

Financial Statements
United Church Schools Trust
(Limited by Guarantee)

For the Year Ended 31 August 2016

Registered number: 02780748

United Church Schools Trust (Limited by Guarantee)
(A company limited by guarantee)

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United Church Schools Trust (Limited by Guarantee)
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Reference and Administrative Details of the Charitable Company, its Trustees and Advisers For the Year Ended 31 August 2016

Company registered number	02780748
Charity registered number	1016538
Registered office	Worldwide House Thorpe Wood Peterborough PE3 6SB
Company secretary	Mr S Whiffen
Chief executive officer	Mr J Coles
Senior management team and key management personnel (at 1 September 2016)	Mr J Coles, Chief Executive Officer Ms A Bush, Head of Strategy and Performance Mrs L Johnston, Chief Financial Officer Mr G Harvey-Browne, Director of Estates Mr D Norrish, Group Director of Technology Mrs M Coalter, Director of People Dame S Coates, Director of Secondary Academies (South) Mrs J Woods, Director of Secondary Academies (North) Mr D Lee, Primary Director
Independent auditor	Grant Thornton UK LLP Chartered Accountants Senior Statutory Auditor Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW
Bankers	Barclays Bank PLC

United Church Schools Trust (Limited by Guarantee)
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Reference and Administrative Details of the Charitable Company, its Trustees and Advisers For the Year Ended 31 August 2016

Advisers (continued)

Solicitors

Hewitsons LLP
Elgin House
Billing Road
Northampton
NN1 5AU

Stone King LLP
91 Charterhouse Street
London
EC1M 6HR

Trustees

Mrs A Crowe, Chair
Mr R Greenhalgh
Mrs L Heaver
Mr E Kock (resigned 30 September 2015)
Mr M Litchfield
Mrs S Squire

Biographies for Trustees can be found at www.unitedlearning.org.uk

United Church Schools Trust (Limited by Guarantee)
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Trustees' Report

For the Year Ended 31 August 2016

The Trustees (who are also directors of the Charitable Company for the purposes of the Companies Act) present their annual report together with the audited financial statements of United Church Schools Trust (Limited by Guarantee) (the Charitable Company) for the year ended 31 August 2016. The Trustees confirm that the Trustees' Report and financial statements of the Charitable Company comply with the current statutory requirements, the requirements of the Charitable Company's governing document and the provisions of 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 (FRS102) ("SORP 2015").

Constitution and objects

The United Church Schools Trust (Limited by Guarantee) is registered with the Charity Commission (No. 1016538) and is constituted as a company limited by guarantee, governed by Memorandum and Articles of Association, which were last amended in 2004. The Charitable Company is established for charitable purposes and in accordance with its Memorandum of Association its principal activity is to provide a liberal, practical and general education for children which includes religious instruction in the doctrine and duties of Christianity.

Members of the Board (hereafter called "Trustees")

The present membership of the Board is set out under Reference and Administrative Details. All Trustees served throughout the year except where indicated. The following Trustees were appointed or retired from the Board:

Trustee	Date of resignation or retirement
Mr E Kock	Resigned 30 September 2015

Each member of the Board of Trustees holds one share in United Church Schools Foundation Limited (UCSF) the ultimate parent undertaking.

Appointment of Trustees

The Board has the power to appoint any person as an additional Trustee or to fill a casual vacancy. A Trustee holds office for three years, after which they must resign. They may remain in office for a further three years with the consent of the Board. Following this, they shall be eligible for re election annually upon the proposal of the Chair.

The training and induction provided for new Trustees is dependent upon their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Trustees are given tours of the United Learning Group's ("the Group") schools and academies and the chance to meet with staff and students. They are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. Induction is tailored specifically to the individual. The Company Secretary works with the Trustees to identify training needs and steps to keep the trustees updated regarding the regulatory environment.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Governance

The Board of Trustees have delegated their powers and functions to a committee of Trustees known as the Group Board. All the Trustees of United Church Schools Trust ('UCST') are members of the Group Board. Members of the Group Board also include persons who are Trustees of United Learning Trust ('ULT') a subsidiary Charitable Company. The Group Board carries out an annual self evaluation process to review its effectiveness and continue to improve its performance. The Group Board met for a total of 7 meetings during the year and the UCST board of Trustees held 1 independent meeting. Attendance during the year at the meetings of the Trustees was as follows:

