MHA

Company Registration Number: 07725629 (England & Wales)

SHELDWICH PRIMARY SCHOOL

(A Company Limited by Guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

mha
MACINTYRE HUDSON

SHELDWICH PRIMARY SCHOOL
(A Company Limited by Guarantee)

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SHELDWICH PRIMARY SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2019

Members

Mr D Milham
Mrs S Garrett
Mr A Golesworthy
Mr F Stoddart
Ms J Flynn

Trustees

Mr D Milham (Chair, Finance Committee Member)
Dr L Alder (resigned 06/02/19)
Mr A Golesworthy (Chair of Finance Committee)
Mr F Stoddart (Finance Committee Member)
Mr G Offord (resigned 06/02/19)
Ms J Flynn (Vice Chair)
Ms R Coulson
Mr D Coker
Mr M Risley (Finance Committee Member)
Mrs S Garrett (Principal and Accounting Officer, Finance Committee Member)
Ms C Gower (Staff Governor)
Mrs R Fairs
Mr R Macey
Mr M Duffy (Finance Committee Member)
Mrs C Hayward (appointed 18/12/19)

Company Secretary [if applicable]

Mrs J Linter (Finance Officer, Finance Committee Member)

Senior Management Team

Mrs S Garrett (Headteacher)
Ms C Gower (Assistant Headteacher)
Mrs J Linter (School Business Manager, Finance Officer)

Company Name

Sheldwich Primary School

Principal and Registered Office

Lees Court Road, Sheldwich, Faversham, Kent ME13 0LU.

Company Registered Number

07725629 (England & Wales)

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2019

Independent Auditor

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

Bankers

Lloyds Bank
49 High Street, Canterbury, Kent CT1 2SE

Solicitors

Brachers LLP
Somerset House, 59 London Road, Maidstone, Kent ME16 8JH

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 3.1 August 2019. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Academy Trust operates an academy for pupils aged 2 to 11 serving a catchment area in Sheldwich, the surrounding villages and Faversham. It has a pupil capacity of 218 and had a roll of 214 in the school census on 3 October 2019 and on 49 children on roll aged 2-4.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of Sheldwich Primary School Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company operates as Sheldwich Primary School Academy.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 3.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Method of Recruitment and Appointment or Election of Trustees

The Academy shall have the following Governors as set out in its Articles of Association and funding agreement:

- up to 8 Governors who are appointed by members
- staff Governors elected by employees of the Academy. The number of Staff Governors must not exceed one third of the total number of Governors
- up to 1 LA Governor if appointed by the Local Authority
- a minimum of 2 Parent Governors who are elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time he is elected.
- the Principal
- any additional or further Governors appointed by the Secretary of State
- there is both an internal and external induction process for new Governors.
- a self-review was carried out which identified the need for more of a skills based recruitment process which has now been addressed.
- ongoing online training is available along with the KCC Governor Support package.

Governors are appointed for a four year period.

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new Governors includes a tour of the Academy and a chance to meet staff and pupils. The Governor Support Team at the Local Authority provides external training including financial matters. They provide regular updates on practice, legislation and guidance. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The Academy has a leadership structure which consists of the Governors, the Senior Leadership Team (SLT) and the Wider Leadership Team (WLT). The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Headteacher is the Accounting Officer.

The Governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy and capital expenditure.

The SLT consists of the Headteacher, Assistant Headteacher and the School Business Manager. The SLT control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Headteacher, Finance Officer and Finance Committee are responsible for the authorisation of spending within agreed budgets. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor. The WLT consists of three Phase Leaders (Early Years, Years 1, 2 & 3 and Years 4, 5 & 6).

Arrangements for setting pay and remuneration of key management personnel

The Governing Body delegates all decisions relating to the pay for members of the Senior Leadership Team to the Staffing and Pay sub-committee. The Terms of Reference for the Staffing and Pay Committee are detailed in the Pay and Reward Policy which states that they must undertake an annual pay review for all staff and reach decisions through the application of any relevant criteria measured by the Academy's performance appraisal process.

The Academy's teaching staff (including management) are members of the Teachers' Pension (TP) scheme and support staff (including management) are automatically opted in to the Local Government Pension Scheme (LGPS). Rates of contribution from members and the Academy are calculated by TP and LGPS and reviewed on an annual basis.

Related Parties and other Connected Charities and Organisations

There are no related parties or sponsors which control or are controlled by Sheldwich Primary School, however there is a separate parent teacher association, Sheldwich County Primary School Parent Teacher Association (charity no.1021211), which may from time to time contribute to the operations of the school.

OBJECTIVES AND ACTIVITIES

The principal object and activity of the charitable company is the operation of Sheldwich Primary School to provide education and care for pupils of different abilities between the ages of 2 and 11 (previously 4 and 11).

In May 2016 The Department for Education approved the extension of the age range to include children aged 2 and 3. The Academy opened a pre-school to cater for these children in September 2016.

