Sutton Coldfield Grammar School for Girls Academy Trust

Annual Report and Financial Statements

Year ended 31 August 2019

(A Company Limited by Guarantee)
Company Registration Number: 07543893 (England and Wales)

Contents

	Page
Reference and Administrative Details	3
Trustees' Report	4
Governance Statement	14
Statement on Regularity, Propriety and Compliance	19
Statement of Trustees' Responsibilities	20
Independent Auditor's Report on the Financial Statements	21
Independent Reporting Accountant's Assurance Report on Regularity	23
Statement of Financial Activities incorporating Income & Expenditure Account	26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements	29-45

Sutton Coldfield Grammar School for Girls Academy Trust
Reference and Administrative Details

Members	Mr Mark Allwood Mrs Hannah Tipper Mr Nicholas Tuton Mrs Jo Benton (from 04/0419) Mr Keith Dudley (from 04/04/19) Mrs Nicky Lloyd (from 01/09/18 to 04/04/19)
Trustees	Dr. Barbara Minards, Accounting Officer and Headteacher* Mrs Charlotte Senior (Chair)* Mr Antony Maguire Mr Bhupinder Pattni* Mrs Carolyn Gudmunsen* Mrs Hannah Tipper* Mr James Dixon Mr Matthew Jeavons (from 07/01/2019) Mr Mark Allwood* Mr Matthew Cannan Mr Michael Overton Mr Nicholas Tuton Mr Ruth McIntosh Mr Stephen Millman Miss Joanne Boyle (until 29/04/19) Miss Sarah Bower (until 04/07/19) **Members of Finance Committee*
Senior Leadership Team	Dr. Barbara Minards, Headteacher Mrs Cath James, Deputy Headteacher Mrs Leigh Long, Deputy Headteacher Mrs Lindsay Vincent, Assistant Headteacher Mrs Helen Dimmock, Assistant Headteacher (until 05/05/19) Mrs Michelle Lucas, Assistant Headteacher Mrs Maggie Hunter, School Business Manager (until 30/09/18) Mr Douglas Thorp, Finance and Operations Director (from 01/04/19)
Company Name	Sutton Coldfield Grammar School for Girls Academy Trust
Principal and Registered Office	Jockey Road Sutton Coldfield West Midlands B73 5PT
Company Registration Number	07543893
Independent Auditor	Cooper Parry Group Limited One Central Boulevard Blythe Valley Business Park Solihull West Midlands B90 8BG
Bankers	Lloyds Bank Plc 9 Birmingham Road Sutton Coldfield, West Midlands B72 1QA
Solicitors	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU

The Trustees present their annual report together with the financial statements and auditors' report of Sutton Coldfield Grammar School for Girls (the Academy Trust), the Charitable Company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Academy Trust operates a highly successful secondary grammar school for girls (the School) in Sutton Coldfield, West Midlands.

Established in 1929, the School has developed in both size and prestige. The School is a thriving community of approximately 1,160 students, celebrated for academic excellence, creativity and enrichment opportunities. It is a positive, happy and purposeful learning environment in which staff and students are fully engaged. There is a commitment to a broad and balanced education with a rich combination of academic, practical and creative activities. Learning takes place not only in lessons but through extra-curricular clubs, societies and educational visits.

There is a focus on character development; students are supported to develop their wellbeing, resilience and to understand and respect others. Through the assembly, tutor time and PHSE programmes students are provided with the necessary skills to become well-rounded members of a rapidly changing and increasingly global society. Through a careers programme which includes independent guidance and visits from numerous professionals, students are encouraged to have high aspirations and achieve their potential.

The Academy Trust operates one School, which currently has a pupil capacity of 900 (11-16 year olds) and had a roll of 1,163 in the School Census 2019, of which 263 pupils were in the Sixth Form (School Census January 2019).

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 the Sutton Coldfield Grammar School for Girls Academy Trust are also the directors of the Charitable Company for the purposes of company law.