Trustee	Group Board meetings attended	Out of a possible	UCST meetings attended	Out of a possible
Mrs A Crowe	7	7	1	1
Mr R Greenhalgh	7	7	1	1
Mrs L Heaver	7	7	0	1
Mr E Kock	0	0	0	0
Mr M Litchfield	7	7	1	1
Mrs S Squire	6	7	0	1

The Board of Trustees delegates clear responsibilities to the Schools' Local Governing Bodies (LGBs), whose purpose is to provide support and challenge to the school on behalf of the Board. The functions and duties of the LGBs are set out in the LGB Terms of Reference. The Group Board maintains links with the LGBs through the Company Secretary, and designated Directors for the schools. The Chairs of the LGBs attend meetings of the Education Board, which meets three times in the academic year and provides advice on strategy and education, further enhancing communications between Local Governing Bodies and the Trustees. The Board of Trustees has four committees which advise on matters defined by their terms of reference. The Committees are the Finance Committee, the Risk and Audit Committee, the Nominations and Salaries Committee and the Education, Standards and Performance Committee. The minutes of the four Committees are made available to the Board of Trustees at meetings of the Group Board and the Chair of the Risk and Audit Committee reports to the Board of Trustees twice a year at meetings of the Group Board.

The Finance Committee's purpose is to:

- ensure that the Charitable Company properly plans the use of its finances and is adequately funded to undertake projected expenditure;
- review and recommend the annual budgets for approval by the board of Trustees;
- monitor financial performance against agreed budgets;
- ensure, with the Risk and Audit Committee, that the Charitable Company's financial statements are supported accurately by management accounts;
- monitor and review the Charitable Company's arrangements in relation to investments and make recommendations to the Board of Trustees in relation to the appointment and removal of investment advisors.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of possible
Sir A Greener (chair)	5	6
Dr S Critchley	6	6
Mrs A Crowe	6	6
Mr M George	4	6
Mr R Greenhalgh	6	6
Mr M Litchfield	6	6
Mr N Robson	3	6

The Risk and Audit Committee advises the main Board of Trustees. Its purpose is to:

- create and ensure implementation of a risk management framework for the Group and to oversee disaster recovery;
- ensure the accuracy of the Charitable Company's annual financial statements;
- ensure effective audit functions are in place (both external and internal);
- ensure adequate risk management processes are in place;
- ensure an adequate internal control environment is established.

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of a possible
Professor C Coulson-Thomas (chair)	3	3
Mrs K Bowles	3	3
Dr S Critchley	3	3
Mr D D'Arcy Hughes	2	3

A Group Nominations and Salaries Committee is in place whose purpose is to oversee the appointments of the Group Chairman, Directors and Senior Executives and to decide senior salaries and remuneration in line with the Group Board policy guidelines. The committee regularly reviews the terms of office, skills and attributes of the Board of Directors. Recruitment and selection of Directors is based on this and the committee ensures that key skills gaps are identified and addressed. The committee also takes account of Board diversity and strives to ensure the Board composition is diverse particularly in terms of gender and ethnicity. Succession planning has been considered and it is expected that identified future gaps in Board skills and experience will be addressed in the coming year.

The Committee membership is the Chair of the Group Board and the Chairs of UCSF, UCST, ULT and the Chief Executive in attendance. They are advised by the Director of People and Company Secretary as appropriate. The members of the Committee are responsible for recruiting and selecting new Trustees and making recommendations of appointment to the Board.

In considering senior pay, the Committee takes account of the needs of the organisation for skills, experience and personal capabilities to enable it to achieve its objectives and the price of such skills in the labour market. The Committee considers that in order to attract and retain leaders with the skills to achieve organisational objectives, senior pay must be competitive in the marketplace, taking account of the pay rates of comparably senior and skilled employees in other organisations – particularly in comparable organisations in education, in public service and in the charitable sector, and taking account of the transferability of skills into other sectors. The Committee is also mindful of the need for charities and organisations in receipt of public funding to set pay rates which are publicly defensible and seen to be appropriate.

