

CHARTERS SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

CHARTERS SCHOOL**(A Company Limited by Guarantee)**

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CHARTERS SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

Ms Ellie Wallace	Chair
Mr Stephen Humphrey	Vice Chair
Mrs Mary Breen	
Cllr Christine Bateson	

Trustees

Ms Ellie Wallace	Chair
Mr Richard Evans	Vice Chair
Mr Gareth Davies	
Mrs Joanna Dean	Appointed March 2019
Mr Rob Deacon	Term ended Dec. 2018
Mr Mark Holdaway	
Mr Adam Jezard	
Mr Gureshwar Jhajj	Resigned on 13 July 2019
Ms Nicola Morgan	
Mrs Fareed Qasim	
Mr Denis Raymond	
Mr Richard Tyler	

Co-Headteachers
Mr Richard Pilgrim

Company Secretary

Ms Julie Mitchell

Senior Management Team

Mrs Sue Derrick	Deputy Headteacher
Mr Steve Harvey	Deputy Headteacher
Mr Darren Hartwell	Assistant Headteacher
Mr Paul Stephenson	Deputy Headteacher
Ms Julie Mitchell	Business Manager
Mr Ivan Wright	Deputy Headteacher
Mrs Olympia Morisson	Assistant Headteacher
Mr Rob Deacon	Assistant Headteacher
Mrs Kate Hill	Assistant Headteacher

Company Name

Charters School

Principal and Registered Office

Charters Road, Sunningdale, Ascot, Berkshire, SL5 9QY

REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Company Registered Number

08208767 (England & Wales)

Independent Auditor

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

Bankers

Lloyds (Windsor & Eton Branch), PO Box 1000, BX1 1LT

Solicitors

Veale Wazborough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5WS

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for students aged 11 to 18 serving a catchment area in Sunningdale, Berkshire. It has a pupil capacity of 1890 and had a roll of 1655 in the school census in January 2019 including 370 in the sixth form.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The trustees (governors) of the Charters Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Charters school.

Details of the trustees who served throughout the year are included in the Reference and Administrative Details on page 1 and 2.

Members' Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £1,809.

Method of Recruitment and Appointment or Election of Trustees

The Board of Trustees regularly review the mix of skills they possess. New Trustees will be sought with the aim of improving the skills set of the Board. It is also the intention to draw the great majority of the Board of Trustees from the local community.

Community trustees are appointed by the Board of Trustees after they are approved by the Members. Staff and parent trustees are appointed via an election process of the staff and parents respectively. A parent trustee must be the parent of a registered pupil of Charters School.

A Trustee's term of office, apart from the Headteacher, shall be 4 years. Any trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

New Trustees meet with the Chair of the Board of Trustees to discuss the role of Trustees and meet the Headteacher to be briefed about the school's aims, purposes and context. Individual Trustees attend training courses and conferences organised by appropriate bodies and the school in order to develop their knowledge and understanding of the Trustees' role and latest educational developments and requirements. The school continues to procure Governor Support Services from RBWM, the local authority.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Organisational Structure

The Trustees have responsibility for setting and monitoring the overall strategic direction of the charitable company, approving decisions reserved to Trustees and appointing key members of staff.

The Trustees meet as a Full Board of Trustees three times each year. All decisions reserved to the trustees are taken by the Full Board of Trustees as a whole. Trustee committees meet four times each year to consider detailed matters and recommend decisions to the Full Board.

The function of all committees is to exercise the delegated powers (as listed under functions) and to report and make recommendations to the Full Board of Trustees. There are three such committees: Finance & Facilities, Strategic Performance and Teaching & Learning.

Arrangements for setting pay and remuneration of key management personnel

The Trustees' Remuneration Committee has been delegated responsibility by the Full Board of Trustees to:

- 1) Review the Headteachers' performance against set targets, review the Headteachers' pay, and set performance targets for the academic year.
- 2) Receive and consider the Headteachers' report about the performance review and recommendations on pay for the Senior Leadership Team with regard to the previous academic year, as well as scrutinising their targets for the new academic year.
- 3) The Remuneration Committee reports activity back to the Full Board of Trustees.

The Committee consists of three Trustees, one of whom must have received appropriate performance management training. The Chair of this committee is nominated by the Trustees. The remaining two members of the Committee are selected by the Board of Trustees at the first Full Board of Trustees meeting of the academic year. Staff Trustees are not eligible to be members of the Committee. The Committee will review the Headteachers' performance and pay, and set new performance targets. The committee will meet with the Headteacher to review their own performance and discuss provisional targets. This meeting will take place before the 31st December each academic year. Subsequently, the Committee will review the Headteachers' performance, make decisions about any performance awards and set targets for the coming year. Evidence will be gathered from the Headteachers' written review of their performance and discussion with the Headteacher during the meeting. The Headteacher will ensure that the Committee also receive written performance management reviews and targets for the Senior Leadership Team, including any pay recommendations, prior to their meeting. At the meeting of the Committee, the Headteacher will present their report on the Senior Leadership Team and the Committee will receive and consider any pay recommendations and targets for the academic year. When considering the Headteacher's recommendations the Committee will apply the criteria set out in the School Teachers' Pay and Conditions Document (STPCD) and the school's Pay Policy.

