing activities:			
Repayments of borrowings		(90)	(87)
Net cash used in financing activities		(90)	(87)
Change in cash and cash equivalents in the year		(3,232)	3,657
Cash and cash equivalents brought forward		9,946	6,289
Cash and cash equivalents carried forward		6,714	9,946

The notes on pages 27 to 53 form part of these financial statements.

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Company status

The academy trust is a company limited by guarantee. The academy trust is incorporated in England & Wales, registered number 07348167. The registered office is Hartfield Crescent, Birmingham, B27 7QG. The members of the company are named on page 1. In the event of the academy trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy trust.

1.3 Going concern

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

1.4 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 Directors.

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 Department for Education Group.

Where the academy purchases capital items from the General Annual Grant (GAG) during the period, this is represented by a transfer from the restricted general fund to the restricted fixed asset fund.

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Income

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

1.6 Expenditure

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

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

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

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.7 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

1.8 Tangible fixed assets and depreciation

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

For assets transferred on conversion, where a professional valuation for land and buildings transferred into the Trust is not readily available, the Trust has determined a reasonable estimate of the current value using insurance valuations and other information available from other schools within the Trust.

Assets transferred on business combinations are valued at fair value at the date of transfer.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

Long leasehold buildings	-	50 years
Freehold Property	-	50 years
Freehold major refurbishments	-	10 years
Plant and machinery	-	4 years - 10 years
Fixtures, fittings and equipment	-	10 years
ICT equipment	-	3 years - 4 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 incorporating Income and Expenditure Account.

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1. ACCOUNTING POLICIES (continued)

1.9 Operating leases - as lessor and lessee

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.10 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.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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1. ACCOUNTING POLICIES (continued)

1.14 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 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. 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 instruments.

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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1. ACCOUNTING POLICIES (continued)

1.16 Agency arrangements

The academy trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a % of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 18.

1.17 Critical accounting estimates and areas of judgment

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

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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.

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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	<i>As restated Total funds 2017 £000</i>
Transfer from Local Authority	-	-	-	-	6,911
Transfer on business combinations	-	-	-	-	44,103
	-	-	-	-	51,014
Donations	9	-	-	9	46
Capital grants	-	-	1,387	1,387	869
Subtotal	9	-	1,387	1,396	915
	9	-	1,387	1,396	51,929
<i>Total 2017</i>	<i>7,001</i>	<i>(5,337)</i>	<i>50,265</i>	<i>51,929</i>	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Lettings income	150	150	72
Other income	106	106	155
	256	256	227
<i>Total 2017</i>	<i>227</i>	<i>227</i>	

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4. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Investment income	74	74	14
<i>Total 2017</i>	14	14	

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	38,087	38,087	28,419
Start Up Grant	-	19	19	199
Other DfE/ESFA grants	-	3,137	3,137	3,144
	-	41,243	41,243	31,762
Other government grants				
Local Authority Grants	-	570	570	668
	-	570	570	668
Other funding				
Catering Income	565	-	565	565
Other Incoming Resources	424	-	424	240
	989	-	989	805
	989	41,813	42,802	33,235
<i>Total 2017</i>	805	32,430	33,235	

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**NOTES TO THE FINANCIAL STATEMENTS
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6. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	<i>Total</i> <i>2017</i> <i>£000</i>
Expenditure on fundraising trading	-	-	125	125	184
Funding for the Academy's educational operations:					
Direct costs	23,817	2,451	3,036	29,304	23,608
Support costs	9,996	3,683	3,752	17,431	12,509
Teaching schools	271	-	117	388	372
	<u>34,084</u>	<u>6,134</u>	<u>7,030</u>	<u>47,248</u>	<u>36,673</u>
<i>Total 2017</i>	<u>25,976</u>	<u>4,528</u>	<u>6,169</u>	<u>36,673</u>	

7. SUPPORT COSTS

	Funding for the Academy's educational operations £000	Total 2018 £000	<i>Total</i> <i>2017</i> <i>£000</i>
Technology costs	256	256	259
Premises costs (including PFI charge)	3,683	3,683	2,648
Other support costs	3,445	3,445	3,069
Auditor's remuneration	22	22	20
Other audit costs	12	12	10
Professional fees	17	17	92
Wages and salaries	9,996	9,996	6,411
	<u>17,431</u>	<u>17,431</u>	<u>12,509</u>
<i>Total 2017</i>	<u>12,509</u>	<u>12,509</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the academy	2,451	1,877
Operating lease rentals:		
- PFI charges	1,178	1,181
- Other operating leases	263	96
Fees payable to auditor for:		
- audit	22	20
- other services	12	10
Loan interest paid	18	21
	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	23,708	18,804
Social security costs	2,424	1,883
Operating costs of defined benefit pension schemes	6,452	4,240
	<u>32,584</u>	<u>24,927</u>
Agency staff costs	1,147	751
Staff restructuring costs	353	298
	<u>34,084</u>	<u>25,976</u>

