

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2019

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

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Reference and administrative details of the academy, its trustees and advisers
For the year ended 31 August 2019

Members	Paul Jackson Donna Dewberry Peter Haggerwood Marc Hoodless (appointed 12 December 2018) Owen McColgan (appointed 12 December 2018)
Trustees	Pamela Conibeer, Chair of Trustees ¹ Ros Coen ¹ Esther Cook Claire Cooper (resigned 23 November 2018) Claire Delahay Susan Greenfield ¹ Caron Nott, Chief Executive Officer and Accounting Officer Steven Quenby ¹ (resigned 25 September 2019) Steven Seal Marc Hoodless (appointed 12 December 2018) Cathy Reid (appointed 12 December 2018) Kim Stedman ¹ Member of Finance and Resources Committee
Company registered number	10393053
Principal and registered office	The Rowans Silverbank Churchill Avenue Chatham Kent ME5 0LB
Senior management team	Caron Nott, Chief Executive Officer Fiona May, Deputy Headteacher Claire Delahay, Executive Business Manager
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds Bank plc 142-146 High Street Chatham Kent ME4 4DU
Solicitors	Browne Jacobson 1 Manor Court Dix's Field Exeter EX1 1UP

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Trustees' report

For the period ended 31 August 2019

The trustees present their annual report together with the financial statements and auditor's report of the academy trust for the year ended 31 August 2019.

The Academy Trust operates a single academy (The Rowans AP Academy) for up to 65 pupils who have been excluded, or are at risk of exclusion, from mainstream schools.

The Trust is currently working with the DfE towards the opening of a Free School (The Beeches) planned for September 2021.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity, and its memorandum and articles of association are the primary governing documents of the trust.

The trustees of The Inspiring Change Multi-Academy Trust are also the directors for the purposes of company law. Presently the academy trust is also known as The Rowans AP Academy.

Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the academy trust 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.

Trustees' indemnities

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Details of the insurance cover are provided in note 12 to the financial statements.

Principal activities

The academy trust took over the operation of The Rowans on the pupil referral unit's conversion to academy status on 1 June 2017. Since then the academy trust's principal object and activity has been to manage the provision of education to pupils between the ages of 11 and 16.

The trust is also in the process of setting up an Alternative Provision Free School (The Beeches), working with the DfE to open in September 2021.

The trust intends in the near future to be looking into the application of a post-16 alternative provision.

Method of recruitment and appointment or election of trustees

Under the terms of its articles, the number of trustees shall not be less than three but shall not be subject to any maximum. The academy trust shall have the following trustees:

- Up to 8 trustees appointed by the members;
- The Chief Executive Officer, if appointed as a trustee;
- A minimum of 2 parent trustees where the trustees have not appointed Local Governing Bodies in respect of the trust's academies;
- Any co-opted trustee appointed by the trustees.

The trustees shall be skilled in educational matters (especially relating to finance and legal) and be committed to providing quality educational opportunities for all stakeholders. The trustees shall also be committed and dedicated to the core purpose of the academy trust and following all charitable and financial procedures.

The trust currently has 9 trustees, plus the CEO, 1 parent trustee and 1 parent trustee vacancy. This vacancy has been advertised widely amongst parents/carers but to date we have had no further interest.

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Method of recruitment and appointment or election of trustees (continued)

In terms of further recruitment, a skills audit has been undertaken of existing trustees to identify areas of for their monitoring visits. New recruits are sought from local schools, parents and businesses who have the relevant experience/skills to complete those required on the board.

Policies and procedures adopted for the induction and training of trustees

The inaugural trust board meeting was held on 5 July 2017. At this meeting, the Committee structure and terms of reference were formally adopted, and financial regulations and policies were agreed.

There are currently no local governing bodies within the trust, as the Rowans is the only academy within it, and trustees will take on this role. When The Beeches is opened, it is intended that there will be a local governing body for both The Rowans and The Beeches.

Meetings have been set for the forthcoming year, with the trust board due to meet 4 times.

The finance and resources committee members have been extended to 4 trustees, plus the CEO. The EBM also attends in an advisory capacity. The finance and resources committee will also act as the audit committee and pay committee for the trust. There are 5 meetings scheduled for the 2019/20 academic year.

A skills audit is being undertaken for all trustees and training and induction provided for new trustees as necessary.

All new trustees are given a tour of the school and the chance to meet with staff and students. Copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees are available to all.

New trustees will be allocated focus areas, in line with their skills and experience. During their visits to school, they will meet with key staff to investigate, challenge and report back to the board on their findings.

Trustees are kept informed of school life by receiving a termly newsletter and are invited to all school functions such as Christmas dinner and celebration days. Trustees are regularly updated on any good news stories.