All performance awards will be made in the context of affordability and the constraints on the school's annual budget. Budgetary difficulties will not, however, be used as a reason for not making pay progression awards. The amount received from specific government grant for performance pay each year will be supplemented (or not as determined by the Trustees) from the school's own resources and the total thus allocated will be identified as a separate heading in the school's budget.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	Nil
51%-99%	Nil
100%	Nil

Percentage of pay bill spent on facility time

Provide the total cost of facility time	Nil
Provide the total pay bill	Not Applicable
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	Not Applicable

Paid trade union activities

Time spent on paid trade union activities such as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	Nil Not Applicable
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Related Parties and other Connected Charities and Organisations

The Headteacher, the Business Manager and a Deputy Headteacher are Trustees for the Tirabad Residential Educational Trust. Charters School is represented by a Deputy Headteacher at meetings of the Charters School Community Recreation Centre Trust.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

OBJECTIVES AND ACTIVITIES

Objects and Aims

Charters School's object ("the Object") is specifically restricted to the following:

- (a) 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 a school offering a broad and balanced curriculum.
- (b) To promote for the benefit of the inhabitants of Windsor and Maidenhead and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectives, Strategies and Activities

The school's main targets for 2018-19 were to:

- Continue to achieve 'outstanding' value added results at Key Stage 4 and Key Stage 5
- Provide students with more opportunities to develop essential skills and attributes for employability and life
- Where appropriate, embrace developments in communication technology
- Continue to 'narrow the gap' between Pupil Premium and SEN students and the rest of the cohort
- Address the national funding crisis by implementing a cost reduction plan with a commitment to continue to set a balanced budget for the 2020/21 financial year
- Continue to achieve the very best value for money

The Trustees use the following key measures to assess the success of the activities of the charitable company:

- Examination results measured against targets set at the beginning of each academic year and against national benchmarks
- Progress made against the School Development Plan and School Budget
- The School Self-Evaluation Form and annual Senior Leadership Team monitoring programme and any additional Headteacher reports to Trustees covering the main aspects of school operations
- External measures such as the ESFA efficiency metric

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Public Benefit

The Trustees of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy Trust's purpose for the Public Benefit include:

Benefits and Beneficiaries

In accordance with its charitable objectives, the charitable company strives to advance the education of the pupils attending the school. The charitable company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school.

Trustees' Assessment of Public Benefit

In order to determine whether or not the charitable company has fulfilled its charitable objectives for public benefit, the trustees gather evidence of the success of Charters School's activities

STRATEGIC REPORT

Achievements and Performance

The academic year 2018-19 has seen Charters School continue to perform at an impressive standard in terms of attainment and progress over the entire 11-18 age range.

This year's A-Level results have continued to replicate the high standards of the last few years with 59% of entries gaining grades A*-B including 25% of the entries achieved being grades A*/A and 3 successful applications to Oxford and Cambridge Universities as well as a significant increase in the numbers enrolling on medicine, veterinary science and dentistry courses. This year's results have given our Year 13 cohort the opportunities for their next move whether it be university, work or a 'gap year'. In terms of ALPs progress measures against the national dataset, over the last three years Charters continues to be placed in the top 25% of A-Level providers.

Charters has established itself over a period of time as one of the best performing state schools in the country when it comes to GCSE results and this year's performance is in line with this successful trend. The progress made by all students in their best 8 GCSEs stands at 0.32, which means that on average, every students' best eight results were a third of a grade higher than the national average. In particular, the progress rate in the non-statutory subjects that students have chosen as part of the options system has once again been outstanding. This is very pleasing and demonstrates that the curriculum offer is matched to our students' abilities and aptitudes.

Disadvantaged students' results this year reveal that they performed less well than last year, largely due to a small number whose lack of attendance due to a range of personal issues presented a barrier to effective learning. Disadvantaged students' outcomes without this handful of students were excellent. The school will also focus on a widening gender gap at GCSE, particularly in the outcomes of middle-ability boys.

Key Performance Indicators

The School uses the School Resource Management Self- Assessment dashboard to enable informed decision in relation to effective resource management, In addition, the Trustees receive and review benchmarking information annually.

The key financial performance indicator for the school was to maintain the current level of educational performance within the small operating deficit. The school had set a budgeted in-year deficit; performance was as expected. In addition, the following financial key performance indicators are regularly monitored, staff costs, total staff costs to ESFA income, staff cost to total income and staff costs as a proportion of total expense. Performance against these indicators was, as expected or better than expected.

In 2018-19, student applications for places at the school continued to be strong. This is due to high level on-going student examination success rates, effective leadership at all levels and an increasing demographic trend. Attendance rates continue to be above average although we feel that they can still be improved upon and exclusions are lower than national benchmarks.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Key Performance Indicators (continued)

The school has recently benefitted from the addition of new Maths and Science accommodation. It is important that we continue to maintain a sense of renewal during financially restrictive times. Our developments will help to maintain the school as an attractive proposition in terms of student and staff recruitment. The increase in the pupil admission number to 270 in 2017 and accommodation of a bulge intake of 300 in 2019 will continue to provide increasing net income in the years ahead. Additionally, it will be important to maintain success rates in our Sixth Form in order to stabilise the intake into year 12 at between 180 and 200 students.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, 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 Statement of Accounting Policies.

FINANCIAL REVIEW

Most of Charters School's income comes from the Educational and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants and the associated expenditure are shown as restricted general funds in the statement of financial activities.

Charters School also receives grants from the ESFA for capital expenditure and in accordance with the Charities Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Other sources of income are 'unrestricted' and these are mainly monies collected from parents for learning resources, school trips, outings and other extra-curricular activities. Also included in 'unrestricted' funds are voluntary donations made by parents to support school life, lettings income and surplus cash funds transferred from RBWM at the time of conversion.