Staff restructuring costs comprise:

	2018 £000	2017 £000
Redundancy payments	278	256
Severance payments	75	42
	<u>353</u>	<u>298</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £75,308 (2017: £41,731). Individually the payments were £5,150, £16,876, £16,876, £5,232, £21,516 and £9,658.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	419	288
Administration and support	442	345
Management	42	58
	<u>903</u>	<u>691</u>

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9. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	17	13
In the band £70,001 - £80,000	1	3
In the band £80,001 - £90,000	0	2
In the band £90,001 - £100,000	4	2
In the band £100,001 - £110,000	1	2
In the band £120,001 - £130,000	0	1
In the band £130,001 - £140,000	1	0

e. Key management personnel

The key management personnel of the academy trust comprise the directors 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 £624,471 (2017: £533,614).

10. RELATED PARTY TRANSACTIONS - DIRECTORS' REMUNERATION AND EXPENSES

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

		2018	2017
		£000	£000
Catherine Anwar	Remuneration	130-135	40-45
	Pension contributions paid	20-25	5-10

During the year, no Directors received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, Directors received reimbursement of expenses totalling £848 (2017 - £NIL).

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11. CENTRAL SERVICES

The academy trust has provided the following central services to its academies during the year:

- Leadership, Finance and Administrative Support
- IT Consultancy
- Governance costs
- Literacy and numeracy support
- CPD for staff and trust officials
- Student support services (i.e. Speech and Language Therapy)

The academy trust charges for these services on the following basis:

A flat rate of 4% of the GAG income of each school

The actual amounts charged during the year were as follows:

	2018 £000	2017 £000
Ninestiles School	320	316
Erdington Hall Primary School	73	74
The Oaklands Primary School	72	63
Pegasus Primary School	41	41
Yarnfield Primary School	107	109
Lyndon School	219	232
Cockshut Hill School	272	265
Solihull Sixth Form College	383	-
	1,487	1,100
Total	1,487	1,100

12. INTANGIBLE FIXED ASSETS

	Intangible fixed assets £000
Cost	
At 1 September 2017	-
Additions	12
	12
At 31 August 2018	12
Carrying amount	
At 31 August 2018	12
	12
At 31 August 2017	-
	-

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13. TANGIBLE FIXED ASSETS

	Leasehold Land and Buildings £000	Freehold Land and Buildings £000	Plant and machinery (including motor vehicles) £000	Furniture and Computer Equipment £000	Total £000
Cost					
At 1 September 2017 (as previously stated)	55,010	21,235	583	2,798	79,626
Prior year adjustment	-	30,302	-	-	30,302
At 1 September 2017 (as restated)	55,010	51,537	583	2,798	109,928
Additions	5	-	46	646	697
At 31 August 2018	55,015	51,537	629	3,444	110,625
Depreciation					
At 1 September 2017	5,228	375	287	1,471	7,361
Charge for the year	1,101	637	61	652	2,451
At 31 August 2018	6,329	1,012	348	2,123	9,812
Net book value					
At 31 August 2018	48,686	50,525	281	1,321	100,813
At 31 August 2017 (as restated)	49,782	51,162	296	1,327	102,567

Included in freehold land and buildings is land valued at £19,664,000 (2017: £19,664,000) which is not depreciated.

The Academy Trust took out a 125 year leases over the schools' land and buildings at the dates of conversion of the constituent schools. The leasehold properties are owed by Birmingham City Council and Solihull Metropolitan Borough Council.

In 2016 the Trust granted a leasehold on land and buildings which will generate yearly rental income of £8,500 as disclosed in note 25.

14. DEBTORS

	2018 £000	2017 £000
Trade debtors	9	24
Other debtors	519	631
Prepayments and accrued income	942	956
	1,470	1,611

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**NOTES TO THE FINANCIAL STATEMENTS
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15. CURRENT ASSET INVESTMENTS

	2018 £000	2017 £000
Cash at banks and building societies	<u>10,000</u>	<u>6,250</u>

16. CREDITORS: Amounts falling due within one year

	2018 £000	2017 £000
Other loans	94	90
Trade creditors	670	1,815
Other taxation and social security	213	205
Other creditors	1,151	1,218
Accruals and deferred income	1,689	1,131
	<u>3,817</u>	<u>4,459</u>
	2018	2017
	£000	£000
Deferred income		
Deferred income at 1 September 2017	249	173
Resources deferred during the year	236	249
Amounts released from previous years	(249)	(173)
	<u>236</u>	<u>249</u>

Deferred income relates to free school meals funding and other income received in advance of the next academic year.