Trustees receive updates regarding progress towards the opening of The Beeches, detailing any meetings etc. during the month.

Organisational structure

The organisational structure consists of three levels: the members, the trustees and the senior leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst allowing a place for challenge and accountability.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

The senior leadership team comprises the CEO, Deputy Headteacher and Executive Business Manager. These managers control the academy trust at an executive level implementing the policies laid down by the trustees and reporting back to them.

As a group the senior leadership team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for posts in the senior leadership team always contain a trustee. The safeguarding trustee is invited to join all teaching interviews. By attending interviews, the trustee has the opportunity to witness the recruitment procedures, give her own input and feedback to the trustees and appointments

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

Only staff trustees, including the Headteacher, are remunerated, and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 11. Remuneration paid to the key management personnel, including the staff trustees, is disclosed in note 10.

All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees. The trust has currently adopted the local authority's policies, under a Service Level Agreement, but may work to develop its own policies as it expands.

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Arrangements for setting pay and remuneration of key management personnel (continued)

Remuneration of all personnel is set in line with national pay spines, helping trustees conclude that individuals are paid at an appropriate level. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds an reasonable amount that provide value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Connected organisations, including related party relationships

The Rowans AP Academy is currently the only school operating within the trust.

However, the trust has gained approval from the DfE to set up an Alternative Provision Free School, The Beeches, on the school site. Work is progressing towards this, with a view to an opening date of September 2021.

As previously mentioned, the trust plans to apply for post-16 education at some point in the near future and the options for this are currently being researched.

There are no connected PTA/PFA organisations or separate Voluntary Funds.

OBJECTIVES AND ACTIVITIES

Objects and aims

The trust's objects are specifically restricted to the following;

The Inspiring Change Multi Academy Trust (ICMAT) will seek to provide provision which is responsive, flexible, cross phase and of the highest quality. The academic and emotional needs of young people are constantly changing and ICMAT should be in a position to provide the most effective and suitable support and/or provision for these vulnerable and challenging young people across Medway and in certain instances from neighbouring authorities. ICMAT will work to ensure the education that learners receive is tailored to meet their individual needs and designed to give them the skills to improve their life chances. We aim to support the progress of the learners enabling them to gain qualifications for future pathways. The development of the learner's personal integrity, self-respect and citizenship is central to all work.

Objectives, strategies and activities

Strategic Objectives

To establish a network of outstanding cross-phase alternative provision academies and/or free schools that are focussed on achieving the best possible outcomes for young people using the highest quality leadership, teaching and support, in modern innovative learning environments. Increasing Medway's capacity to prevent and/or reduce exclusion and improve trajectories for all excluded pupils.

Achievement and Outcomes

Using high quality and robust data to provide interventions that close gaps in knowledge and attainment, deliver reintegration where possible, raise achievement and aspirations and support all learners through a personalised curriculum which offers an entitlement of a minimum of 5 GCSEs or equivalent in the secondary phase thus ensuring a successful and appropriate post-16 pathway.

The Quality of Education – Teaching and Learning

Delivering outstanding academic, social and emotional learning which enables learners to become successful and thoughtful lifelong learners who are respectful of alternative viewpoints and ideas and who have resilience, determination and aspiration to make better choices for themselves and their futures. .

Personal Development, Behaviour and Attitude

Ensuring safe and stimulating learning environments across ICMAT and using robust systems to deliver effective support and well-being for all, whilst teaching young people to make more positive choices and an understanding of how their behaviour and conduct affects themselves and others around them both in the short term and long term.

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Leadership and Management

Building and supporting the capacity to raise standards of learning and teaching, support and growth by developing and sharing the skills, knowledge and experience of all staff both within current ICMAT provisions and supporting the development of further provisions where needed. Further detail can be found in the School Development Plan 2019-20.

Public benefit

The Rowans is an alternative provision academy converter catering for children aged 11 to 16 and strives to promote and support the advancement of education within the Medway area for pupils who have been excluded from mainstream schools. The school provides an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our students in areas such as academic progression, music, the arts and sport, whilst supporting their specific social, emotional and mental health needs.

For example the school offers:

- an extensive interventions programme, including phonics, reading, music and therapy;
- an holistic approach to pupils' education, supporting their reintegration in mainstream settings and/or preparing them for their future education/careers;
- vocational studies in engineering, design and technology and other non-academic subjects;
- a comprehensive sports offer, including Duke of Edinburgh and other activities to enhance social and self-development skills;
- academic qualifications for the more academically able pupils who wish to continue their academic learning post-16; and
- an extensive after school extra-curricular programme which covers the needs and desires of all pupils.