Charters School held fund balances at 31 August 2019 of £19,435,677 comprising £(4,419,399) of restricted funds including a pension reserve deficit of £(4,332,000), restricted fixed assets of £23,447,754, and unrestricted funds of £407,322. The Trustees believe the fund balances are adequate to provide sufficient working capital in times of possible future funding turbulence, to provide a cushion to deal with unexpected emergencies and to fulfil the objectives detailed in the School Development Plan.

As detailed in note 25 to the accounts, the Trust has taken on a deficit in the Local Government Pension Scheme. This will result in the school having to make additional contributions in future years. The Trustees believe they will be able to fund this deficit in the coming years.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Reserves Policy

The Trust holds reserves to provide sufficient working capital in times of possible future funding turbulence, to provide a cushion to deal with unexpected emergencies and to fulfil the objectives detailed in the School Development Plan.

At 31 August 2019 the total funds comprised:

Unrestricted		407,322
Restricted:	Fixed asset funds	23,447,754
	GAG	-
	Pension reserve	(4,332,000)
	Other	(87,399)
		<u>£19,435,677</u>

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teacher's scheme, separate assets are held to fund future liabilities as discussed in note 25. The deficit has increased by £902,000 during the 2018/19 financial year, this is as a result of changes to financial assumptions. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds deficit of £87,399 includes SALIX loan liability of £178,795 which will be met from GAG funds over a period of years as per notes 18 and 19. Therefore, excluding this liability, restricted funds are £91,396 which will be spent in accordance with the terms of the particular funds.

Investment Policy

The Trustees' investment powers are set down in the Memorandum and Articles of Association which permit the investment of monies of Charters School that are not immediately required for its purposes in such investments as may be thought fit subject to any restrictions which may from time to time be imposed or required by law. Charters School's current policy is to invest surplus funds in short-term cash deposits for fixed periods of no longer than six weeks, although exceptions may occur. Periodically, the management will review interest rates and compare with other investment opportunities. Any change in policy requires the approval of Trustees.

Principal Risks and Uncertainties

The Academy Trust practices through its Board of Trustees and the constituted committees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

FUNDRAISING

The School engages in fundraising throughout the school year, both for specific projects and to augment the annual education budget. Funds are raised in a number of ways including, fundraising events, letting the school facilities, The Big Give annual campaign and sponsorship. Where appropriate the school also applies for grants from local and national organisations.

All fundraising activity is monitored by the Headteacher and School Business Manager to ensure it is coordinated appropriately. Trustees and the SLT are mindful that each families' financial circumstances are different and therefore parents are asked only for contributions that are practical and affordable.

The school does not work with professional fundraisers and has not received any complaints.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

PLANS FOR FUTURE PERIODS

The future development of Charters School is detailed in the School Improvement Plan, approved by the Board of Trustees. In the Plan, there are clear objectives with specific and measurable success criteria laid out. These are evaluated by trustees regularly. At a high level, the school's future plans centre on four areas with key desired outcomes, namely,

Focus 1: To develop our curriculum to ensure it meets the needs of, and sufficiently challenges, all students, through for example:

- A vocabulary strategy promoted throughout the school
- A 3-year plan in place to ensure the profile of the library is raised
- A review of the enrichment programme for Friday pm
- A review of KS4/KS5 curriculum with a streamlining of courses offered to ensure financially viable pathways for all high and middle ability learners
- Achieving a Progress 8 measure for Y11 to be in excess of +0.5
- Increased outcomes for disadvantaged students
- Better provision for high achievers

Focus 2: Promote and foster positive attitudes across the school, amongst all stakeholders, through for example:

- A review of our current Alternative Provision offer and to develop a more targeted approach to AP to maximise cost and impact
- Developing a coherent transition plan between linked primary schools and Charters School and between Key Stages
- The development and implementation of a whole school attendance strategy

Focus 3: To broaden and enrich opportunities for personal development and promote physical & mental wellbeing for all, through for example:

- Providing and promoting enrichment opportunities for all students, including those Post 16
- Providing and promoting strategies to support mental health and well-being for the school community
- Continuing to develop and enhance the use of Tyr Abad as a conduit to provide opportunities in promoting health and well-being

Focus 4: To foster and develop consistently high quality and positive school leadership at all levels, with a specific focus on the laser sharp use of assessment information to inform high quality targeted support, through for example:

- Middle leadership development and succession planning
- Development of the role of Heads of Year
- The pursuit of all opportunities to increase income
- The development of outside student social and learning spaces

During the next financial year, following the successful obtaining of planning consent, funding is expected to be approved by the LA for a shared use Multi-Sports Facility, including a 25m swimming pool, to be built on the school site ready for use in 2021.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Charters School does not hold cash or assets as a custodian for any third party.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

AUDITOR

MHA, Macintyre Hudson have indicated their willingness to continue in office.

In so far as the trustees are aware:

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

This Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 25 November 2019 and signed on the board's behalf by:

A Jezard
Chair of Trustees

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

The Academy Trust has an established Senior Leadership Team that has instituted a thorough and effective system of internal control measures to ensure the appropriate management of the resources for which we are responsible.

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher (Richard Pilgrim), 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 Charters School and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met three times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ms Ellie Wallace (Chair)	8	10
Mr Richard Evans (Vice Chair)	7	10
Mr Gareth Davies	7	8
Mr Rob Deacon (term ended 31 Oct)	1	1
Mrs Joanna Dean	2	2
Mr Adam Jezard	5	6
Ms Nicola Morgan	6	7
Mr Richard Tyler	5	7
Mr. Mark Holdaway (10 out of 10)	10	10
Mr. Gus Jhaji. (3 out of 6)	3	6
Mr Denis Raymond	6	6
Mr Richard Pilgrim	10	10
Mrs Fareeda Qasim	6	7

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

GOVERNANCE (continued)

The board of trustees comprises:

- a. up to 4 Community Trustees;
- b. up to 3 Staff Trustees
- c. a minimum of 4 Parent Trustees;
- d. the Head (and where the Academy has co-heads, both shall be a Trustee);
- e. any Additional Governors, if appointed under Article 62, 62A or 68A; and
- f. any Further Governors, if appointed under Article 63 or Article 68A.