17. CREDITORS: Amounts falling due after more than one year

	2018 £000	2017 £000
Loan due to Birmingham City Council	<u>125</u>	<u>219</u>

Included within the above are amounts falling due as follows:

	2018 £000	2017 £000
Between one and two years		
Loans due to Birmingham City Council	<u>99</u>	<u>94</u>
Between two and five years		
Loans due to Birmingham City Council	<u>26</u>	<u>125</u>

SUMMIT LEARNING TRUST (FORMERLY NINESTILES ACADEMY TRUST LIMITED)
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NOTES TO THE FINANCIAL STATEMENTS
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18. AGENCY ARRANGEMENTS

The academy distributes bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £243,934 (2017: £1,966) and disbursed £243,934 (2017: £1,966) from the fund. An amount of £7,144 (2017: £7,144) is included in other creditors relating to undistributed funds.

The academy distributes grants to students as an agent for the NCTL. In the accounting period ending 31 August 2018 the trust received £71,000 (2017: £251,000) and disbursed £47,500 (2017: £200,100) from the fund. A repayment of £50,900 (2017: £12,500) was made to the NCTL in respect of funds brought forward. An amount of £23,500 (2017: £50,900) is included in other creditors relating to undistributed funds.

The academy distributes bursaries to students as a custodian of funds for the Flora Forster Investment Fund. In the accounting period ending 31 August 2018, the trust received £Nil (2017: £105,252) and disbursed £34,000 (2017: £59,000) from the fund. An amount of £16,252 (2017: £50,252) is included in other creditors relating to undistributed funds.

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds	9,399	1,505	(742)	-	-	10,162
Restricted funds						
General Annual Grant (GAG)	3,064	38,087	(38,389)	222	-	2,984
Start Up Grant	-	19	(19)	-	-	-
Other DfE/ESFA Grant	-	3,137	(3,137)	-	-	-
Local Authority Grants	-	570	(570)	-	-	-
Endowment funds	33	-	(3)	-	-	30
Teaching schools	23	17	(40)	-	-	-
Pension reserve	(19,172)	-	(1,897)	-	3,813	(17,256)
	<u>(16,052)</u>	<u>41,830</u>	<u>(44,055)</u>	<u>222</u>	<u>3,813</u>	<u>(14,242)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	610	1,387	-	(931)	-	1,066
Fixed Asset Fund	102,567	-	(2,451)	709	-	100,825
	<u>103,177</u>	<u>1,387</u>	<u>(2,451)</u>	<u>(222)</u>	<u>-</u>	<u>101,891</u>
Total restricted funds	<u>87,125</u>	<u>43,217</u>	<u>(46,506)</u>	<u>-</u>	<u>3,813</u>	<u>87,649</u>
Total of funds	<u>96,524</u>	<u>44,722</u>	<u>(47,248)</u>	<u>-</u>	<u>3,813</u>	<u>97,811</u>

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

The government capital funds are provided by the government for specific capital projects.

The restricted income fund is subject to specific expenditure within the charitable company's declared objectives. DfE grants relate to government funding for the provision of education by the charitable company. Funding is repayable if the charitable company does not meet all funding requirements.

Local authority grants relate to local authority funding for the provision of education by the charitable company.

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19. STATEMENT OF FUNDS (continued)

Within restricted funds are endowment funds transferred from The Sixth Form College, Solihull related to three specific funds:

Heartfield/Wharam Memorial Fund

A fund donated to support the furthering of musical education and training. The balance on this fund at the year end was £5,000.

Roger Coombs memorial fund

Award provided as grants to students of Modern Foreign Languages to enable them to visit Russia or a French-speaking country. The balance on this fund at the year end was £8,000.

Terry Kitson memorial fund

Awards provided as a bursary to reward and facilitate students involved in voluntary work within the wider community in the UK or overseas. The balance on this fund at the year end was £17,000.

Transfers to the restricted fixed asset fund represent purchases from the GAG. Transfers from the restricted fixed asset fund represent expenditure incurred during the year on repairs and maintenance projects funded by capital grants accorded for this purpose.