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the academy trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

STRATEGIC REPORT

Achievements and performance

In 2018/19 academic year, all Year 11 pupils achieved or exceeded their target grades for GCSE and BTEC qualifications with 87.5% achieving 5 or more recognised and accredited qualifications, compared to 12.3% for AP/PRUs nationally. All pupils were entered for and gained qualifications in English language and maths GCSE. Results were outstanding in many subjects, with DT GCSE and RM GCSE gaining 100% grade 4 or better, Travel and Tourism BTEC achieved 87.5% Level 2 qualifications (equivalent to grade 4 or better) and statistics GCSE achieved 66% grade 4 or better.

Headline figures for 2018/19 academic year are shown in the table below;

Year 11 Headline Figures	The Rowans 2018-2019
Number of Year 11 pupils	16
% pupils eligible for FSM	63%
Attainment 8 Average	18.53
Attainment 8 Average Boys	20.36
Attainment 8 Average Girls	14.5
Progress 8 Score	-2.23
Top Progress 8 Score for individual pupil	-1.15
5 or more 9-4 including English and maths (% 5 A* - C inc English and maths)	6.25%
5 or more 9 - 1 including Maths and English	87.50%
5 or more 9-4 or their equivalent (% 5 A*-C)	12.50%
5 or more GCSE's (1 - 9) or their equivalent (% 5 A*-G)	87.50%
At least 1 GCSE 1-9 or equivalent (%1 A*-G)	100.00%
4-9 in English and Maths GCSE (% A* - C in English & Maths GCSE)	6.25%

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Achievements and performance (continued)

All pupils have post-16 destinations. There is a strong commitment to learning, support and progress and this has ensured that pupils continue to exceed national expectations for Alternative Provision and achieve exceptional outcomes. Our own "Rowans 6" measure shows both academic and social achievements and progress.

Number in 2018/2019 cohort: 16

Measure	Outcome 2018/2019
Percentage of pupils achieving a standard pass in English and mathematics	12.50%
Percentage of pupils achieving 5 or more qualifications, 1-9 grades	87.50%
Percentage of pupils staying in education or employment after key stage 4	100%
Percentage improvement of behaviour using the Behaviour Profile tool	23.10%
Score difference in start and end point SDQ measures - Pupil	2.06
Score difference in start and end point SDQ measures - Parent	0.63
Number of months progress in reading age	22

Key financial performance indicators

The trustees consider that the following are key performance indicators for the academy trust:

- Pupils numbers (leading directly to the Education & Skills and Funding Agency ("ESFA") funding level);
- General financial stability - aim for income to match expenditure each year;
- Percentage of income received from ESFA spent on total staff costs;
- Income per pupil;
- Staff costs as a percentage of grant income;
- Staff costs as a percentage of total costs;
- Ofsted inspection results; and
- Capital expenditure per pupil.

The trustees have been pleased that expectations for all key performance indicators listed have been successfully met during the period.

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 Accounting Policies.

Financial review

Most of the academy trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA"). Core grant income has been supplemented by capital funding and various other self-generated income streams.

Total income for the year was £1.56m, similar to £1.52m in the previous year. Excluding capital income, the trust's income for 2018/19 amounted to £1.54m compared to £1.51m in 2017/18.

The incoming resources for the year have not been sufficient to cover total resources expended of £1.68m (2018: £1.62m) resulting in net expenditure for the year of £121k (2018: £106k), as shown on the SoFA. The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was a reduction of £218k (2018: £4k). It is important to note that this overall movement in funds does not reflect the meaningful operational result and includes movements that do not relate to day-to-day running of the academy.

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Financial review (continued)

Excluding movements on tangible fixed assets, the LGPS defined benefit pension liability and revenue to capital transfers the trust's operational result for the year was a small deficit of £4k compared to the surplus of £19k in the prior year, as reconciled from the SoFA below:

		2019 (£000s)	2018 (£000s)
Overall net movement in funds for the year per SoFA		(218)	(4)
<u>Add:</u>			
Decrease / (increase) attributable to fixed asset fund	See A	27	11
LGPS actuarial (gain)/loss	See B	97	(102)
LGPS service and interest costs	See B	79	89
Total movement in year on revenue funds		(15)	(6)
Revenue to capital transfers		11	25
Operational surplus /(deficit) on revenue funds		(4)	19

(A) The movement on restricted fixed asset funds comprises capital grant income received during the year less depreciation charged on capitalised assets purchased from such funds, notably the school buildings. Since these do not relate to day-to-day operational matters the movement on fixed asset funds is excluded from the operational result.

(B) The Balance Sheet carries the trust's share of the deficit on the Local Government Pension Scheme. A detailed report has been prepared by an actuary detailing the movement in the deficit during the year. The movement is in two parts: (1) the actuarial gain relates to movement linked to the assumptions made by the actuary, (2) other movements comprising (i) net interest costs (ii) current service costs - the value of benefits accrued by members over the accounting period less contributions paid and (iii) past service costs for additional benefits granted during the year. Again since the LGPS movement do not relate to operational matters these have been excluded from the operational result.