In the year 2018/19 we have 3 Community Governors, 3 Staff Governors (including the Head and 2 teaching staff), and a full complement of 5 Parent Governors.

A review of the board's performance was conducted on 17th June by the Effective Governance working group, using a self-evaluation template provided by the National Governance Association. This review concluded that the board performed well in 2018/19 against the defined criteria. The main area requiring further development was considered to be while the school has conducted ad hoc consultations in the past, the Trustee Board should continue to work to provide a parent forum with staff and student views more regularly. Trustees attend most school events and speak to many parents and students as a result, but it was felt a more formal setting would benefit ongoing dialogue and plans for regular updates from the Chair in the weekly newsletter are in place.

We achieve good data quality through the following:

- **Governance and leadership** - defined roles and responsibilities to ensure accountability for data quality with policies and procedures in place to support the process
- **Systems and processes** - in place that secure the quality of data
- **People and skills** - train staff so they have the appropriate knowledge, competencies and capacity for their roles
- **Data use** - the purpose of collecting and reporting robust, good quality data is to inform management, make improvements to teaching and learning outcomes and to promote accountability to parents, stakeholders, local residents and Government
- **Data security** - data collected must be secure and should only be used for authorised purposes

All management information, including financial and performance information, is used by the trustees to manage its performance. External bodies use this information to assess our performance and stakeholders need accessible and reliable information to make informed decisions.

The sources of data about academic progress and attainment are from published results and independent, third-party evaluations compared to other schools nationally (RAISEonline; Alps; Fischer Family Trust).

The board finds the quality of data acceptable because they accurately reflect performance, and give reliable pointers to where we can improve as a school.

The **Strategic Performance Committee** is a sub-committee of the main Board of Trustees. Its purpose is to consider matters with the potential to affect the strategic direction of Charters School and to ensure that the school is staffed sufficiently for the fulfilment of the school's development plan and the effective operation of the school attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr Gareth Davies	1	1
Mr Richard Tyler	2	2
Mr Richard Evans	2	3
Ms Ellie Wallace	3	3
Mr Mark Holdaway (3 out of 3)		
Mr Richard Pilgrim	3	3

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

GOVERNANCE (continued)

The **Teaching and Learning Committee** is a sub-committee of the main Board of Trustees. Its purpose is to monitor and evaluate rates of progress and standards of achievement by pupils; and to review, monitor and evaluate the curriculum offer and in doing so ensure a broad and balanced curriculum that is relevant to the needs of all pupils at Charters School. The attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr Gareth Davies	2	3
Mr Richard Tyler	2	3
Mr Adam Jezard	3	3
Mr Rob Deacon	1	1
Ms Joanna Dean	2	2
Mr Denis Raymond	3	3

The **Finance and Facilities Committee** is a sub-committee of the main Board of Trustees. Its purpose is to ensure that the Academy Trust complies with the ESFA Academies Financial Handbook, to provide guidance and assistance to the Headteacher and Trustees in all matters relating to budgeting and finance, and to provide support and guidance for the Board of Trustees and the Headteacher on all matters relating to the maintenance and development of the premises and grounds, including Health and Safety. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr Richard Evans	2	4
Mr Mark Holdaway	4	4
Ms Nicola Morgan (3 out of 4)		
Mrs Fareeda Qasim	3	4
Mr Gureshwar Jhajj	2	4
Mr Richard Pilgrim	4	4

REVIEW OF VALUE FOR MONEY

As accounting officer the Headteacher, Richard Pilgrim, has responsibility for ensuring that Charters School 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 trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by taking a wide range of steps, linked to its Development Plan, to sustain the Academy's sustained excellent performance as measured by outcomes for students. A relentless focus on the quality of teaching and support for the core subjects of English and Mathematics has resulted in 75% of Year 11 students obtaining at least a grade level 4 or better in both GCSE Mathematics and GCSE English. At Key Stage 4 and 5 outcomes have been significantly above national averages both in terms of attainment and progress. Our most able students continue to flourish via our Aspiring High programme with 20 successful applications to Oxford and Cambridge Universities in the last five years.

In terms of financial efficiency, all appointments have been carefully considered resulting in a reduction in staff in year. Staff absence, wherever possible, has been covered internally and the school has reviewed all contracts as they are due for renewal.

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Charters School for the period ending 31 August 2019 and up to the date of approval of the annual report and financial statements.

The academy has found it necessary to reduce course and staffing levels in line with increasing costs and reduced levels of Post-16 funding. It has also continued to rationalise some leadership posts to distribute tasks more efficiently. We expect to continue to make more significant changes to our course offers where economic viability is marginal.

Careful analysis of the performance of students in receipt of the Pupil Premium and Bursary Fund has led to more effective planning of their financial support. Outcomes for these students are in line with non-disadvantaged students nationally.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which Charters School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees confirm that there is a formal on-going process for identifying, evaluating and managing the Charters School's significant risks. This has been in place for the twelve-month period 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 Trustees through the Committees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Facilities 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

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

REVIEW OF EFFECTIVENESS

As accounting officer the Headteacher, Richard Pilgrim has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has accepted the recommendations of the external audit and a plan to address weaknesses and ensure continuous improvement of the system has been implemented as appropriate.