Trustees' Report (continued)

For the Year Ended 31 August 2016

The Committee considers annual pay in relation to the performance of the organisation, and of individuals against their objectives and in their broader contribution and in any changes to job role. The non-executive members of the Committee consider Chief Executive pay on the same basis.

Committee member	Meetings attended	Out of a possible
Mr Richard Greenhalgh (chair)	2	2
Mr Jon Coles	2	2
Mrs Angela Crowe	2	2
Sir Anthony Greener	2	2
Mr Nigel Robson	2	2

In September 2016 a fourth Committee was established, the Group Education Standards and Performance Committee, whose purpose is to:

- ensure that the highest possible standards of education are set and maintained across all schools to ensure all pupils make the best progress they can;
- advise the Group Board with respect to group strategic educational priorities and key performance indicators;
- support the Chief Executive Officer in the creation, implementation and monitoring of the group strategic educational priorities and key performance indicators;
- review, on a regular basis, the performance, constitution, membership, terms of reference and scheme of delegation of local/regional governing bodies to ensure they are operating at maximum effectiveness

The Committee has been appointed by the Trustees and will comprise no more than seven and no fewer than three members, a majority of whom will be Trustees. The initial members of the Committee are Yasmin Bevan, Angela Crowe, Linda Heaver and Nigel Robson.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Charitable Company's 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 UCST for the year from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Charitable Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Charitable Company's significant risks that has been in place for the year from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Trustees' Report (continued)

For the Year Ended 31 August 2016

The Charitable Group has a risk register that identifies the 12 key strategic risks facing the Group, the actions taken to mitigate those risks and the owners of those actions. Risk control is exercised by the senior executive team, which reviews the risk register on a monthly basis. The Risk and Audit Committee considers the risk register at each of their meetings. Its views are reported to the Board of Trustees via the Committee's minutes and the Chair's bi annual report to the Group Board.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports, which are reviewed and agreed by the Board of Trustees;
- regular reviews by the management and the Finance Committee of reports which indicate financial performance against the forecasts and 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 Group employs an internal auditor who has a direct reporting line to the Chair of the Risk and Audit Committee. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Charitable Company's financial systems. In particular, the checks carried out in the current period included testing of payroll and purchase systems, testing of control accounts, bank reconciliations and fixed assets, testing of compliance with the scheme of delegation and internal control, a review of financial reporting, fraud investigations, testing of other fundamental financial and non-financial systems and departments, and a review of strategic and operational risks. On a quarterly basis, the internal auditor reports to the Board of Trustees and the Risk and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Chief Executive

The Trustees delegate the day to day responsibility of the running of the Charitable Company to the Chief Executive.

Connected charities

There is a relationship between United Church Schools Trust (Limited by Guarantee) and other charities as set out in note 25.

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Trustees' Report (continued)

For the Year Ended 31 August 2016

Strategic report

Strategies and activities

About United Learning

Founded in 1883 as an educational charity anchored in the Church of England, the Charitable Company manages the operation of a group of Independent Schools to provide education for students of different abilities between the ages of 2 and 18. Its admission policies welcome people from all employment, faiths and backgrounds. In 2001 it created a subsidiary charity, United Learning Trust ('ULT') to extend its work into some of the most challenging inner city areas through the City Academy programme. As at 31 August 2016 United Church Schools Trust sponsors 43 state sector academies through ULT.

The overall aim of the Charitable Company is to promote excellent education, providing strong schools which enable all young people to make a success of their lives.

The roots of our charity can be traced back 130 years, and over this period, we have founded and developed a large number of schools, focused on the most important social and educational challenges of the day. Our strength as a group of schools lies in the unique collaboration between the state and independent sectors, in our national reach and growing regional clusters and in our dedication to continuous improvement and our pursuit of excellence. Our track record in some of the country's most challenging schools is based on structures and systems which ensure high expectations, rigour, enthusiasm and breadth.

As of 31 August 2016, United Learning – the trading name of the Charitable Group – comprises 13 Independent schools, 43 state sector academies and a central office function that serves our schools.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Operating review

Improved Academic Performance

In terms of external examinations, our Independent schools continue to perform well, with strong outcomes at the top grades.