At 31 August 2019, the net book value of fixed assets was £2.5m and movements in tangible fixed assets are shown in note 13 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the trust's academies, the only exceptions to this being limited letting of the premises to local community groups.

Financial position

The academy trust held fund balances at 31 August 2019 of £2.2m (2018: £2.4m). These funds comprised restricted fixed asset funds of £2.5m (2018: £2.6m), restricted revenue funds of £Nil (2018: £28k) and unrestricted revenue funds of £175k (2018: £162k).

The pension reserve deficit of £531k (2018: £355k) is the only fund in deficit. This deficit does not mean that an immediate liability crystallises; it results in a cash flow effect for the Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the academy trust have been fixed until 1 April 2020.

The significant increase in the LGPS liability during 2018-19 relates to a number of issues which are described in note 2 to the financial statements explaining critical accounting estimates and judgements.

Reserves policy

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The trustees have determined that the appropriate level of free reserves should be equivalent to two month's payroll cost, approximately £180k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred. The trustees will monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the trust will strive to rebuild free reserves up to the level needed. At 31 August 2019 the free reserves of £175k were slightly below this level.

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Financial and risk management objectives and policies

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy trust, and its finances.

The trust has a comprehensive risk management strategy and strategic risk register in place, which was accepted at its inaugural meeting on 5 July 2017 and is regularly reviewed and updated by the finance and resources committee.

The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the academy trust to a number of financial risks which are described in more detail below. The main risks arising from the trust's financial instruments are liquidity risk and cash flow interest rate risk.

- *Liquidity risk* - The academy trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.
- *Interest rate risk* - The academy trust earns interest on cash deposits. With interest rates currently low, the trustees will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the academy trust's assets.
- *Credit risk* – this arises from the possibility that amounts owed to the academy trust will not be repaid. The academy trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Investment policy

The academy trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation.

In addition, the academy trust aims to invest surplus cash funds to optimise returns while ensuring the investment instruments are such that there is no material risk to the loss of these cash funds.

Principal risks and uncertainties

The main risks that the academy trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

- *Operational and reputational* - this covers risks to the running of the academy trust (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum. The continuing success of the trust is dependent on continuing to attract applicants in sufficient numbers. The trustees mitigate this risk by ensuring educational standards are closely monitored and reviewed.
- *Financial* - covering risks to the academy trust's financial position, including revenue streams, cost control and cash management.
- *Failures in governance and/or management* – the risk here concerns any potential failure to effectively manage the trust's finance, internal controls, compliance with regulations and legislation etc. The trustees regularly review the governance arrangements to ensure that appropriate measures are in place to combat this risk.
- *Safeguarding and protection* – it is imperative that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- *Staffing* – success is reliant on the quality of staff and hence the trustees monitor and review policies and procedures to ensure continued development and training of staff, in addition to ensure there is clear succession planning.

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Principal risks and uncertainties (continued)

The risks to which the academy trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations, and the financial position of the staff pension schemes.

Fundraising

The trust has not engaged in any fundraising activities during the period.

PLANS FOR FUTURE PERIODS

The trust intends to expand over the near future, offering alternative provision education to Medway (and possibly other) pupils at risk of exclusion.

In addition to opening The Beeches AP School and a post-16 provision, the trust's keys aims and objectives are set out in the School Development Plan 2019-20.

AUDITOR

In so far as the trustees are aware:

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

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, and signed on the board's behalf by:



Pamela Conibeer, Chair of Trustees



Caron Nott, Chief Executive Officer and Accounting Officer

Date: 11 December 2019

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Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Inspiring Change Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The board of trustees has formally met four times during the period 1 September 2018 to 31 August 2019. The Academies Financial Handbook requires the full board to meet at least three times per annum and recommends six meetings. Although the full board of trustees has met less than six times, effective oversight has been maintained via the sub-committee meetings and the monitoring of monthly management information. Attendance during the year at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Pamela Conibeer	3	4
Ros Coen	2	4
Caron Nott	4	4
Claire Delahay	4	4
Esther Cook	3	4
Steven Quenby	4	4
Stephen Seal	4	4
Claire Cooper	0	1
Susan Greenfield	4	4
Marc Hoodless	2	3
Cathy Reid	2	3
Kim Stedman	1	3

Governance reviews: The board will be completing a self-evaluation/external review in the 2019/20 year.

The finance and resources committee is a sub-committee of the main board of trustees. Its purpose is to plan and monitor the financial and other resources of the school effectively, and to ensure the school provides a safe educational environment. One of the committee's responsibilities is routine budget setting and monitoring. The committee also acts as the trust's audit and pay committee.