Approved by order of the Members of the Board of Trustees on 25 November 2019 and signed on its behalf by:

A Jezard
Chair of Trustees

R Pilgrim
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2019

As Accounting Officer of Charters School I have considered my responsibility to notify Charters School Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the funding agreement in place between Charters School 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 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by Charters School, or material non-compliance with the terms and conditions of funding under the Charters School's funding agreement and the Academies Financial Handbook 2018.

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.

R Pilgrim
Accounting Officer

25 November 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of Trustees and signed on its behalf by:

A Jezard
Chair of Trustees

Date: 25 November 2019

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHARTERS SCHOOL

Opinion

We have audited the financial statements of Charters School (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, 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 2018 to 2019 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 2019 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 2018 to 2019 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 Auditors' 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees 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.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHARTERS SCHOOL (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report and the Directors' Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees' Responsibilities Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors Report has 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 Trustees' 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHARTERS SCHOOL (CONTINUED)

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

BIANCA SILVA BA ACA DChA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors
Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 16 December 2019

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHARTERS SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Charters School during the year 1 September 2018 to 31 August 2019 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 Charters School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Charters School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Charters School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Charters School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Charters School's funding agreement with the Secretary of State for Education dated 20 October 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHARTERS SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- consideration of governance issues; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate; and making appropriate enquiries of the Accounting Officer.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors
Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 16 December 2019

CHARTERS SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	41,099	13,879	191,778	246,756	3,219,662
Charitable activities	4	584,358	8,191,116	-	8,775,474	8,728,147
Other trading activities	5	34,930	-	-	34,930	31,528
Investments	6	2,513	-	-	2,513	2,642
Total income		662,900	8,204,995	191,778	9,059,673	11,981,979
Expenditure on:						
Charitable activities		560,675	8,622,011	918,347	10,101,033	10,418,576
Total expenditure		560,675	8,622,011	918,347	10,101,033	10,418,576
Net income/(expenditure)		102,225	(417,016)	(726,569)	(1,041,360)	1,563,403
Transfers between funds	19	(74,783)	62,036	12,747	-	-
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(513,000)	-	(513,000)	655,000
Net movement in funds		27,442	(867,980)	(713,822)	(1,554,360)	2,218,403
Reconciliation of funds:						
Total funds brought forward		379,880	(3,551,419)	24,161,576	20,990,037	18,771,634
Net movement in funds		27,442	(867,980)	(713,822)	(1,554,360)	2,218,403
Total funds carried forward		407,322	(4,419,399)	23,447,754	19,435,677	20,990,037

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 27 to 51 form part of these financial statements.

CHARTERS SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08208767

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	14		23,082,783		23,797,731
			23,082,783		23,797,731
Current assets					
Debtors	15	317,309		267,305	
Investments	16	300,000		400,000	
Cash at bank and in hand		781,840		921,269	
		1,399,149		1,588,574	
Creditors: amounts falling due within one year	17	(565,259)		(787,473)	
Net current assets			833,890		801,101
Total assets less current liabilities			23,916,673		24,598,832
Creditors: amounts falling due after more than one year	18		(148,996)		(178,795)
Net assets excluding pension liability			23,767,677		24,420,037
Defined benefit pension scheme liability	24		(4,332,000)		(3,430,000)
Total net assets			19,435,677		20,990,037
Funds of the Academy Trust					
Restricted funds:					
Fixed asset funds	19	23,447,754		24,161,576	
Restricted income funds	19	(87,399)		(121,419)	
Pension reserve	19	(4,332,000)		(3,430,000)	
Total restricted funds	19		19,028,355		20,610,157
Unrestricted income funds	19		407,322		379,880
Total funds			19,435,677		20,990,037

The financial statements on pages 24 to 51 were approved by the Trustees, and authorised for issue on 25 November 2019 and are signed on their behalf, by:

A Jezard, Chair of Trustees

The notes on pages 27 to 51 form part of these financial statements.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(130,321)	283,905
Cash flows from investing activities	22	(9,108)	(205,608)
Change in cash and cash equivalents in the year		(139,429)	78,297
Cash and cash equivalents at the beginning of the year		921,269	842,972
Cash and cash equivalents at the end of the year	23	781,840	921,269

The notes on pages 27 to 51 from part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Charters School meets the definition of a public benefit entity under FRS 102.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Investment income, gains and losses are allocated to the appropriate fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

• **Donated fixed assets (excluding transfers on conversion or into the Academy Trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

1.4 Expenditure

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

• **Expenditure on raising funds**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

• **Charitable activities**

Expenditure on charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees 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 Trustees 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.

1.6 Tangible fixed assets

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Long leasehold buildings	- Life of lease
Fixtures, fittings and equipment	- 3 - 10 years on cost
Motor vehicles	- 5 years on cost

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Leased assets

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

1.8 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 Part 11, chapter 3 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.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

1.10 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.

1.11 Liabilities and provisions

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

Provisions are recognised when the Academy Trust pension obligation at the reporting date as a result of a past event which it is probable will result where transfer of economic benefits and the obligation can be estimated reliably.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.12 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 bases 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 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. 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 or 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 2019. 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.