Details of Trustees who served throughout the year are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Trustees' Indemnities

In accordance with the normal commercial practice the Academy Trust provides indemnity insurance to protect its Members, Trustees, Academy Trust representatives and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. This insurance does not extend to any claim arising from any act or omission, which Trustees knew to be a breach of trust or breach of duty, or which was committed by the Trustees in reckless disregard of whether it was a breach of trust or breach of duty, or to the costs of any unsuccessful defense to a criminal prosecution brought against the Trustees, in their capacity as Trustees. The insurance provider provides up to £50 million in aggregate claims.

Method of Recruitment and Appointment or Election of Trustees

No more than one third of the total number of individuals appointed as Trustees shall be employees of the Academy Trust (including the Headteacher). The Members may appoint up to 15 Trustees.

The Governing Board shall make all necessary arrangements for, and determine all matters relating to, the election and removal of Staff Trustees.

Parent Trustees shall be elected by parents and individuals exercising parental responsibility of registered students at the Academy Trust. A Parent Trustee must be a parent, or an individual exercising parental responsibility, of a registered student at the Academy Trust at the time when he or she is elected.

The Trustees may appoint co-opted Trustees. The Trustees may not appoint an employee of the Academy Trust as a Co-opted Trustee, if thereby the number of Trustees who are employees of the Academy Trust (including the Headteacher) exceeds one third of the total number of Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees bring a variety of experience from a number of different backgrounds in not just education, but also industry and commerce. Where necessary, additional training will be provided on charity, educational, legal and financial matters. All Trustees are routinely involved with meetings, reports, plans and other information as necessary, to enable them to carry out their roles. Assistance and advice is always available from Academy Trust staff or professional advisors.

Organisational Structure

Members of the Academy Trust are a small body whose responsibility it is to have an oversight of the School's affairs. The Trustees of the Academy Trust are the Governing Board, with whom ultimate responsibility and accountability for the day to day running of the Academy Trust lies.

The Governing Board has a strong focus on three core strategic functions:

- Ensuring clarity of vision, ethos and strategic direction of the Academy Trust;
- Holding the Headteacher to account for the educational performance of the School and its pupils, and the effective and efficient performance management of staff; and
- Overseeing the financial performance of the Academy Trust and making sure its money is well spent and its assets are used effectively.

In order to carry out its role efficiently and effectively, the detailed work of the Governing Board is delegated to and undertaken by several committees, which are sub-committees of the main Board of Trustees. In addition to attending the Full Governing Board meetings, all Trustees sit on at least one sub-committee. The sub-committees report back to termly meetings of the Full Governing Board at which broader issues are discussed and agreed.

Senior Leadership Team: The School is managed by seven members of staff in the Senior Leadership Team. This is led by the Headteacher and includes two Deputy Headteachers, three Assistant Headteachers and a Finance and Operations Director. One of the Deputy Headteachers is responsible for the Curriculum and the other for Student and Staff Wellbeing. The three Assistant Headteachers have specific responsibilities: SENDCO and Teaching and Learning; Character Development and Wellbeing; Digital Technologies. During the academic year, one Assistant Headteacher stepped down from their role. This led to their duties being distributed within the team whilst the responsibilities of each member of the Senior Leadership Team were reviewed. All staff appointments must be agreed with the Headteacher and although the Deputy Headteachers have some financial delegation of authority, ultimately all financial decisions must be agreed by the Headteacher, as Accounting Officer of the Academy Trust.

Pay Policy for Key Management Personnel

The pay of the Senior Leadership Team is overseen and approved by the Pay Committee (a sub-committee of the Governing Board).

The Headteacher, in accordance with the Pay Policy, makes annual recommendations on the salary of the Senior Leadership Team to the Pay Committee.

For the Headteacher, the Pay Committee (in the autumn term of each year) reviews the performance and salary of the Headteacher, with the involvement of an external advisor. Decisions regarding salary reflect the Pay Committee's views based on the outcomes of the annual performance review and the Chair of Governor's view of the Headteacher's overall performance during the year.

Trade Union Facility Time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an Academy Trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant Union Officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee	3

Percentage of pay bill spent on facility time
There was Nil % of the pay bill spent on facility time.