In accordance with the Articles of Association the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things:

- that the school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum);
- that it provides education for pupils of different abilities;
- and that it provides education for pupils who are wholly or mainly drawn from the area in which the school is situated.

The Aims of the Academy during the year ended 31 August 2019 are summarised below:

At Sheldwich Primary School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our School is a community in which children, staff and parents should be part of a happy and caring environment.

In order to achieve this, we will;

- Deliver the best curriculum, with an emphasis on the core subjects, while using a planned topic approach which builds on a child's knowledge and experience of the world;
- Provide a stimulating learning environment throughout the School;
- Look for excellence in all work;
- Foster a firm and consistent discipline;
- Encourage humour, sympathy, sensitivity, tolerance, independence, self-esteem and co-operation;
- Require children to develop respect, compassion and honesty in their relationships;
- Develop positive attitudes towards gender, non-violence and disability;
- Enable children to understand and make a contribution towards preserving and enhancing the physical environment;
- Ensure that children appreciate and value the multi-cultural society of both this and other countries;
- Develop a partnership which involves Parents and the community in the life of the School, and which also helps channel the talents everyone possesses towards the benefit of our children;
- Create good links with local pre-school groups, other primary schools and secondary schools;
- Provide opportunities for personal and professional growth for all who work in the School Community;
- Expect children to take a pride in attending Sheldwich Primary School.

Objects and Aims

Key priorities for the year are contained in our School Development Plan which is available from the School Office and published on the school website. Improvement Focuses identified for this year (2019/20) include:

Quality of Education
The school's curriculum intent and implementation are embedded securely and consistently across the school.
To accelerate pupils' progress so that an even greater proportion of pupils attain at a high standard in mathematics.

Personal Development
To produce a policy and scheme of work for 'Relationships Education and Health Education'.

Behaviour and Attitudes
To teach children to be resilient in their relationships with friends and peers and to support the well-being of others.

Leadership and Management
To further develop a professional and collaborative relationship between Sheldwich, Graveney and Luddenham Primary Schools.
To continue to raise the profile of well-being with all stakeholders.

Quality of Early Years Provision
To take part in the 2019-20 Reception Baseline Assessment Pilot (National Foundation for Education Research).

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit. The Governors believe that the Academy's educational objective and aims of educating local primary school children are demonstrably to the public benefit.

Amongst the other benefits are;

- mentoring trainee teachers in partnership with Canterbury Christ Church University
- collaboration with local primary and secondary schools in respect of staff training
- Chair of Governors is a National Leader of Governance to support other local schools

STRATEGIC REPORT

Achievements and Performance

Pupils at Sheldwich Primary School make excellent progress from their starting points by the time they leave at the end of Year 6. They reach standards that are above those reached by most pupils nationally.

Key Performance Indicators

Performance Data

Early Years Foundation Stage
(Percentage of pupils achieving at each level for each Early Learning Goal)
Cohort: 32 pupils

Communication and Language	% **Emerging**	% **Expected**	% **Exceeding**	% **Exp+**
Listening and Attention	9.38%	65.6%	25%	90.6%
Understanding	12.5%	65.6%	21.8%	87.5%
Speaking	12.5%	56.2%	31.2%	87.5%
Physical Development				
Moving and Handling	9.38%	75%	15.6%	90.6%
Health and Self-care	6.25%	71.8%	21.8%	93.7%
Personal, Social and Emotional Development				
Self-confidence and Self-awareness	12.5%	56.2%	31.2%	87.5%
Managing Feeling and Behaviour	9.38%	62.5%	28.1%	90.6%
Making Relationships	12.5%	56.2%	31.2%	87.5%
Literacy				
Reading	12.5%	62.5%	25%	87.5%
Writing	15.6%	59.3%	25%	84.3%
Mathematics				
Numbers	12.5%	65.6%	21.8%	87.5%
Shape, Space and Measures	12.5%	59.3%	28.1%	87.5%
Understanding the World				
People and Communities	12.5%	62.5%	25%	87.5%
The World	12.5%	62.5%	25%	87.5%
Technology	6.25%	78.1%	15.6%	93.7%
Expressive Arts, Designing and Making				
Exploring Using Media and Materials	15.6%	53.1%	31.2%	84.3%
Being Imaginative	9.38%	53.1%	37.5%	90.6%

Year 1 Phonics Screening:
Cohort 31 pupils:
87% met the 'required standard' (27 pupils).

Year 2 Phonics Screening (retake):
2 pupils retook the Phonics Screening. 1 pupil met the 'required standard'.