At A Level:

- 19% of entries were awarded A*
- 74% of entries were awarded A*-B
- The overall pass rate was 99%

Notable performances were seen at:

- Guildford High School, which saw 84% of entries achieving A* or A;
- AKS, which improved on all headline measures and where 44% of entries achieved an A* or A, up nine percentage points on 2015;
- Dunottar School, which also improved on all headline measures, in particular in the A*-A and A*-B brackets;
- Bournemouth Collegiate School, where 32% of entries were graded at A* or A, an increase of eleven percentage points on 2015.

For our Independent schools, destinations data for the 2015/16 academic year was also strong; 50% of Sixth Formers went on to take up places at Oxbridge or Russell Group universities.

At GCSE, 91% of students achieved the GCSE headline measure of five or more A* to C grades including English and maths. Within this, performance at the highest grades (A* and A) increased to 59%, exceeding the Group KPI by seven percentage points.

Particular GCSE success was seen at:

- AKS, where the number of entries achieving A*-A grades increased by ten percentage points;
- Guildford High School and Surbiton High School, both of which saw 100% of students achieving five or more A*-C grades including English and maths.

Over the course of the year, two schools received ISI inspections. AKS received a full integrated inspection in February 2016 and was awarded outstanding or good in all categories.

Powerful Knowledge

We have continued to develop and refine the United Learning Curriculum over the course of the year, offering a central common curriculum for schools to follow, adapt and mould as they see fit.

Following the implementation of the new, highly rigorous English and maths curricula at Key Stage 3, we have developed and embedded these at Key Stage 2 along with frameworks for science and computing. We have also designed curricula for science, history, geography, computing, PE and music at Key Stage 3.

In all instances, our focus has been on mastery and ensuring that students are being taught the content they need in order to progress successfully to the next year of their studies, using specially developed KPIs as a method of formative assessment. The curricula have been developed by teachers across United Learning, with direct involvement from Education Leads and overseen by an external Chair of Standards.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Following the 2014/15 pilot of our United Classroom initiative, we completed the first full year of A Level physics and economics teaching via our virtual learning platform. With teaching provided by staff at Paddington Academy and Surbiton High School, the programme has opened up these academic subjects to students whose schools would otherwise be unable to offer them.

Education with Character

While academic excellence is the central focus of the Charitable Company, we place significant value on providing students with an enriched educational experience.

Our schools have continued to devise and develop their individual pupil charters – the promise they make to children about what they can expect to experience each year in addition to their normal classroom learning. As part of this, schools have dedicated extracurricular programmes and bring the curriculum to life with visits from external speakers and trips out into their local communities and beyond.

Furthermore, we encourage sustained and meaningful collaboration between our schools and others through a range of group-wide activities, initiatives and competitions designed to further develop their confidence and soft skills and to ready them for the next stages of their school careers.

Following its establishment in July 2014, the purpose of the United Learning Partnership Fund, is to nurture collaboration between schools and to give students and staff exceptional academic, sporting and cultural experiences.

Through the generosity of donors, we have been able to extend our group-wide enrichment offer. In the Partnership Fund's second academic year, tens of thousands of pupils across the country took part in a range of opportunities in sport, music, leadership, enterprise and more, organised through the central office team and United Learning's Heads of Sport and Music and Performing Arts.

Key projects developed through the Fund this year include the Russell Group Entrance Project, collaborations between our academies and some of the country's best performing independent schools and deep professional development for teachers.

Outstanding People and Leadership

Our success as a Charitable Company is dependent on the excellent people and leadership at all levels of our schools – across the country and centrally. As such, we were very pleased to win HR Magazine's Outstanding Employee Engagement Strategy 2016, which recognised the value we place on our people and the work we do to drive engagement through our Staff Survey and staff conferences throughout the year.

82% of employees responded to our annual Staff Survey. Our Overall Engagement Score (defined by Ipsos Mori as "an employee's willingness to put discretionary effort into their work in the form of time, thought and energy") was 71% which is, well above the education norm of 62%. Similarly, scores on staff's involvement in their jobs, alignment with the Group's aims and values and loyalty exceeded the UK, public sector and education norms.