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3

Paid trade union activities

There were no paid trade union activities.

Related Parties and other Connected Charities and Organisations

The Academy Trust was established as a standalone company and does not have any external sponsors.

The Sutton Coldfield Grammar School for Girls Charity ("the Charity") is a separate entity that is affiliated to the School. Its charitable objective is to "provide special benefits...for the benefit of and for pupils of the Sutton Coldfield Grammar School for Girls". Any money raised by the Charity is controlled by the Trustees of the Charity and transferred to the School to spend on agreed items and causes, in accordance with the charitable objective.

Objectives and Activities

a. Objectives and Aims

The Academy Trust's specific object, as set out in its Articles of Association, is restricted to the following:

> To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The Academy Trust fulfils this object through the operation of the School, providing selective entry education for pupils between the ages of 11 and 19.

b. Objectives, Strategies and Activities

The main objectives of the Academy Trust during the year are summarised below:

1. **Excellent Teaching and Learning**
   a. Maintain outstanding rates of attainment and progress
   b. Develop Sixth Form teaching and learning and assessment strategies to adapt to the demands of Linear A-levels
   c. Review and refine the curriculum in Years 7-11 in light of knowledge of new GCSE specifications
   d. Teaching staff to continue to develop their own subject knowledge
   e. Embed Teaching and Learning into CPD and meeting structures for all teachers to access

2. **Character Development & Well-being**
   a. Further develop the culture of 'growth mindset'
   b. Provide opportunities for students to develop a range of virtues through a focus on Character Education
   c. Embed well-being into regular activities for staff and students
   d. Develop Student Leadership through training and opportunities for Senior Student Ambassadors, Prefects and School Forum members
   e. Raise the profile of tutor time through stronger links with PSHE & assembly themes and further training on pastoral issues

3. **Digital Technologies and Communication**
   a. Implement the Digital Technology Proposal
   b. Increase the use of existing software packages and digital platforms
   c. Introduce shared working practices through use of cloud-based systems
   d. Develop communication strategies to effectively market the Academy Trust and widen engagement
   e. E-safety: continue to encourage more responsible use of social media across the school community

4. **Development of Systems and Structures**
   a. Continue to refine working practices of the Senior Leadership Team, Heads Of Departments, pastoral team and support staff
   b. Develop the rewards and House systems

c. Maintain safeguarding procedures in light of latest directives and best practices
d. Provide opportunities for staff to engage in enrichment activities

5. Stewardship of Resources

a. Develop a flexible and sustainable long term financial plan in light of funding pressures and considerable uncertainty
b. Review fund-raising and maximise additional sources of revenue to the Academy Trust
c. Continue to review catering provision to maximise effectiveness of the canteen whilst maintaining quality and affordability
d. Investigate the optimum size and nature of the intake to the Sixth Form

c. Public Benefit

In agreeing the objectives and planning activities the Trustees have given careful consideration to ensuring compliance with the Charity Commission's general guidance on public benefit.

Involvement with the community plays prominent role in life within the Academy Trust and this takes many different forms. In 2018/19 the Year 9 Students (as part of their Cloud 9 programme of study) organised three concerts for the Good Hope Retirement Fellowship. The cast of High School Musical 2 performed a matinee performance to pupils 3 from local primary schools.

In conjunction with the local boys' grammar school the Academy Trust has developed a programme to widen access to both schools. 'Inspiring minds' has seen 60 students from 5 local primary schools participate in sessions which provided opportunities to engage with activities that form part of the entry selection test: English, Mathematics and Non-Verbal Reasoning. The students also had a tour of the School and a drama session to experience some of the extra-curricular opportunities available.

The Academy Trust continues its longstanding commitment to supporting a wide range of charitable causes. These include: non-uniform days raising money for Children in Need; bake sales for Macmillan Cancer Support; and collecting food staples and clothing items for refugees. The Academy Trust also participated in the first joint non-uniform day with all secondary schools in Sutton Coldfield which was organised by the Youth Council to raise money for a local children's charity, Kidz.