The committee has formally met five times during the period 1 September 2018 to 31 August 2019.

Review of Value for Money

There are robust financial procedures and policies in place to ensure value for money.

There is an agreed ICT Renewals programme and an Estates and Building Management Programme in place outlining priorities over the coming three years. These plans have been agreed by the Trustees.

During the 2018/19 academic year, an investment was made in IT equipment in line with the renewals programme.

This included;

- Replacement of Windows Server and associated licences - £10,914.43
- iPads for classroom use - £6899.80
- Charging trolley - £605.00
- Laptops – classroom set - £4743.60

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Governance Statement

Review of Value for Money (continued)

Before purchasing these laptops, quotes were sought from three different suppliers by our ICT Technician to ensure value for money. These quotes are available for scrutiny and attached to the final purchase order. Approval for expenditure in the server, iPads and laptops was agreed at Finance and Resources Committee on 1 May 2019 and confirmed by Full Board on 15 May 2019.

The top priority of the Estates Management Programme was to address issues highlighted on the Fire Risk Assessment.

This included;

- Renewal of exterior fire doors (x5) - £13,356.00
- Renewal of classroom 1 and main office door - £3085.00
- Excavate and refill pathway around exterior of The Elms building - £1920.00

These works were completed during the 2018/19 year. Approval for expenditure on the fire doors was agreed at Finance and Resources Committee on 1 May 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 ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Inspiring Change Multi-Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed UHY Hacker Young, the external auditor, to perform additional checks. Three internal control visits were made during the period 1 September 2018 to 31 August 2019.

Review of Effectiveness

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

- the work of the external auditors; and
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Governance Statement

Review of Effectiveness (continued)

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

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



Pamela Conibeer
Chair of Trustees



Caron Nott
Chief Executive Officer and Accounting Officer

Date: 11 December 2019

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of The Inspiring Change Multi-Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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



Caron Nott
Accounting Officer

Date: 11 December 2019

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

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:



Pamela Conibeer
Chair of Trustees

Date: 11 December 2019

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of The Inspiring Change Multi-Academy Trust

Opinion

We have audited the financial statements of The Inspiring Change Multi-Academy Trust (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.

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

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of The Inspiring Change Multi-Academy Trust
(continued)

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.

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.



Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 16 December 2019

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to The Inspiring Change Multi-Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 19 June 2017 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 The Inspiring Change Multi-Academy Trust 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 The Inspiring Change Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Inspiring Change Multi-Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Inspiring Change Multi-Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Inspiring Change Multi-Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Inspiring Change Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 26 May 2017 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.

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.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants in England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Inspiring Change Multi-Academy Trust for the year ended 31 August 2019 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to The Inspiring Change Multi-Academy Trust and the Education & Skills Funding Agency (continued)

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.

UHY Kent LLP

UHY Kent LLP
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 16 December 2019

The Inspiring Change Multi-Academy Trust
(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	-	-	14,254	14,254	5,856
Charitable activities	4	13,907	1,529,370	-	1,543,277	1,511,357
Investments	5	147	-	-	147	9
Total income		14,054	1,529,370	14,254	1,557,678	1,517,222
Expenditure on:						
Charitable activities	7	-	1,627,248	51,873	1,679,121	1,622,889
Total expenditure	8	-	1,627,248	51,873	1,679,121	1,622,889
Net income/(expenditure)		14,054	(97,878)	(37,619)	(121,443)	(105,667)
Transfers between funds	16	(1,747)	(8,894)	10,641	-	-
Net movement in funds before other recognised gains/(losses)		12,307	(106,772)	(26,978)	(121,443)	(105,667)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	21	-	(97,000)	-	(97,000)	102,000
Net movement in funds		12,307	(203,772)	(26,978)	(218,443)	(3,667)
Reconciliation of funds:						
Total funds brought forward	16	162,656	(327,228)	2,554,437	2,389,865	2,393,532
Net movement in funds		12,307	(203,772)	(26,978)	(218,443)	(3,667)
Total funds carried forward	16	174,963	(531,000)	2,527,459	2,171,422	2,389,865

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


The notes on pages 22 to 40 form part of these financial statements.