Critical areas of judgment:

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	41,099	80,243	121,342	3,130,705
DfE/ESFA Capital Grants	-	125,414	125,414	88,957
	<u>41,099</u>	<u>205,657</u>	<u>246,756</u>	<u>3,219,662</u>
Total 2018	<u>13,183</u>	<u>3,206,479</u>	<u>3,219,662</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,688,996	7,688,996	7,840,428
Pupil premium	-	153,819	153,819	143,826
Other DfE/ESFA revenue grants	-	145,587	145,587	76,836
	-	7,988,402	7,988,402	8,061,090
Other government grants				
Local Authority SEN income	-	135,948	135,948	222,534
Other Local Authority income	-	64,016	64,016	1,680
	-	199,964	199,964	224,214
Other funding				
Government non grant income	-	2,750	2,750	9,434
Other income	584,358	-	584,358	433,409
	584,358	2,750	587,108	442,843
	584,358	8,191,116	8,775,474	8,728,147
Total 2018	433,409	8,294,738	8,728,147	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings and rental income	23,789	23,789	17,717
Other income	11,141	11,141	13,811
	34,930	34,930	31,528

In 2018 all income from other trading activities was from unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest receivable	2,513	2,513	2,642

In 2018 all investment income was from unrestricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Academy's educational operations:					
Direct costs	6,272,329	-	907,458	7,179,787	7,270,226
Allocated support costs	1,033,563	1,180,356	707,327	2,921,246	3,148,350
	<u>7,305,892</u>	<u>1,180,356</u>	<u>1,614,785</u>	<u>10,101,033</u>	<u>10,418,576</u>
Total 2018	<u>7,332,657</u>	<u>1,327,002</u>	<u>1,758,917</u>	<u>10,418,576</u>	

In 2019, of the total expenditure of £10,101,033 (2018: £10,418,576) £560,675 (2018: £384,930) was to unrestricted funds, £8,622,011 (2018: £8,939,044) was to restricted funds and £918,347 (2018: £1,094,602) was to restricted fixed asset funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Academy's educational operations	7,179,787	2,921,246	10,101,033	10,418,576
Total 2018	<u>7,270,226</u>	<u>3,148,350</u>	<u>10,418,576</u>	

Analysis of direct costs

	Direct Activity 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance costs	40,488	40,488	44,135
Teaching educational support staff costs	6,272,329	6,272,329	6,317,346
Educational supplies	97,074	97,074	116,684
Examination fees	176,964	176,964	161,777
Educational consultancy	115,034	115,034	297,505
Other staff costs	24,641	24,641	24,470
Other direct costs	453,257	453,257	308,309
	<u>7,179,787</u>	<u>7,179,787</u>	<u>7,270,226</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Support Activity 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance costs	47,512	47,512	49,865
Support staff costs	1,033,563	1,033,563	1,015,311
Depreciation	918,347	918,347	825,522
Technology costs	99,167	99,167	97,423
Premises costs	564,998	564,998	615,358
Other support costs	235,739	235,739	527,798
Governance costs	21,920	21,920	17,073
	<u>2,921,246</u>	<u>2,921,246</u>	<u>3,148,350</u>

9. Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000
		Amount Reason £
Gifts made by the trust	269	-
Unrecoverable debts	1,340	-

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	956	5,480
Depreciation of tangible fixed assets - owned by charity	918,347	825,522
Fees paid to auditors for:		
- audit	9,500	9,500
- other services	10,495	4,173
	<u>10,495</u>	<u>4,173</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	5,542,978	5,557,097
Social security costs	529,328	534,339
Pension costs	1,187,323	1,166,264
	7,259,629	7,257,700
Agency staff costs	46,263	74,957
	7,305,892	7,332,657

b. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2019	2018
	No.	No.
Teaching	112	110
Administration and support	93	103
Management	1	1
	206	214

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	3
In the band £70,001 - £80,000	3	2
In the band £100,001 - £110,000	-	2
In the band £120,001 - £130,000	1	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs (continued)

d. Key management personnel

The key management personnel of the Academy Trust comprises the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy Trust was £907,800 (2018: £688,311).

12. Related Party Transactions – Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
R J Pilgrim, Head Teacher	Remuneration	120,000 - 125,000	105,000 - 110,000
	Pension contributions paid	15,000 - 20,000	15,000 - 20,000
R Deacon (resigned 31 Oct 2018)	Remuneration	5,000 - 10,000	50,000 - 55,000
	Pension contributions paid	0 - 5,000	5,000 - 10,000
N Morgan	Remuneration	40,000 - 45,000	40,000 - 45,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
J Dean (appointed 18 Mar 2019)	Remuneration	5,000 - 10,000	
	Pension contributions paid	0 - 5,000	

During the year ended 31 August 2019, no Trustee incurred expenses (2018 - £617).

13. Trustees' and Officers' insurance

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. Tangible fixed assets

	Long leasehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2018	26,717,234	1,162,919	30,025	27,910,178
Additions	18,905	184,494	-	203,399
At 31 August 2019	<u>26,736,139</u>	<u>1,347,413</u>	<u>30,025</u>	<u>28,113,577</u>
Depreciation				
At 1 September 2018	3,584,805	497,617	30,025	4,112,447
Charge for the year	757,676	160,671	-	918,347
At 31 August 2019	<u>4,342,481</u>	<u>658,288</u>	<u>30,025</u>	<u>5,030,794</u>
Net book value				
At 31 August 2019	<u>22,393,658</u>	<u>689,125</u>	<u>-</u>	<u>23,082,783</u>
At 31 August 2018	<u>23,132,429</u>	<u>665,302</u>	<u>-</u>	<u>23,797,731</u>

Included within long leasehold land and buildings is leasehold land at valuation of £2,515,448 (2018 - £2,515,448), which is not depreciated.