Each of the six houses held their own fund-raising event and supported their chosen charity:

Aquila	Animal Aid
Cygnus	WELLFOUND
Delphinus	Alzheimer's UK
Pegasus	Motor Neurone Disease Awareness
Phoenix	Parkinson's UK
Ursa	Centrepoint

Strategic Report

Achievements and Performance

a. Key Performance Indicators

GCSE Results:

The Academy Trust celebrated another excellent year of GCSE results in 2018/19. 100% of students achieved at least five grades 9-4 including English and Mathematics. 74% of the grades were grades 7-9 and 51% of all results were the top grades of 8 and 9. The Progress 8 score was 0.83 which is well above average.

A-Level Results:

Sixth Form students at the Academy Trust showed they were up to the challenges of the demanding linear examinations, maintaining a 100% A-level pass rate. The Year 13s achieved an excellent set of results with 77% of all entries graded A*-B and 47% awarded the top grades of A*/A.

This year group was the first to experience the full changes in the examination system. The return to linear A-levels brought many challenges to these students and their teachers; but with a great deal of hard work, resilience and optimism, success has been achieved. The increased difficulty of sitting A-levels required a whole school approach and these results reflect the dedicated efforts of students, teachers, support staff, invigilators and Trustees.

b. Going Concern

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

Financial Review

a. Reserves Policy

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted. The grants received from the ESFA during the year ended 31st August 2019 of £5,310k (£4,845k) and the associated expenditure of £5,225k (£4,961k) are shown as restricted funds in the Statement of Financial Activities.

Total funds in the period were £12,605k (£13,206k), of which £14,595k (£14,710k) related to fixed assets less £2,940k (£2,413k) relating to the pension deficit.

The amount of reserves held by the Academy Trust at 31 August 2019 is £712k (£662k) of unrestricted reserves and £238k (£247k) of restricted reserves, a total of £950k (£909k) revenue reserves. The Board of Governors consider it appropriate to maintain ongoing reserves at this level for the following specific purposes:

- The Academy Trust's three-year budget forecast anticipates in year funding deficits arising from 2020/21, assuming funding levels remain static. Given the current uncertainty surrounding education funding, it is considered prudent to maintain a level of reserves sufficient to meet any deficits predicted to raise in future years.
- Ongoing investment in digital technology is considered of significant importance, and this was one of the main focuses of the School Development Plan ("SDP") for 2018/19. The Boards of Governors has provisionally approved the use of up to £450k of the Academy Trust's reserves between 2018/19 to 2020/21 on investment in digital technology, to ensure that the Academy Trust continues to provide appropriate resources to its students and staff.
- Cover ongoing working capital requirements, including one month's salary.
- Potential future capital development of the School site, in conjunction with the Academy Trust's long-term capital maintenance and development plan.

- Reserve funds will be used as soon as practical and following receipt of any other designated funds from external organisations.

The Trustees review the reserve levels of the Academy Trust on a regular basis through the ongoing review of monthly management accounts via the Finance Committee. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

b. Investment Policy

Apart from retaining a prudent amount in reserves each year, most of the Academy Trust's funds are spent in the short term. The Academy Trust maintains three bank accounts with Lloyds – a current account, a private account and a debit card account. The current account receives all income from funding sources and retains all of the reserves.

The Trustees on behalf of the Academy Trust have powers to make decisions with regards to investments as there will be different times throughout the academic year when large cash balances are being held. The Academy Trust will not invest any funds in any accounts or ventures that could endanger the investment balance. The deposit of cash balances will consider any social, environmental and/or ethical grounds before investment of funds takes place.

The only investments held by the Academy Trust are its surplus cash balances, which have historically been held in current accounts due to the favourable rates on offer and the need to have accessible cash to fund recent capital projects, such as the Katherine Grainger Sports Hall and the new English block and dining hall extension.

The Academy Trust now places surplus cash balances in higher interest accounts that yield greater returns such as overnight accounts and 32 day notice accounts.

c. Principal Risks and Uncertainties

There has been great uncertainty in recent years around funding for future periods. The government has recently announced an increase in funding for schools against a backdrop of increasing costs for salary increases and rising pension costs. It is not known if the boost in funding will be enough to offset these pressures.