Year 2 SATs:
Cohort: 30 pupils

	Emerging Standard	Greater Depth	Expected +
Reading			
All Pupils	17%	43%	83%
Writing			
All Pupils	13%	33%	87%
Mathematics			
All Pupils	17%	30%	83%

Combined (Reading, Writing and Maths) 77% Expected+

Year 6 SATs

Cohort: 34 pupils (21 boys & 13 girls)

	Expected Standard	Greater Depth	Scaled Score
Reading			
All Pupils	91%	32%	107
Writing			
All Pupils	88%	21%	104
Mathematics			
All Pupils	85%	18%	105
Combined Reading, Writing and Mathematics (Expected Standard):			82%
GPS			
All Pupils	88%	26%	106

Pupils leave Sheldwich Primary School with the academic, social, teamwork and leadership skills necessary to thrive in Secondary School and to be well rounded individuals able to contribute to society in the future and develop successful careers. The school participates in a wide range of sporting activities and has achieved the 'Platinum School Games Kite Mark' in recognition of their sporting achievements and opportunities. This award is only achieved by a handful of schools across the country.

Pupils have access to a wide range of sports at Sheldwich: football, netball, cricket, squash, handball, dodgeball, rounders, lacrosse, basketball, golf, archery, dance, tennis, athletics, cross country, hockey, multi sports, orienteering, gymnastics, American football, boxercise and tag rugby.

There is a thriving chess community in the school. Seventy children took part in the school championship which was contested over 7 rounds in Term 4. 27 children qualified from that to the regional 'Megafinal' stage of the Delancey UK Chess Challenge and 11 children qualified from there for the 'Gigafinal' (national semi-final stage) with 3 children qualifying for the final round the 'Terrafinal' (Challengers). The school had both an U9 and U11 team qualify for the semi-finals of the National Primary Schools Chess Association Championships with the U9 team winning their category. There is also a strong Sheldwich representation at the Kent Junior Chess Association Grand Prix events and one of our pupils was part of the Kent U11 team which won the E.P.S.C.A National Championships. For the second year running, the school is entering a team in the Thanet and East Kent League, where the children will be playing evening league chess against adult teams, the only primary school in its history to do so.

Two members of staff are qualified to deliver the Forest School programme. The Forest School ethos fundamentally acknowledges individual learning processes by supporting the children at their own pace and following their lead as they explore a safe and stimulating environment full of sensory diversity and variability.

During the year the school has been researching how to embed 'Nature's Principles of Harmony' into their teaching and learning. Staff have attended training sessions at school and have also taken part in The Prince's School of Traditional Arts workshops. Harmony is an innovative approach to education that puts creativity and sustainability at the centre, exploring the world from a local to global scale through the process of enquiry and engagement with the natural world. It helps children to explain, inspire and address curiosity about Earth and our responsibility to look after it.

The school has a thriving Breakfast and After School Club. Additionally the school runs a wide range of activities after school including: choir, football, art, chess, netball, tennis, tag rugby, infant agility, French, music technology, debating, sewing and gardening.

Ofsted Inspection Report

Following a Section 8 Monitoring visit by Ofsted 10th July 2018 Sheldwich has continued to be deemed Outstanding. This builds upon the outcomes of the Ofsted Inspection on the 8/9th November 2012 whereby the Academy was first judged Outstanding in all areas:

Achievement of pupils:	Outstanding
Quality of teaching:	Outstanding
Behaviour and safety of pupils:	Outstanding
Leadership and management:	Outstanding
Overall effectiveness:	Outstanding

Comments made by Ofsted following Section 8 Monitoring visit:

> *You lead the school with passion and enthusiasm. Since the time of the last inspection you have been unwavering in your ambition to meet the needs of children and families in this rural community. The addition of the 'Little Hedgehogs' Nursery is particularly successful and parents appreciate the great start their children receive. One parent noted: 'The staff here are caring, compassionate and inspiring; a dream team.'*
>
> *Pupils are remarkably well behaved, polite and enthusiastic. They rarely miss a day of school and show positive attitudes towards their learning in class. Pupils adore the wide range of clubs and activities they can*

participate in, such as chess and lacrosse. In class, pupils work with interest and drive. They enjoy the opportunity to discuss their thinking with friends yet are equally adept at working independently when it is time to knuckle down. As a result, pupils are highly productive and make great progress.

You have thought carefully about making sure that the curriculum is lively and interesting and helps to prepare pupils exceptionally well for the next stage of their education. You use the abundant outdoor space to enhance pupils' learning. For example, when studying the Roman army, pupils in Year 4 cooked food around a fire pit and designed, built and used their own Roman shields. These first-hand experiences give pupils the opportunity to explore subjects in depth and think carefully about their learning.

Governors visit often to check the work of the school. Their visits are sharply focused, and their findings and recommendations are reported back to the whole governing body. For example, Governors monitor the use of sports premium funding and additional funding for pupils who have special educational needs and/or disabilities to satisfy themselves that they have secured good value for money. Governors' actions are firmly focused on improving the outcomes for pupils. They are very well placed to secure further improvement.

Buildings and Grounds

The Academy is fortunate to occupy attractive buildings with good outdoor areas in the rural area of Sheldwich, about 2.5 miles south of Faversham just off the A251. The maintenance of the buildings is a high priority to provide a modern environment conducive for effective teaching and learning. The school successfully bid for a Conditions Improvement Grant to replace existing skylights and flat roofs.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy 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.