On other measures:

- 90% of staff agreed that their school strives to provide an excellent education;
- 77% of in-school staff feel like a valued member of their department;
- 86% of staff said they are proud to work in their school/department.

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Trustees' Report (continued)

For the Year Ended 31 August 2016

During 2015/16, 81 people commenced their United Teaching training with 74 of these graduating successfully and 36 now teaching in our schools. Of those who graduated during the academic year, 81% of trainees completed their course rated Good or better with 47% judged to be Outstanding.

We have opened three regional training centres in our schools in Swindon, Kettering and Bournemouth with live links to United Hub for training and have opened an additional hub serving Yorkshire and the Humber, based at Sheffield Park Academy.

For the 2016/17 academic year, we have recruited 112 trainees – the largest cohort so far.

All Heads take part in twice termly Group Education Forums and other development opportunities. Over half of Senior Leaders and over a quarter of Middle Leaders have participated in programmes including Masters degrees, coaching training and leadership development.

Over the course of the year, we introduced several new initiatives to develop our senior leaders and deputies in order to ready them for headship. This included establishing a support network for deputy Heads, in which school leaders visit a school to look at a particular area of school improvement, and the secondment of two deputies to other schools within the Group.

Growth of the Group

In the year, the Charitable Company was pleased to welcome Greenacre School, a 3 – 18 independent school for girls in Surrey.

At the end of the Summer Term the Charitable Company took the sad but necessary decision to close Sunderland High School. As one of the oldest schools in our group, Sunderland High School had a strong reputation as an excellent Independent school, proudly educating generations of local children. Unfortunately, following a number of years of significant central subsidy, it became untenable to continue supporting its survival without any medium or long term prospects of demand for places increasing. After exploring in detail every potential option for the school to remain open, either under our ownership or any other, the Trustees reluctantly took the decision that the school did not have a viable financial future and it closed on 31 August 2016.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Financial Review

The total deficit for the year amounted to £1,800,000 (2015 surplus: £5,054,000). Included within these results was an actuarial deficit on defined benefit pension schemes of (£301,000) (2015 – surplus of £4,000).

The schools operated by the Charitable Company during the year are as follows:

AKS

Ashford School

Bournemouth Collegiate School

Dunottar School

Greenacre School for Girls

Guildford High School

Hampshire Collegiate School

Hull Collegiate School

Lincoln Minster School

Rowan Preparatory School

Sunderland High School (closed 31 August 2016)

Surbiton High School

The Charitable Company is a sponsor of ULT which is a subsidiary undertaking of the Charitable Company. ULT's aim is to found and manage academies under the government initiative. Academies opened to date are listed on the website for United Learning.

The pension deficit movement recorded in the Statement of Financial Activities (SOFA) is as a result of the application of FR102 to the contributions made by United Church Schools Trust to the Local Government Pension Scheme. Under FRS102 the Charitable Company is required to account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. Whilst FRS102 is a better reflection of the obligations of the employer to fund pension promises to employees, it does not reflect the actual contribution arrangements of the pension fund. It requires the Charitable Company to disclose the total value of all pension payments that have accumulated (including deferred pensions) at 31 August each year. This value is made up of:

- the total cost of the pensions that are being paid out to former employees who have retired, and
- the total sum of the pension entitlements earned to date for our current employees even though it may be many years before the people concerned actually retire and begin drawing their pension.

The standard also requires the Charitable Company to show all investments (assets) of the Pension Fund at their bid value, as they happen to be at the year end. In reality, the value of such investments fluctuates in value on a day to day basis but this is ignored for the purpose of the accounting standard. The difference between the asset and liability valuations results in either a deficit or a surplus being recorded in the SOFA and Balance Sheet. A better reflection of a pension fund's actual position comes from the more detailed assessment made by an actuary. This assesses and examines the ongoing financial position of the Pension Fund. The actuarial valuation can differ considerably from the FRS102 valuation. It is the actuarial valuation that is used to review contribution rates to the Fund from the Charitable Company, to ensure that existing assets and future contributions will be sufficient to meet future pension payments spreading any surplus or deficit over a number of years.