The Academy Trust maintains a risk register that is reported to the newly established Audit Committee. The major principle and risks identified to the Academy Trust are:

- Uncertainty over future funding including funding of Pensions
- How much of the recent pay awards and pension cost increases will be funded on a permanent basis?
- What will be the outcome of the current Local Government Pension Scheme valuation?
- Security of IT and data
- Reputation of the Academy Trust

d. Fundraising

The Academy Trust raises money through the Sutton Coldfield Grammar School for Girls Charity. During the year ending 31 August 2019 this included contributions via the parents' school fund, where parents and carers are invited to contribute monthly or give a one off donation to provide a wide range of additional opportunities to students.

As stated in the public benefit section on page 8, the students continue to raise money for a wide variety of local, national and international causes.

Plans for Future Periods

The Academy Trust seeks to maintain an excellent standard of education for all students. A review of the current facilities will be undertaken during the forthcoming academic year in order to consider further opportunities to enhance the learning environment. Objectives from the 2019/20 SDP are as follows:

1. **Excellent Teaching and Learning**
   a. Review and refine the curriculum in Years 7-13 in light of knowledge of new examination specifications
   b. Develop and implement effective, efficient and coherent assessment strategies
   c. Refine Sixth Form homework and independent work practices, embedding the principles of 'A-level mindset'
   d. Continue to incorporate Teaching and Learning into CPD and meeting structures for all teachers to access
   e. Maintain outstanding rates of attainment and progress

2. **Personal Development & Well-being**
   a. Continue to embed the culture of 'growth mindset'
   b. Provide opportunities for students' personal development through an integrated approach to PHSE, Careers and Character Development
   c. Implement the 'NewStart' approach to building the emotional health and wellbeing of students
   d. Embed well-being into regular activities for staff and students
   e. Track and monitor students' participation in extra-curricular activities

3. **Digital Technologies and Communication**
   a. Review the overall Digital Technology strategy to ensure a robust infrastructure to help facilitate learning
   b. Increase the use of existing software packages and digital platforms
   c. Develop shared working practices through use of cloud-based systems
   d. Continue to develop communication strategies to effectively market the School and widen engagement
   e. E-safety: continue to encourage more responsible use of social media across the school community

4. **Development of Systems and Structures**
   a. Maintain high quality leadership and management of the School throughout the period of change in Senior Leadership Team
   b. Develop the rewards and House systems
   c. Continue to refine working practices of Heads Of Departments with an increased focus on curriculum design
   d. Maintain safeguarding procedures in light of latest directives and best practices
   e. Develop systems to widen accessibility to the School

5. **Stewardship of Resources**
   a. Develop a flexible and sustainable long term financial plan in light of funding pressures and considerable uncertainty
   b. Explore and develop additional sources of revenue for the School
   c. Continue to grow catering income, working towards a balanced budget whilst ensuring quality and affordability
   d. Review the layout of the School site and investigate options for developing facilities
   e. Explore ways of reducing the impact of the School on the environment

Funds Held as Custodian Trustee on Behalf of Others

The Academy Trust does not hold such funds and does not act as the custodian trustee of any other charity.

Disclosure of Information to Auditors

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 10th December 2019 and signed on their behalf by:

Charlotte Senior
Chair of Board of Trustees

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 the Academy Trust and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees formally met five times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Eligible Meetings
Mr Mark Allwood (Community Governor)	5	5
Miss Sarah Bower (Community Governor)	3	4
Miss Joanne Boyle (Staff Governor)	4	4
Mr Matthew Cannan (Community Governor)	2	5
Mr James Dixon (Parent Governor)	1	5
Mrs Carolyn Gudmunsen (Staff Governor)	5	5
Mr Matthew Jeavons (Co-opted Governor)	2	2
Mr Antony Maguire (Staff Governor)	4	5
Mrs Ruth McIntosh (Staff Governor)	5	5
Mr Stephen Millman (Community Governor)	4	5
Mr Michael Overton (Parent Governor)	5	5
Mr Bhupinder Pattni (Parent Governor)	1	5
Mrs Charlotte Senior (Community Governor)	5	5
Mrs Hannah Tipper (Community Governor)	4	5
Mr Nicholas Tuton (Community Governor)	4	5
Dr Barbara Minards (Accounting Officer & Headteacher)	5	5