The Governors have implemented a system to assess risks that the school faces in strategic and operational, physical, infrastructure, governance, staffing, pupils and finance. They have implemented systems in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls.

A Risk Register and Emergency Management and Business Continuity Plan are in place and reviewed regularly.

FINANCIAL REVIEW

Reserves Policy

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

At 31 August 2019 the Academy had unrestricted reserves of £33,416 which is free to be expended as we choose.

The Governors have determined that the appropriate level of free cash should be equivalent to four weeks expenditure, being approximately £93,000 based on these financial statements. This reserve policy allows the Academy sufficient working capital to cover any emergency repair work and any potential delays in receiving funding.

The deficit on the Local Government Pension Scheme reserve does not mean that an immediate liability crystallises.The deficit results in a cash flow effect for the Academy in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. Employer contributions are reviewed every three years in consultation with the scheme's administrators.

At 31 August 2019 the total funds comprised:

Unrestricted	£33,416
Restricted:	
Fixed asset funds	£1,801,334
GAG	£7,935
Pension reserve	£(620,000)
	£1,222,685

Investment Policy

There are no material investments held by the Academy.

Principal Risks and Uncertainties

The Governors have considered the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Governors 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, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover.

The major risks are:

- failure to successfully recruit and retain staff;
- changes to Government policy on Education Funding;
- loss of a key member of the Senior Leadership Team;
- impact of an uncontrollable event, e.g. fire or flood;
- school losing its excellent reputation.

FUNDRAISING

Sheldwich Primary School PTA 'Supporters of Sheldwich' provides donations to Sheldwich Primary School. The PTA is a separate registered charity which is not controlled by the Trustees of Sheldwich Primary School.

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve the levels of performance of its pupils at all levels and will continue its efforts to ensure its pupils get the best start to their education.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust does not hold funds as custodian Trustee on behalf of others.

AUDITOR

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on ..4th December...... 2019 and signed on the board's behalf by:

DGMill

....

Mr D Milham
Chair

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher 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 Sheldwich Primary School 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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Milham	6	6
Dr L Alder (resigned 06/02/19)	2	3
Mr A Golesworthy	5	6
Mr F Stoddart	5	6
Mr G Offord (resigned 06/02/19)	2	3
Ms J Flynn	5	6
Ms R Coulson	4	6
Mr D Coker	5	6
Mr M Risley (re-elected 19/11/18)	5	6
Mrs S Garrett	5	6
Ms C Gower	5	6
Mrs R Fairs	2	6
Mr R Macey	6	6
Mr M Duffy	5	6
Mrs C Hayward (appointed 18/12/19)	4	4

During the year two Trustees resigned, one new Trustee was appointed and one was re-appointed or re-elected at the end of their term of office.

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to monitor financial controls in accordance with risk and control framework.

Attendance at Finance Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Golesworthy	5	5
Mr D Milham	5	5
Mrs S Garrett	3	5
Mr F Stoddart	5	5
Mr M Risley	0	5
Mr M Duffy	3	5

REVIEW OF VALUE FOR MONEY

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

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

- Successfully bidding for Condition Improvement Funding to replace the flat roofs.
- Marketing the Pre-School by arranging weekend open days. From this more families have registered and there has been a large increase in the number of children attending. This has generated income which is being used to improve the children's environment and Early Years' experience.
- Collaborating with other schools. The academy has a good relationship with other local single Academy Trusts and shares information regularly through formal collaboration meetings, visits and training opportunities.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sheldwich Primary School Academy Trust for the year ended 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 Trust 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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

The school has undertaken Peer Reviews with Luddenham Primary School.

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Trustees on 4th December 2019 and signed on its behalf by:

DG Mill

Mr D Milham
Chair

Mrs S Garrett
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sheldwich Primary School I have considered my responsibility to notify the Academy Trust's 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's 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.

....

Mrs S Garrett
Accounting Officer
Date:

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 judgements 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 on and signed on its behalf by:

....

Mr D Milham
Chair

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

Opinion

We have audited the financial statements of Sheldwich Primary School (the 'Academy Trust') for the year ended 31 August 2019 which comprise Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Alyson Howard

Alyson Howard FCCA DChA CF (Senior Statutory Auditor)
for and on behalf of

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
71 New Dover Road
Canterbury
Kent
CT1 3DZ

Date: 11 December 2017

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

In accordance with the terms of our engagement letter dated 31 October 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 Sheldwich Primary School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Sheldwich Primary School's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Sheldwich Primary School's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