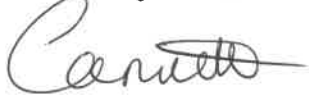
The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)
Registered number: 10393053

Balance Sheet
As at 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	2,527,459	2,554,437
Current assets			
Stocks		2,255	2,255
Debtors	14	115,229	19,032
Cash at bank and in hand		146,028	193,487
		<u>263,512</u>	<u>214,774</u>
Creditors: amounts falling due within one year	15	(88,549)	(24,346)
Net current assets		<u>174,963</u>	<u>190,428</u>
Total assets less current liabilities		<u>2,702,422</u>	<u>2,744,865</u>
Defined benefit pension scheme liability	21	(531,000)	(355,000)
Total net assets		<u><u>2,171,422</u></u>	<u><u>2,389,865</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	16	2,527,459	2,554,437
Restricted income funds	16	-	27,772
		<u>2,527,459</u>	<u>2,582,209</u>
Restricted funds excluding pension asset	16		
Pension reserve	16	(531,000)	(355,000)
Total restricted funds	16	<u>1,996,459</u>	<u>2,227,209</u>
Unrestricted income funds	16	<u>174,963</u>	<u>162,656</u>
Total funds		<u><u>2,171,422</u></u>	<u><u>2,389,865</u></u>

The financial statements on pages 19 to 40 were approved by the trustees, and authorised for issue and are signed on their behalf, by:


Pamela Conibeer
Chair of Trustees


Caron Nott
Trustee and Accounting Officer

Date: 11 December 2019

The notes on pages 22 to 40 form part of these financial statements.

The Inspiring Change Multi-Academy Trust
(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	18	(36,965)	211,512
Cash flows from investing activities	19	(10,494)	(24,649)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(47,459)	186,863
Cash and cash equivalents at the beginning of the year		193,487	6,624
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	20	146,028	193,487
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 22 to 40 form 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), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the 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.

1.2 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.

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **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.

1.4 Expenditure

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

• **Charitable activities**

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

1.5 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.

1.6 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding 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-term leasehold property	- over the lease term of 125 years
Furniture and equipment	- 20%
Computer equipment	- 33.33%

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.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. 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. Accounting policies (continued)

1.8 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.

1.9 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

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 21, 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.

For 2018-19 there has been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £12k. This is reflected as a past service cost, within staff costs, and detailed in note 21.

There will also be an increase in the cost of benefits from 1 September 2019.

(2) Guaranteed Minimum Pension (GMP). GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

(3) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(4) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 21. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

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3. Income from donations and capital grants

	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Capital grants	14,254	14,254	5,856

All income from donations and capital grants in 2018 was restricted.

4. Funding for the academy trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	522,138	522,138	407,435
Other DfE/ESFA grants	-	67,581	67,581	53,612
	-	589,719	589,719	461,047
Other government grants				
Local authority grants	-	939,651	939,651	1,040,858
	-	939,651	939,651	1,040,858
Other funding				
School trips	4,175	-	4,175	3,612
Catering	1,751	-	1,751	2,007
Other	7,981	-	7,981	3,833
	13,907	-	13,907	9,452
	13,907	1,529,370	1,543,277	1,511,357
<i>Analysis of 2018 total by fund</i>	9,452	1,501,905	1,511,357	

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Notes to the Financial Statements
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5. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank interest	147	147	9

All investment income in 2018 was unrestricted.

6. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	<i>Total 2018 £</i>
Educational operations:					
Direct costs	1,082,631	-	183,045	1,265,676	1,188,722
Allocated support costs	244,575	75,431	93,439	413,445	434,167
	<u>1,327,206</u>	<u>75,431</u>	<u>276,484</u>	<u>1,679,121</u>	<u>1,622,889</u>
<i>Analysis of 2018 total</i>	<u>1,256,480</u>	<u>91,071</u>	<u>275,338</u>	<u>1,622,889</u>	

7. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Educational operations	1,679,121	1,679,121	1,622,889

The total expenditure in 2018 was restricted.

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8. Analysis of expenditure by activities

	Direct costs	Support costs	Total	Total
	2019	2019	funds	funds
	£	£	2019	2018
			£	£
Educational operations	1,265,676	413,445	1,679,121	1,622,889
<i>Analysis of 2018 total</i>	<i>1,188,722</i>	<i>434,167</i>	<i>1,622,889</i>	

Analysis of support costs

	Total	Total
	funds	funds
	2019	2018
	£	£
Staff costs	244,575	249,192
Premises costs	63,791	72,021
Other support costs	91,834	99,424
Governance costs	13,245	13,530
	413,445	434,167

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Operating lease rentals	24,073	16,298
Depreciation of tangible fixed assets	51,873	41,439
Fees paid to auditors for:		
- audit	7,895	7,650
- other services	5,350	4,925

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Notes to the Financial Statements
For the Year Ended 31 August 2019

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	<i>2018</i>
	£	<i>£</i>
Wages and salaries	998,735	938,183
Social security costs	90,502	83,229
Pension costs	237,969	233,518
	<u>1,327,206</u>	<u>1,254,930</u>
Agency staff costs	-	1,550
	<u><u>1,327,206</u></u>	<u><u>1,256,480</u></u>

b. Staff numbers

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

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	14	14
Management	3	3
Administration and support	22	22
	<u>39</u>	<u>39</u>

The average headcount expressed as full-time equivalents was:

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	14	13
Management	3	3
Administration and support	15	15
	<u>32</u>	<u>31</u>

Notes to the Financial Statements
For the Year Ended 31 August 2019

10. Staff costs (continued)

c. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £213,409 (2018 - £209,757).