Transfers to the restricted fund represent expenditure incurred during the year on employee salaries subsequently recharged to a Local Authority.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	<i>Total 2017 £000</i>
Ninestiles School	2,319	2,242
Erdington Hall Primary School	(26)	49
The Oaklands Primary School	561	513
Pegasus Primary School	(82)	56
Yarnfield Primary School	309	611
Lyndon School	1,043	1,261
Solihull Sixth Form College	7,660	6,848
Cockshut Hill School	1,111	638
Trust	281	301
Total before fixed asset fund and pension reserve	13,176	12,519
Restricted fixed asset fund	101,891	103,228
Pension reserve	(17,256)	(19,172)
Total	97,811	96,575

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19. STATEMENT OF FUNDS (continued)

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £000
Erdington Hall Primary School	(26)
Pegasus Primary School	(82)

Main reasons for the deficit are the payment of LGPS past deficit balances upfront (as Trust cash balances allowed) as well as a staff structure that were out of kilter with the other schools in the Trust.

The academy trust is taking the following action to return the academies to surplus:

Efforts are well in place to redesign the staff structure for the next financial year with the plan in the short term to balance the finances of the schools in year and then going forward to look at eliminating the deficit. In the meantime, the schools will continue to have the full support of the Trust especially during the implementation of Trust wide strategies that stand alone the schools would be unable to fulfil.

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2018 £000	Total 2017 £000
Ninestiles School	4,967	2,214	244	1,466	8,891	7,708
Erdington Hall Primary School	1,491	322	148	379	2,340	2,017
The Oaklands Primary School	1,452	292	76	310	2,130	1,627
Pegasus Primary School	813	202	76	250	1,341	1,116
Yarnfield Primary School	2,313	545	121	589	3,568	2,842
Lyndon School	3,710	1,041	217	1,256	6,224	5,535
Cockshut Hill School	3,727	1,566	272	2,025	7,590	6,348
Solihull Sixth Form College	4,753	1,654	293	1,785	8,485	482
Trust	591	2,431	145	1,061	4,228	7,122
	<u>23,817</u>	<u>10,267</u>	<u>1,592</u>	<u>9,121</u>	<u>44,797</u>	<u>34,797</u>

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19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2017 £000</i>
General Funds	2,182	8,520	(1,303)	-	-	9,399
Restricted funds						
General Annual Grant (GAG)	2,599	28,419	(28,388)	434	-	3,064
Start up grant	-	199	(199)	-	-	-
Other DfE/ESFA Grant	-	3,144	(3,144)	-	-	-
Local Authority Grants	-	668	(668)	-	-	-
Donations	-	40	(40)	-	-	-
Teaching schools	-	80	(57)	-	-	23
Transfer on conversion - endowment funds	-	33	-	-	-	33
Pension reserve	(12,132)	(5,410)	(997)	-	(633)	(19,172)
	<u>(9,533)</u>	<u>27,173</u>	<u>(33,493)</u>	<u>434</u>	<u>(633)</u>	<u>(16,052)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	751	869	-	(1,010)	-	610
Fixed Asset Fund	54,472	49,396	(1,877)	576	-	102,567
Total restricted funds	<u>45,690</u>	<u>77,438</u>	<u>(35,370)</u>	<u>-</u>	<u>(633)</u>	<u>87,125</u>
Total of funds	<u><u>47,872</u></u>	<u><u>85,958</u></u>	<u><u>(36,673)</u></u>	<u><u>-</u></u>	<u><u>(633)</u></u>	<u><u>96,524</u></u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Intangible fixed assets	-	-	12	12
Tangible fixed assets	-	-	100,813	100,813
Current assets	10,162	6,957	1,066	18,185
Creditors due within one year	-	(3,818)	-	(3,818)
Creditors due in more than one year	-	(125)	-	(125)
Provisions for liabilities and charges	-	(17,256)	-	(17,256)
	<u>10,162</u>	<u>(14,242)</u>	<u>101,891</u>	<u>97,811</u>

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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2017 £000</i>	<i>2017 £000</i>	<i>2017 £000</i>	<i>2017 £000</i>
Tangible fixed assets	-	-	102,567	102,567
Current assets	9,399	7,798	610	17,807
Creditors due within one year	-	(4,459)	-	(4,459)
Creditors due in more than one year	-	(219)	-	(219)
Provisions for liabilities and charges	-	(19,172)	-	(19,172)
	<u>9,399</u>	<u>(16,052)</u>	<u>103,177</u>	<u>96,524</u>