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

Conclusion

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

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson

71 New Dover Road
Canterbury
Kent
CT1 3DZ

Date: 11 December 2019

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

	Note	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	5					
Contributions to educational visits and activities		33,120	-	-	33,120	34,883
Other donations		17,885	-	148,728	166,613	316,950
Charitable activities	6	-	986,822	-	986,822	1,031,111
Other trading activities	7	116,322	-	-	116,322	89,308
Investments	8	95	-	-	95	379
Total income		167,422	986,822	148,728	1,302,972	1,472,631
Expenditure on:						
Raising funds		136,869	-	-	136,869	137,263
Charitable activities	10	11,749	1,057,342	213,232	1,282,323	1,361,605
Total expenditure	9	148,618	1,057,342	213,232	1,419,192	1,498,868
Net income/(expenditure)		18,804	(70,520)	(64,504)	(116,220)	(26,237)
Transfers between funds	19	(15,283)	(5,252)	20,535	-	-
Net movement in funds before other recognised gains/(losses)		3,521	(75,772)	(43,969)	(116,220)	(26,237)
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	24	-	(110,000)	-	(110,000)	122,000
Net movement in funds		3,521	(185,772)	(43,969)	(226,220)	95,763
Reconciliation of funds:						
Total funds brought forward		29,895	(426,293)	1,845,303	1,448,905	1,353,142
Net movement in funds		3,521	(185,772)	(43,969)	(226,220)	95,763
Total funds carried forward		33,416	(612,065)	1,801,334	1,222,685	1,448,905

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 27 to 53 form part of these financial statements.

SHELDWICH PRIMARY SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07725629

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible assets	16		**1,801,334**		1,805,303
			1,801,334		1,805,303
Current assets					
Debtors	17	**93,711**		38,437	
Cash at bank and in hand		**131,864**		376,261	
		225,575		414,698	
Creditors: amounts falling due within one year	18	**(184,224)**		(340,096)	
Net current assets			**41,351**		74,602
Total assets less current liabilities			**1,842,685**		1,879,905
Net assets excluding pension liability			**1,842,685**		1,879,905
Defined benefit pension scheme liability	24		**(620,000)**		(431,000)
Total net assets			**1,222,685**		1,448,905
Funds of the Academy Trust					
Restricted funds:					
Restricted fixed asset funds	19	**1,801,334**		1,845,303	
Restricted general funds	19	**7,935**		4,707	
Restricted funds excluding pension liability	19	**1,809,269**		1,850,010	
Restricted general funds - pension reserve	19	**(620,000)**		(431,000)	
Total restricted funds	19		**1,189,269**		1,419,010
Unrestricted funds	19		**33,416**		29,895
Total funds			**1,222,685**		1,448,905

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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

DG Mill

Mr D Milham
Chair

Mrs S Garrett
Accounting Officer

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	21	**(345,718)**	(22,160)
Cash flows from investing activities	22	**101,321**	233,379
Change in cash and cash equivalents in the year		**(244,397)**	211,219
Cash and cash equivalents at the beginning of the year		**376,261**	165,042
Cash and cash equivalents at the end of the year	23	**131,864**	376,261

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

1. General information

Sheldwich Primary School is a company limited by guarantee, incorporated in England and Wales. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Academy Trust's operations and principal activity are detailed in the Trustees Report.

2. Accounting policies

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

2.1 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.

Sheldwich Primary School meets the definition of a public benefit entity under FRS 102. The financial statements are prepared in sterling which is the functional currency of the Academy Trust and rounded to the nearest pound.

2.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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

2. Accounting policies (continued)

2.3 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 period 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.

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

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

2.4 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.

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

- **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.

2. Accounting policies (continued)

2.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

2.5 Going concern

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

2.6 Tangible fixed assets

Assets costing £500 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 restricted fixed asset 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, less their estimated residual value, over its expected useful life, as follows:

Depreciation is provided on the following bases:

Leasehold land	- 125 years straight line
Leasehold property	- 50 years straight line
Fixtures and fittings	- 10 years straight line
Computer equipment	- 3 years straight line

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.

2.7 Operating leases

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

2. Accounting policies (continued)

2.8 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.9 Debtors

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

2.10 Liabilities

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

2.11 Provisions

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

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

2.12 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

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

2. Accounting policies (continued)

2.13 Pensions

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

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

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

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

3. Critical accounting estimates and areas of judgement

Estimates and judgements 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 trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

4. General annual grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2019.

5. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Contributions to educational visits and activities	33,120	-	**33,120**
Subtotal	33,120	-	**33,120**
Donations	17,885	-	**17,885**
Capital grants	-	148,728	**148,728**
Subtotal	17,885	148,728	**166,613**
Total 2019	51,005	148,728	**199,733**

	Unrestricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Contributions to educational visits and activities	34,883	-	34,883
Subtotal	34,883	-	34,883
Donations	5,410	-	5,410
Grants	-	-	-
Capital grants	-	311,540	311,540
Subtotal	5,410	311,540	316,950
Total 2018	40,293	311,540	351,833

6. Charitable activities - Funding for the Academy Trust's educational operations

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	785,036	**785,036**	788,546
Pupil Premium	19,900	**19,900**	19,675
Other DfE / ESFA revenue grants	59,624	**59,624**	56,743
	864,560	**864,560**	864,964
Other government grants			
Local Authority revenue grants	122,262	**122,262**	166,147
Total 2019	986,822	**986,822**	1,031,111

In 2018, all Income from charitable activities was allocated to Restricted general funds.

7. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	2,660	**2,660**	2,461
After school club and breakfast club	43,159	**43,159**	43,159
Nursery income	66,003	**66,003**	39,748
Other income	4,500	**4,500**	3,940
Total 2019	116,322	**116,322**	89,308

In 2018, all Income from other trading activities was allocated to Unrestricted funds.

8. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest receivable	95	**95**	379

In 2018, all Income from investments was allocated to Unrestricted funds.

9. Total expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on raising funds:				
Direct costs	-	-	8,553	**8,553**
Allocated support costs	128,316	-	-	**128,316**
Educational operations:				
Direct costs	610,112	-	123,769	**733,881**
Allocated support costs	208,253	230,382	109,807	**548,442**
Total 2019	946,681	230,382	242,129	**1,419,192**

	Staff Costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £
Expenditure on raising funds:				
Direct costs	-	-	128,316	128,316
Allocated support costs	130,121	-	-	130,121
Educational operations:				
Direct costs	619,846	-	111,226	731,072
Allocated support costs	197,921	311,849	120,763	630,533
Total 2018	947,888	311,849	360,305	1,620,042

In 2018, of the total expenditure of £1,498,868, £101,226 was from Unrestricted funds, £1,121,482 was from Restricted general funds and £276,160 was from Restricted fixed asset funds.

10. Analysis of expenditure by charitable activities

	Activities undertaken directly 2019 £	**Support costs 2019 £**	**Total funds 2019 £**
Educational operations	733,881	548,442	**1,282,323**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational operations	731,072	630,533	1,361,605

10. Analysis of expenditure by charitable activities (continued)

Analysis of support costs

	Educational operations 2019 £	**Total funds 2019 £**	Total funds 2018 £
Defined benefit pension scheme finance cost	10,000	**10,000**	11,000
Support staff costs	198,253	**198,253**	186,921
Depreciation	-	**-**	4,053
Technology costs	25,139	**25,139**	26,819
Premises costs	230,382	**230,382**	311,849
Other costs	76,437	**76,437**	83,846
Governance costs	8,231	**8,231**	6,045
Total 2019	548,442	**548,442**	630,533

11. Governance costs

	2019 £	2018 £
Auditors' remuneration - Audit of the financial statements	**5,000**	3,850
Auditors' remuneration - Other services	**3,325**	2,195
Auditors' remuneration - Other services over provision	**(94)**	-
	8,231	6,045

12. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	**1,416**	2,400
Depreciation of tangible fixed assets	**50,996**	40,534
Auditors' remuneration - Audit of the financial statements	**5,000**	3,850
Auditors' remuneration - Other services	**(94)**	-

13. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	**688,428**	685,968
Social security costs	**54,778**	53,860
Pension costs	**193,475**	187,060
	936,681	926,888
Staff restructuring costs	**-**	10,000
Defined benefit pension scheme finance cost	**10,000**	11,000
	946,681	947,888

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

There were no non-statutory/non-contractual severence payments arising in the year (2018 - a payment made of £10,000 to an individual employee).

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	**10**	11
Administration and support	**26**	27
Management	**3**	3
	39	41

13. Staff costs (continued)

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	-	2
In the band £70,001 - £80,000	**1**	-

The above employee participated in the Teachers' Pension Scheme. Employer pension contibutions made on behalf of this member of staff amounted to £11,767 (2018 - £20,366).

e. Key management personnel

The Key Management Personnel of the Academy Trust comprise the Trustees' and the Senior Leadership Team. The total amount of employee benefits (including employers national insurance contributions and employer pension contributions) received by Key Management Personnel for their services to the Trust was £197,093 (2018 - £259,961).

14. Trustees' remuneration and expenses

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

		2019	2018
		£	£
Mrs S Garrett, Principal and Accounting Officer, Finance Committee Member	Remuneration	**70,000 - 75,000**	65,000 - 70,000
	Pension contributions paid	**10,000 - 15,000**	10,000 - 15,000
Ms C Gower, Staff Governor	Remuneration	**45,000 - 50,000**	35,000 - 40,000
	Pension contributions paid	**5,000 - 10,000**	5,000 - 10,000
Mrs R Fairs, Staff Governor	Remuneration	**20,000 - 25,000**	35,000 - 40,000
	Pension contributions paid	**0 - 5,000**	5,000 - 10,000

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

15. Trustees' and Officers' insurance

The 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 on any one claim and the cost for the year ended 31 August 2019 is not separately identifiable as it is included in the total insurance cost of £5,140 (2018 - £4,518).