Governance Review

A revised structure of the sub-committees was in place during 2018-19, and the Board of Governors agreed a revised set of Terms of Reference to support the new governance structure. Each of the four main sub-committees set a strategic priority for the academic year and, where appropriate, appointed an associated Link Governor to support and oversee progress against that strategic priority. The Board reviewed the effectiveness of the revised governance structure at the end of the academic year and agreed that it had been effective, and that it was appropriate to continue with the structure for the following academic year.

An audit of skills and training was undertaken at the end of the year, in order to ensure appropriate expertise and address and perceived areas of need. The results of the audit will support the recruitment of new Governors throughout the next academic year.

Regular updates and data are provided to sub-committees by relevant members of staff (for example: Finance and Operations Director and Deputy Headteachers). In addition the Curriculum Committee receives a termly presentation from a different Head of Department to update them on current issues, developments and initiatives relevant to that academic department.

In addition to sub-committee meetings there is a regular dialogue between Trustees and the Academy Trust, via meetings between staff and Link Governors and/or individuals offering specific skills or expertise.

The Trustees consider that they are kept well informed with good quality data, and this, together with the breadth of skills and experience of individual Trustees, enables the Governing Board to provide a high degree of challenge and support to the Academy Trust. The Governing Board meets 5 times a year with responsibility delegated to sub- committees who act on behalf of the Board as detailed below. These committees report back to the main Trust board after each sub-committee has taken place.

The Headteacher attends all sub-committee meetings during the year, and it has been agreed that the Chair of Governors would sit formally on all sub-committees for 2018-19, to ensure oversight across all of the sub-committees.

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure the requirements of the Academies Financial Handbook are met by the Academy Trust, and that appropriate financial policy planning and oversight is in place including internal controls and value for money. In 2019/20 a new Audit Committee has been established to oversee risk management.

Trustee	Meetings attended	Out of a possible
Mrs Hannah Tipper (Chair)	6	6
Mr Mark Allwood	5	6
Miss Sarah Bower	3	6
Mrs Carolyn Gudmunsen	6	6
Mr Stephen Millman	4	6
Mr Bhupinder Pattni	1	6
Mrs Charlotte Senior	5	6
Dr Barbara Minards	6	6

The Operations Committee is a sub-committee of the main Board of Trustees. The committee is responsible for all matters relating to the operational running of the Academy Trust's land and buildings, as well as oversight of the Academy Trust's catering provision and the Academy Trust's digital requirements.

Trustee	Meetings attended	Out of a possible
Mr Mark Allwood (Chair)	3	3
Miss Joanne Boyle	2	2
Mr Matthew Cannan	0	3
Mrs Carolyn Gudmunsen	3	3
Mr Matt Jeavons	2	2
Mr Michael Overton	2	3
Mr Bhupinder Pattni	2	3
Mrs Charlotte Senior	3	3
Mrs Hannah Tipper	2	3
Dr Barbara Minards	3	3

The Curriculum Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure compliance with the statutory requirements of the curriculum from Years 7-13.

Trustee	Meetings attended	Out of a possible
Mr Stephen Millman (Chair)	3	3
Miss Joanne Boyle	2	2
Mr James Dixon	1	3
Mr Matt Jeavons	2	2
Mr Antony Maguire	2	3
Mrs Ruth McIntosh	3	3
Mrs Charlotte Senior	3	3
Mr Nicholas Tuton	1	3
Dr Barbara Minards	3	3

The Pay Committee is a sub-committee of the main Board of Trustees. It is responsible for decisions arising out of the Pay Policy or the Appraisal Policy.