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

	2018 £000	2017 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(2,526)	49,285
Adjustment for:		
Depreciation charges	2,451	1,877
Interest from investments	(74)	(14)
Decrease/(increase) in debtors	141	(128)
(Decrease)/increase in creditors	(646)	1,879
Capital grants from DfE and other capital income	(1,395)	(869)
Defined benefit pension scheme obligation inherited	-	5,410
Defined benefit pension scheme cost less contributions payable	1,419	679
Defined benefit pension scheme finance cost	478	318
Net gain on assets and liabilities from local authority on conversion	-	(9,309)
Net gain on assets and liabilities from business combinations	-	(47,115)
Net cash (used in)/provided by operating activities	(152)	2,013

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash in hand	6,316	7,021
Notice deposits (less than 3 months)	398	2,925
Total	6,714	9,946

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23. CAPITAL COMMITMENTS

At 31 August 2018 the academy trust had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	-	279

24. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- 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

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24. PENSION COMMITMENTS (continued)

- 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 April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £2,572,000 (2017 - £2,079,918).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,990,000 (2017 - £1,242,000), of which employer's contributions totalled £1,535,000 (2017 - £951,000) and employees' contributions totalled £455,000 (2017 - £291,000). The agreed contribution rates for future years are 18.7% - 22.2% for employers and a range based on salary levels % for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	21.9	21.8
Females	24.4	24.3
Retiring in 20 years		
Males	24.1	24
Females	26.7	26.6

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis on scheme liabilities		

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

Discount rate +0.1%	39,465	39,399
Discount rate -0.1%	41,197	41,129
Mortality assumption - 1 year increase	41,698	41,616
Mortality assumption - 1 year decrease	38,994	38,938

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	14,595	13,338
Gilts	1,659	1,542
Corporate bonds	854	812
Property	1,872	1,541
Cash and other liquid assets	865	1,049
Other	3,220	2,800
	<u>23,065</u>	<u>21,082</u>

The actual return on scheme assets was £258,000 (2017 - £1,663,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £000	2017 £000
Net interest expense	478	318
Admin expenses	9	4
Current service cost	2,945	7,036
	<u>3,432</u>	<u>7,358</u>

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

	2018 £000	2017 £000
Opening defined benefit obligation	40,254	20,453
Interest cost	1,049	532
Employee contributions	455	291
Actuarial (gains)/losses	(4,126)	1,867
Benefits paid	(256)	(57)
Current service cost	2,945	1,626
Liabilities assumed on a business combination	-	15,542
	<u>40,321</u>	<u>40,254</u>

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24. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	21,082	8,321
Interest income	571	214
Actuarial gains/(losses)	(313)	1,234
Employer contributions	1,535	951
Contributions by Scheme participants and other employers	455	291
Benefits paid	(256)	(57)
Administration expenses	(9)	(4)
Assets assumed on business combinations	-	10,132
	<u>23,065</u>	<u>21,082</u>
Closing fair value of scheme assets	<u>23,065</u>	<u>21,082</u>

25. OPERATING LEASE COMMITMENTS

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

	2018 £000	2017 £000
Amounts payable:		
Within 1 year	1,494	1,441
Between 1 and 5 years	6,072	5,905
After more than 5 years	14,466	16,158
Total	<u>22,032</u>	<u>23,504</u>
Amounts receivable:		
Within 1 year	9	9
Between 1 and 5 years	16	25
Total	<u>25</u>	<u>34</u>

The Charitable Company is committed to funding payments under the PFI scheme for Yarnfield Primary School and Cockshut Hill School. Separate funding is received from the ESFA towards these costs for Cockshut Hill, with approximately 75% of the total cost being met under this agreement.

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26. PRIOR YEAR ADJUSTMENT

During the year a valuation for the land and buildings of Solihull Sixth Form College was carried out. An adjustment has been made to recognise the uplift to their fair value on the transfer on business combinations. The land and buildings were previously included at their net book value of £10,083,580 and are now recognised based on the valuation obtained at 31 August 2017 of £40,386,000.

27. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

28. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £1,705 (2017 - £1,596).

29. MEMBERS' LIABILITY

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

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30. TEACHING SCHOOL TRADING ACCOUNT

	2018 £000	2018 £000	2017 £000	2017 £000
INCOME				
DIRECT INCOME				
Other income	193		553	
OTHER INCOME				
Fundraising and other trading activities	1		-	
TOTAL INCOME		194		553
EXPENDITURE				
DIRECT EXPENDITURE				
Direct staff costs	229		216	
Other direct costs	33		154	
OTHER EXPENDITURE				
Support staff costs	42		-	
Other support costs	84		2	
TOTAL EXPENDITURE		388		372
(DEFICIT) / SURPLUS FROM ALL SOURCES		(194)		181
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017		181		-
TEACHING SCHOOL BALANCES AT 31 AUGUST 2018		(13)		181

The Teaching School deficit has been met by unrestricted funds.