16. Tangible fixed assets

	Long-term leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	1,879,486	140,164	109,268	2,128,918
Additions	-	44,672	2,830	47,502
At 31 August 2019	1,879,486	184,836	112,098	2,176,420
Depreciation				
At 1 September 2018	189,268	30,580	103,767	323,615
Charge for the year	28,033	18,484	4,954	51,471
At 31 August 2019	217,301	49,064	108,721	375,086
Net book value				
At 31 August 2019	1,662,185	135,772	3,377	1,801,334
At 31 August 2018	1,690,218	109,584	5,501	1,805,303

Included in the cost of leasehold land and buildings is leasehold land at a valuation of £796,400 (2018 £796,400) which is being depreciated over the 125 year lease. The leasehold property is held under a 125 year lease from 1 September 2011 ending 31 October 2136. No rent is payable under the terms of the lease.

17. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	952	763
Other debtors	2,000	2,000
Prepayments and accrued income	85,753	35,255
VAT recoverable	5,006	419
	93,711	38,437

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	**3,348**	108
Accruals and deferred income	**180,876**	339,988
	184,224	340,096

	2019 £	2018 £
Deferred income		
Deferred income at 1 September	**27,945**	25,244
Resources deferred during the year	**34,436**	27,945
Amounts released from previous periods	**(27,945)**	(25,244)
Deferred income at 31 August	**34,436**	27,945

Deferred income includes amounts received from parents in respect of school trips, clubs and dinners in the 2019-20 year, as well as Universal Infant Free School Meal income for 2019-20.

19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	29,895	167,422	(148,618)	(15,283)	-	33,416
Restricted general funds						
General Annual Grant (GAG)	4,707	785,036	(776,556)	(5,252)	-	7,935
Pupil Premium	-	19,900	(19,900)	-	-	-
Other DfE / ESFA grants	-	59,624	(59,624)	-	-	-
Local Authority grants	-	122,262	(122,262)	-	-	-
Pension reserve	(431,000)	-	(79,000)	-	(110,000)	(620,000)
	(426,293)	986,822	(1,057,342)	(5,252)	(110,000)	(612,065)
Restricted fixed asset funds						
NBV of fixed assets	1,805,303	-	(51,471)	47,502	-	1,801,334
DfE / ESFA capital grants	-	148,728	(148,728)	-	-	-
Classroom refurbishment reserve	40,000	-	(13,033)	(26,967)	-	-
	1,845,303	148,728	(213,232)	20,535	-	1,801,334
Total Restricted funds	1,419,010	1,135,550	(1,270,574)	15,283	(110,000)	1,189,269
Total funds	1,448,905	1,302,972	(1,419,192)	-	(110,000)	1,222,685

19. Statement of funds (continued)

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

The General Fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Trust which fall outside the scope of its core activities. A transfer of £10,533 was made to restricted fixed assets for fixed assets purchased using unrestricted funds.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Trust via the Education and Skills Funding Agency by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Trust. A transfer of £5,252 was made to the NBV of Fixed Asset fund to show capital additions bought using GAG funds.

The Pupil Premium fund has been established to recognise the restricted funding from the Education and Skills Funding Agency to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Other DfE / ESFA Grants fund has been created to recognise the restricted funding received from the Department for Education/Education and Skills Funding Agency which fall outside the scope of core funding.

The Local Authority revenue grants fund has been set up to recognise the income received from Essex County Council as a contribution towards the cost of the Trust's revenue expenditure.

The Other Government Grants fund has been established to recognise grants from Government bodies other than the DfE/ESFA and Local Authorities that fall outside the scope of core funding.

The Other activities fund has been established to recognise all other restricted funding that cannot be classified above but fall outside the scope of its core activities.

The NBV of Fixed Assets fund has been set up to recognise the tangible assets held by the Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund. Transfers into this funds show capital additions bought using Unrestricted, Restricted and capital funds.

The DfE / ESFA Capital grants fund has been created to recognise capital grants received for the purpose of the acquisition of tangible fixed assets. As tangible fixed assets are purchased, a transfer is made to the NBV of Fixed Assets fund.

The Classroom refurbishment reserve has been created to recognise funds that the Governors have put aside for planned works in 2019. At the year end all funds have been used.

19. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	41,141	129,980	(101,226)	(40,000)	-	29,895
Restricted general funds						
General Annual Grant (GAG)	17,362	788,546	(798,575)	(2,626)	-	4,707
Pupil Premium	-	19,675	(19,675)	-	-	-
Other DfE / ESFA grants	5,342	56,743	(62,085)	-	-	-
Local Authority grants	-	166,147	(166,147)	-	-	-
Pension reserve	(478,000)	-	(75,000)	-	122,000	(431,000)
	(455,296)	1,031,111	(1,121,482)	(2,626)	122,000	(426,293)
Restricted fixed asset funds						
NBV of fixed assets	1,767,297	-	(40,534)	78,540	-	1,805,303
DfE / ESFA capital grants	-	311,540	(235,626)	(75,914)	-	-
Classroom refurbishment reserve	-	-	-	40,000	-	40,000
	1,767,297	311,540	(276,160)	42,626	-	1,845,303
Total Restricted funds	1,312,001	1,342,651	(1,397,642)	40,000	122,000	1,419,010
Total funds	1,353,142	1,472,631	(1,498,868)	-	122,000	1,448,905