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	3,219	12,892
Other debtors	26,413	27,319
Prepayments and accrued income	227,884	117,776
VAT recoverable	59,793	109,318
	<u>317,309</u>	<u>267,305</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

16. Current asset investments

	2019 £	2018 £
Bank deposit accounts	300,000	400,000
	<u>300,000</u>	<u>400,000</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Salix Loan	29,799	29,799
Trade creditors	105,693	282,959
Other taxation and social security	139,305	142,063
Other creditors	53,892	55,302
Accruals and deferred income	236,570	277,350
	<u>565,259</u>	<u>787,473</u>

	2019 £	2018 £
Deferred income at 1 September 2018	163,449	92,149
Resources deferred during the year	161,257	163,449
Amounts released from previous periods	(163,449)	(92,149)
	<u>161,257</u>	<u>163,449</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for school trips.

Included within other creditors is £53,870 due back to the ESFA for a grant overpayment.

The SALIX loan is from the ESFA which is provided interest free and repayments will be made through a reduction in revenue payments.

18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Salix loan	148,996	178,795
	<u>148,996</u>	<u>178,795</u>

The SALIX loan is from the ESFA and is provided interest free and repayments will be made through a reduction in revenue payments over an 8 year payback. £29,799 is repayable over 5 years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	379,880	662,900	(560,675)	(74,783)	-	407,322
Restricted general funds						
General Annual Grant (GAG)	-	7,688,996	(7,721,233)	32,237	-	-
Other DfE/ESFA revenue grants	34,777	299,406	(299,232)	-	-	34,951
Other Local Authority Grants	1,607	199,964	(201,571)	-	-	-
Other income	50,791	16,629	(10,975)	-	-	56,445
SALIX loan	(208,594)	-	-	29,799	-	(178,795)
Pension reserve	(3,430,000)	-	(389,000)	-	(513,000)	(4,332,000)
	<u>(3,551,419)</u>	<u>8,204,995</u>	<u>(8,622,011)</u>	<u>62,036</u>	<u>(513,000)</u>	<u>(4,419,399)</u>
Restricted fixed asset funds						
Fixed asset fund	19,321,346	-	(918,347)	4,679,784	-	23,082,783
Donated assets	-	18,864	-	(18,864)	-	-
Capital expenditure from GAG	3,465,457	-	-	(3,465,457)	-	-
ESFA/DfE grants	1,374,773	125,414	-	(1,135,216)	-	364,971
Donations	-	47,500	-	(47,500)	-	-
	<u>24,161,576</u>	<u>191,778</u>	<u>(918,347)</u>	<u>12,747</u>	<u>-</u>	<u>23,447,754</u>
Total Restricted funds	<u>20,610,157</u>	<u>8,396,773</u>	<u>(9,540,358)</u>	<u>74,783</u>	<u>(513,000)</u>	<u>19,028,355</u>
Total funds	<u><u>20,990,037</u></u>	<u><u>9,059,673</u></u>	<u><u>(10,101,033)</u></u>	<u><u>-</u></u>	<u><u>(513,000)</u></u>	<u><u>19,435,677</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

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

All general funds are held for the purposes of education in line with the Academy's objectives.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education & Skills Funding Agency and the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Academy.

The local authority restricted fund represents other funding received from local government received in relation to specific purposes such as SEN funding.

The SALIX loan fund represents a SALIX loan received for boiler replacement work. Repayments will be made through a reduction in revenue payments over a 8 year payback.

The pension reserve represents the separately identifiable pension scheme deficit inherited from the local authority upon conversion to Academy status, and through which all the pension scheme movements are recognised.

Other restricted income funds represents donations and miscellaneous educational income which must be used for the purposes agreed.

The restricted fixed asset fund represents the net book value of inherited fixed assets and fixed assets purchased since conversion.

The DfE/ESFA capital grant fund relates to restricted devolved capital income awarded to the Academy and the relevant restricted expenditure recorded against this.

The transfer between unrestricted, restricted funds and restricted fixed asset funds represents amounts capitalised during the period and funded from income reserves.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	581,031	481,062	(384,930)	(297,283)	-	379,880
Restricted general funds						
General Annual Grant (GAG)	-	7,840,428	(8,107,912)	267,484	-	-
Other DfE/ESFA revenue grants	21,767	220,662	(207,652)	-	-	34,777
Other Local Authority Grants	10,294	223,914	(232,601)	-	-	1,607
Other income	25,793	35,877	(10,879)	-	-	50,791
SALIX loan	(292,263)	53,870	-	29,799	-	(208,594)
Pension reserve	(3,705,000)	-	(380,000)	-	655,000	(3,430,000)
	<u>(3,939,409)</u>	<u>8,374,751</u>	<u>(8,939,044)</u>	<u>297,283</u>	<u>655,000</u>	<u>(3,551,419)</u>
Restricted fixed asset funds						
Fixed asset fund	20,293,848	-	(972,502)	-	-	19,321,346
Donated assets	-	3,059,000	-	(3,059,000)	-	-
Capital expenditure from GAG	435,717	-	(61,339)	3,091,079	-	3,465,457
ESFA/DfE grants	1,400,447	35,087	(60,761)	-	-	1,374,773
Donations	-	32,079	-	(32,079)	-	-
	<u>22,130,012</u>	<u>3,126,166</u>	<u>(1,094,602)</u>	<u>-</u>	<u>-</u>	<u>24,161,576</u>
Total Restricted funds	<u>18,190,603</u>	<u>11,500,917</u>	<u>(10,033,646)</u>	<u>297,283</u>	<u>655,000</u>	<u>20,610,157</u>
Total funds	<u>18,771,634</u>	<u>11,981,979</u>	<u>(10,418,576)</u>	<u>-</u>	<u>655,000</u>	<u>20,990,037</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	23,082,783	23,082,783
Current assets	407,322	626,856	364,971	1,399,149
Creditors due within one year	-	(565,259)	-	(565,259)
Creditors due in more than one year	-	(148,996)	-	(148,996)
Pension scheme liability	-	(4,332,000)	-	(4,332,000)
Total	407,322	(4,419,399)	23,447,754	19,435,677