11. 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 Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment. The value of trustees' remuneration and other benefits was as follows:

		2019	<i>2018</i>
		£	£
Caron Nott, Headteacher and Accounting Officer	Remuneration	65,000 - 70,000	<i>65,000 - 70,000</i>
	Pension contributions paid	10,000 - 15,000	<i>10,000 - 15,000</i>
Claire Delahay	Remuneration	35,000 - 40,000	<i>35,000 - 40,000</i>
	Pension contributions paid	5,000 - 10,000	<i>5,000 - 10,000</i>

During the year ended 31 August 2019, no trustee expenses have been incurred (2018 - £NIL).

12. Trustees' and Officers' insurance

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

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13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	2,500,000	46,351	58,287	2,604,638
Additions	-	-	24,895	24,895
At 31 August 2019	2,500,000	46,351	83,182	2,629,533
Depreciation				
At 1 September 2018	23,000	10,742	16,459	50,201
Charge for the year	18,400	9,270	24,203	51,873
At 31 August 2019	41,400	20,012	40,662	102,074
Net book value				
At 31 August 2019	2,458,600	26,339	42,520	2,527,459
At 31 August 2018	2,477,000	35,609	41,828	2,554,437

Included in long-term leasehold property is land at valuation of £200,000 which is not depreciated.

14. Debtors

	2019 £	2018 £
Trade debtors	68,066	5,190
VAT repayable	12,323	4,413
Prepayments and accrued income	34,840	9,429
	115,229	19,032

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	3,315	117
Accruals and deferred income	85,234	24,229
	88,549	24,346

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For the Year Ended 31 August 2019

16. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General fund	162,656	14,054	-	(1,747)	-	174,963
Restricted general funds						
General Annual Grant (GAG)	24,298	522,138	(537,542)	(8,894)	-	-
Other DfE/ESFA grants	3,474	67,581	(71,055)	-	-	-
Other government grants	-	939,651	(939,651)	-	-	-
Pension reserve	(355,000)	-	(79,000)	-	(97,000)	(531,000)
	<u>(327,228)</u>	<u>1,529,370</u>	<u>(1,627,248)</u>	<u>(8,894)</u>	<u>(97,000)</u>	<u>(531,000)</u>
Restricted fixed asset funds						
Fixed assets	2,554,437	-	(51,873)	24,895	-	2,527,459
DfE/ESFA capital grants	-	14,254	-	(14,254)	-	-
	<u>2,554,437</u>	<u>14,254</u>	<u>(51,873)</u>	<u>10,641</u>	<u>-</u>	<u>2,527,459</u>
Total Restricted funds	<u>2,227,209</u>	<u>1,543,624</u>	<u>(1,679,121)</u>	<u>1,747</u>	<u>(97,000)</u>	<u>1,996,459</u>
Total funds	<u>2,389,865</u>	<u>1,557,678</u>	<u>(1,679,121)</u>	<u>-</u>	<u>(97,000)</u>	<u>2,171,422</u>

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

General Annual Grant ("GAG") must be used for the normal running costs of the academy trust.

The other DfE/ESFA grants is used to track non-GAG grant money received from the DfE/ESFA and connected bodies, and included Pupil Premium income.

The other government grants fund is used to track grants provided by government departments other than the DfE/ESFA and includes grants received from Local Authorities.

The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfer into restricted fixed asset funds from revenue funds represents the value of capital additions acquired during the year funded by a revenue to capital contribution.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General fund	177,853	9,461	-	(24,658)	-	162,656
Restricted general funds						
General Annual Grant (GAG)	18,317	407,435	(401,454)	-	-	24,298
Other DfE/ESFA grants	-	53,612	(50,138)	-	-	3,474
Other government grants	-	1,040,858	(1,040,858)	-	-	-
Pension reserve	(368,000)	-	(89,000)	-	102,000	(355,000)
	(349,683)	1,501,905	(1,581,450)	-	102,000	(327,228)
Restricted fixed asset funds						
Fixed assets	2,565,362	-	(41,439)	30,514	-	2,554,437
DfE/ESFA capital grants	-	5,856	-	(5,856)	-	-
	2,565,362	5,856	(41,439)	24,658	-	2,554,437
Total Restricted funds	2,215,679	1,507,761	(1,622,889)	24,658	102,000	2,227,209
Total funds	2,393,532	1,517,222	(1,622,889)	-	102,000	2,389,865