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	1,801,334	**1,801,334**
Current assets	36,764	188,811	-	**225,575**
Creditors due within one year	(3,348)	(180,876)	-	**(184,224)**
Defined benefit pension scheme liability	-	(620,000)	-	**(620,000)**
Total	33,416	(612,065)	1,801,334	**1,222,685**

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	1,805,303	1,805,303
Current assets	29,895	344,803	40,000	414,698
Creditors due within one year	-	(340,096)	-	(340,096)
Defined benefit pension scheme liability	-	(431,000)	-	(431,000)
Total	29,895	(426,293)	1,845,303	1,448,905

21. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	**(116,220)**	(26,237)
Adjustments for:		
Depreciation charges	**51,471**	40,534
Capital grants from DfE and other capital income	**(148,728)**	(311,540)
Investment income	**(95)**	(379)
Defined benefit pension scheme cost less contributions payable	**69,000**	64,000
Defined benefit pension scheme finance cost	**10,000**	11,000
(Increase)/decrease in debtors	**(55,274)**	(17,364)
Increase/(decrease) in creditors	**(155,872)**	217,826
Net cash used in operating activities	**(345,718)**	(22,160)

22. Cash flows from investing activities

	2019 £	2018 £
Investment income	**95**	379
Purchase of tangible fixed assets	**(47,502)**	(78,540)
Capital grants from DfE Group	**148,728**	311,540
Net cash provided by investing activities	**101,321**	233,379

23. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	**131,864**	376,261
Total cash and cash equivalents	**131,864**	376,261

24. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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.

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.

24. Pension commitments (continued)

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 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Changes

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

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

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

The employer's pension costs paid to TPS in the year amounted to £63,000 *(2018 - £66,060)*.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £78,000 *(2018 - £73,000)*, of which employer's contributions totalled £61,000 *(2018 - £57,000)* and employees' contributions totalled £ 17,000 *(2018 - £16,000)*. The agreed contribution rates for future years are 20.0 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.

24. Pension commitments (continued)

Principal actuarial assumptions

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

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

	2019	2018
	Years	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	2018
	£000	£000
Discount rate +0.1%	**(30)**	(24)
Discount rate -0.1%	**31**	24
Mortality assumption - 1 year increase	**54**	41
Mortality assumption - 1 year decrease	**(52)**	(39)

24. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	**555,000**	486,000
Gilts	**6,000**	5,000
Other bonds	**74,000**	63,000
Property	**95,000**	88,000
Cash	**22,000**	22,000
Absolute return fund	**63,000**	48,000
Total market value of assets	**815,000**	712,000

The actual return on scheme assets was £34,000 *(2018 - £27,000).*

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

	2019 £	2018 £
Current service cost	**(117,000)**	(121,000)
Past service cost	**(13,000)**	-
Interest income	**20,000**	17,000
Interest cost	**(30,000)**	(28,000)
Total amount recognised in the Statement of Financial Activities	**(140,000)**	(132,000)

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

	2019 £	2018 £
At 1 September	**1,143,000**	1,064,000
Current service cost	**117,000**	121,000
Interest cost	**30,000**	28,000
Employee contributions	**17,000**	16,000
Actuarial losses/(gains)	**124,000**	(112,000)
Benefits paid	**(9,000)**	26,000
Past service costs	**13,000**	-
At 31 August	**1,435,000**	1,143,000

24. 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	**712,000**	586,000
Interest income	**20,000**	17,000
Actuarial gains	**14,000**	10,000
Employer contributions	**61,000**	57,000
Employee contributions	**17,000**	16,000
Benefits paid	**(9,000)**	26,000
At 31 August	**815,000**	712,000

Reconciliation of opening to closing Defined Benefit Pension Scheme liability

	2019 £	2018 £
Defined benefit pension scheme liability brought forward	**431,000**	478,000
Defined benefit pension scheme cost less contributions payable	**69,000**	64,000
Defined benefit pension scheme finance cost	**10,000**	11,000
Actuarial losses/(gains)	**110,000**	(122,000)
Defined benefit pension scheme liability carried forward	**620,000**	431,000

The amounts recognised in the Balance Sheet are as follows:

	2019 £	2018 £
Present value of the defined pension scheme obligation	**(1,435,000)**	(1,143,000)
Fair value of the defined benefit pension scheme assets	**815,000**	712,000
Total	**(620,000)**	(431,000)

25. Operating lease commitments

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

	2019 £	2018 £
Amounts payable:		
Within 1 year	**1,416**	650
Between 1 and 5 years	**5,195**	-
Total	**6,611**	650

26. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year, £NIL (2018 - £200) worth of goods were purchased at cost from Lintacom Limited, a company owned by the husband of the School Business Manager. No balance was outstanding with this supplier at the year end.

In entering into the above transactions the Academy Trust has complied with the requirements of the ESFA's Academies Financial Handbook and the Academy Trust's financial regulations and procurement procedures.

27. 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.