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	23,797,731	23,797,731
Current assets	379,880	844,849	363,845	1,588,574
Creditors due within one year	-	(787,473)	-	(787,473)
Creditors due in more than one year	-	(178,795)	-	(178,795)
Pension scheme liability	-	(3,430,000)	-	(3,430,000)
Total	379,880	(3,551,419)	24,161,576	20,990,037

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,041,360)	1,563,403
Adjustments for:		
Depreciation	918,347	825,522
Capital grants from DfE and other capital income	(172,914)	(121,036)
(Increase)/decrease in debtors	(50,004)	164,142
(Decrease)/increase in creditors	(252,013)	55,436
Movements on investments	100,000	209,000
Dividends, interest and rents from investments	(2,513)	(2,642)
Loss on sale of fixed assets	-	269,080
Donated assets	(18,864)	(3,059,000)
Pension adjustments	389,000	380,000
Net cash (used in)/provided by operating activities	(130,321)	283,905

22. Cash flows from investing activities

	2019 £	2018 £
Purchase of tangible fixed assets	(184,535)	(329,286)
Capital grants from DfE Group	125,414	88,957
Capital funding received from sponsors and others	66,364	3,091,079
Investment income	2,513	2,642
Donated assets	(18,864)	(3,059,000)
Net cash used in investing activities	(9,108)	(205,608)

23. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	781,840	921,269

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' 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 Royal County of Berkshire. Both are multi-employer defined benefit 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, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The teachers pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of Teachers Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £671,442 (2018 - £672,005).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £288,000 (2018 - £285,000), of which employer's contributions totalled £216,000 (2018 - £211,000) and employees' contributions totalled £ 72,000 (2018 - £74,000). The agreed contribution rates for future years are 19.6% for employers and 5.5% and 12.5% 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

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65
Inflation assumption (CPI)	2.20	2.30
RPI increase	3.20	3.30

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.1	23.1
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.7	25.3
Females	25.8	27.5

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	7,522	6,230
Discount rate -0.1%	7,851	6,501
Mortality assumption - 1 year increase	7,974	6,580
Mortality assumption - 1 year decrease	7,407	6,155
CPI rate +0.1%	7,834	6,487
CPI rate -0.1%	7,539	6,243

The Academy Trust's share of the assets in the scheme was:

	At 31	At 31 August
	August 2019	2018
	£	£
Equities	1,866,000	1,376,000
Corporate bonds	487,000	440,000
Property	423,000	402,000
Cash and other liquid assets	263,000	434,000
Alternative assets and other	314,000	282,000
Total market value of assets	3,353,000	2,934,000

The actual return on scheme assets was £191,000 (2018 - £116,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current service cost	(451,000)	(495,000)
Past service cost	(63,000)	-
Interest cost	(88,000)	(94,000)
Administrative expenses	(3,000)	(2,000)
Total amount recognised in the Statement of Financial Activities	(605,000)	(591,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
Opening defined benefit obligation	6,364,000	6,299,000
Current service cost	451,000	495,000
Interest cost	169,000	164,000
Employee contributions	72,000	74,000
Actuarial losses/(gains)	623,000	(609,000)
Benefits paid	(57,000)	(59,000)
Past service costs	63,000	-
Closing defined benefit obligation	7,685,000	6,364,000

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
Opening fair value of scheme assets	2,934,000	2,594,000
Interest on assets	81,000	70,000
Actuarial gains	110,000	46,000
Employee contributions	72,000	74,000
Benefits paid	(57,000)	(59,000)
Employer contributions	216,000	211,000
Administrative expenses	(3,000)	(2,000)
Closing fair value of scheme assets	3,353,000	2,934,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (Continued)

The amount shown in the Statement of Financial Activities is:

	2019 £	2018 £
Changes in financial assumptions	(623,000)	609,000
Return on assets excluding amounts included in net interest	110,000	46,000
Actuarial gains/(losses) on defined benefit pension schemes	(513,000)	655,000

The amount shown in the Balance Sheet is:

	2019 £	2018 £
Present value of defined benefit obligation	(7,685,000)	(6,364,000)
Fair value of scheme assets	3,353,000	2,934,000
Net pension liability	(4,332,000)	(3,430,000)

25. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Academy Trust 2019 £	Academy Trust 2018 £
Not later than 1 year	3,824	2,740
Later than 1 year and not later than 5 years	6,692	-
	10,516	2,740

26. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

27. Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the period with Tirabad Residential Educational Trust, a charitable trust in which R Pilgrim is a Trustee by virtue of his position as head master of Charters School.

Tirabad Residential Educational Trust invoiced the Academy Trust £128,817 (2018: £123,987) in relation to students visiting the site. This cost was primarily met through parental contributions. Members of Charters School staff assist with the administration of the Tirabad Residential Educational Trust. The total cost relating to this support was £9,222 (2018: £6,842), which is reimbursed by the Tirabad Residential Educational Trust in full. The Academy Trust also finances a minibus for use on Tirabad Residential Educational Trust business, the lease cost for this minibus was £NIL (2018: £240). Again, these costs are reimbursed in full by the Tirabad Residential Educational Trust. During the year, a debt of £1,340 owed to Charters School by Tirabad Residential Educational Trust was written off. At the year end Tirabad Residential Educational Trust owed the Academy Trust £NIL (2018:£1,340).

No other related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 13.