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17. 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	-	-	2,527,459	2,527,459
Current assets	174,963	88,549	-	263,512
Creditors due within one year	-	(88,549)	-	(88,549)
Provisions for liabilities and charges	-	(531,000)	-	(531,000)
Total	174,963	(531,000)	2,527,459	2,171,422

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	2,554,437	2,554,437
Current assets	162,656	52,118	-	214,774
Creditors due within one year	-	(24,346)	-	(24,346)
Provisions for liabilities and charges	-	(355,000)	-	(355,000)
Total	162,656	(327,228)	2,554,437	2,389,865

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Notes to the Financial Statements
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18. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(121,443)	(105,667)
Adjustments for:		
Depreciation	51,873	41,439
Capital grants from DfE and other capital income	(14,254)	(5,856)
Interest receivable	(147)	(9)
Defined benefit pension scheme cost less contributions payable	71,000	80,000
Defined benefit pension scheme finance cost	8,000	9,000
Decrease/(increase) in stocks	-	(2,255)
(Increase)/decrease in debtors	(96,197)	196,422
Increase/(decrease) in creditors	64,203	(1,562)
Net cash (used in)/provided by operating activities	(36,965)	211,512

19. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	147	9
Purchase of tangible fixed assets	(24,895)	(30,514)
Capital grants from DfE Group	14,254	5,856
Net cash used in investing activities	(10,494)	(24,649)

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	146,028	193,487
Total cash and cash equivalents	146,028	193,487

21. 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 Kent County Council. 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.

Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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 the 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 0.08%). 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%.

The employer's pension costs paid to TPS in the year amounted to £96,000 (2018 - £83,000).

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.

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.

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.

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21. Pension commitments (continued)

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 £78,000 (2018 - £78,000), of which employer's contributions totalled £60,000 (2018 - £60,000) and employees' contributions totalled £18,000 (2018 - £18,000). The agreed contribution rates for future years are 20 per cent for employers and 5.5 to 12.5 per cent 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	3.65	3.80
Rate of increase for pensions in payment/inflation	2.15	2.30
Discount rate for scheme liabilities	1.90	2.70
Inflation assumption (CPI)	2.15	2.30

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

	2019 Years	2018 Years
Retiring today:		
Males	22.1	23.1
Females	24.0	25.2
Retiring in 20 years:		
Males	23.7	25.3
Females	25.8	27.5

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(29)	(21)
Discount rate -0.1%	30	22
Mortality assumption - 1 year increase	36	26
Mortality assumption - 1 year decrease	(35)	(25)
CPI rate +0.1%	28	20
CPI rate -0.1%	(27)	(20)

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21. Pension commitments (continued)

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

	At 31 August 2019 £	<i>At 31 August 2018 £</i>
Equities	306,000	243,000
Gilts	3,000	3,000
Corporate bonds	40,000	32,000
Property	52,000	44,000
Cash and other liquid assets	12,000	11,000
Other	35,000	24,000
Total market value of assets	448,000	357,000

The actual return on scheme assets was £18,000 (2018 - £14,000).

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

	2019 £	<i>2018 £</i>
Current service cost	(119,000)	(140,000)
Past service cost	(12,000)	-
Interest income	11,000	8,000
Interest cost	(19,000)	(17,000)
Total amount recognised in the Statement of Financial Activities	(139,000)	(149,000)

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

	2019 £	<i>2018 £</i>
At 1 September	712,000	676,000
Current service cost	119,000	140,000
Interest cost	19,000	17,000
Employee contributions	18,000	18,000
Actuarial losses/(gains)	104,000	(96,000)
Benefits paid	(5,000)	(43,000)
Past service costs	12,000	-
At 31 August	979,000	712,000

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Notes to the Financial Statements
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21. Pension commitments (continued)

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2019	2018
	£	£
At 1 September	357,000	308,000
Interest income	11,000	8,000
Actuarial gains	7,000	6,000
Employer contributions	60,000	60,000
Employee contributions	18,000	18,000
Benefits paid	(5,000)	(43,000)
At 31 August	448,000	357,000

22. 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:

	2019	2018
	£	£
Not later than 1 year	17,282	8,180
Later than 1 year and not later than 5 years	20,141	7,908
	37,423	16,088

23. 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.

24. Related party transactions

Owing to the nature of the academy trust's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

The following related party transactions took place during the year in addition to those with staff trustees disclosed in note 11.

Expenditure related party transaction

H. Miller, the son of K. Stedman, a trustee, is employed by the academy trust as an apprentice teaching assistant. H. Miller's appointment was made in open competition and K. Stedman was not involved in the decision making process regarding appointment. H. Miller is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a trustee.

25. Controlling party

The academy trust is run by the senior management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.