Trustee	Meetings attended	Out of a possible
Mr Nicholas Tuton (Chair)	3	3
Mr Mark Allwood	2	2
Mr Stephen Millman	1	1
Mrs Charlotte Senior	3	3
Mrs Hannah Tipper	3	3
Mr Michael Overton	1	1

The Welfare and Access Committee is a sub-committee of the main Board of Trustees. It is responsible for ensuring compliance with all current guidance and legislation on the welfare of staff and pupils, together with ensuring the Academy Trust's compliance with child protection and safeguarding regulations. It also has oversight of matters relating to staff CPD and appraisal and PSHE provision within the Academy Trust, as well as overseeing all access and inclusion matters.

Trustee	Meetings attended	Out of a possible
Mr Nicholas Tuton (Chair)	3	3
Mr Mark Allwood	2	2
Miss Sarah Bower	2	3
Miss Joanne Boyle	1	1
Mr Matthew Cannan	2	3
Mr James Dixon	1	3
Mr Antony Maguire	3	3
Mr Stephen Millman	1	1
Mr Michael Overton	3	3
Mrs Charlotte Senior	2	2
Dr Barbara Minards	3	3

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 available. The Accounting Officer for the Academy Trust has delivered value for money during the year by:

- Paying the Local Government Pension Scheme Lump Sum in advance to save 2% of the overall bill
- Maximising returns from interest bearing deposits.
- Working with the external letting agent to maximise revenue from lettings.

In the forthcoming year costs will be reviewed to see where they can be reduced, such as insurance. The Academy Trust has also appointed a Finance and Operations Director (replacing the previous position of School Business Manager) to further develop its strategic financial management.

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 at the Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy 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 risk, which has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The Academy 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 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. However the Trustees appointed a reviewer (Paul Kelly, a Trustee of another Academy Trust with appropriate qualifications) during [month], to carry out a programme of internal checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the following areas were reviewed:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations

In 2018/19 there was one Internal Audit review and findings have been reported to the Finance Committee and the Chair of Governors.

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 internal reviewer;
- work of external auditors; and
- the work of SLT 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 the reviews of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Members of the Board of Trustees on 10th December 2019 and signed on its behalf by:

Charlotte Senior
Chair of Board of Trustees

Dr Barbara Minards
Accounting Officer

Statement of Regularity, Propriety and Compliance

As Accounting Officer of the Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregular, 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.

Dr Barbara Minards
Accounting Officer
10th December 2019

Sutton Coldfield Grammar School for Girls Academy Trust
Statement of Trustees' Responsibilities

The Trustees (who are 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 Annual Accounts Direction issued by the Education and 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 in the Charities SORP 2015 and Academy Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient, to show and explain the Charitable Company 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 to the requirements, both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 10th December 2019 and signed on its behalf by:

Charlotte Senior
Chair of Board of Trustees

Date: 10th December 2019

Independent Auditor's Report on the Financial Statements to the Members of Sutton Coldfield Grammar School for Girls Academy Trust

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibility 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.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Atkins FCA (Senior statutory auditor)

Cooper Parry Group Limited

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor
One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Date: 11 December 2019

Sutton Coldfield Grammar School for Girls Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Sutton Coldfield Grammar School for Girls Trust and the Education Skills Funding Agency

In accordance with the terms of our engagement letter dated 26 September 2019 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 Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Academy Trust's funding agreement with the Secretary of State for Education dated 25 May 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.

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 included:

- Reviewing the internal control policies and procedures implemented by the Academy Trust and evaluating their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;
- Reviewing the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of

the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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.

Cooper Parry Group Limited

Cooper Parry Group Limited

DATE : 11 December 2019

Sutton Coldfield Grammar School for Girls Academy Trust
Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Un-restricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	**Total 2019 £000**	Total 2018 £000
Income and endowments from:						
Donations and capital grants	2	-	-	81	**81**	89
Charitable Activities:						
Funding for the Academy Trust's educational operations	3	570	5,346	-	**5,916**	5,402
Other trading activities	4	116	-	-	**116**	100
Investment Income	5	6	-	-	**6**	1
Total incoming resources		692	5,346	81	**6,119**	5,592
Expenditure on:						
Charitable activities:						
Academy's educational operations	6	642	5,373	280	**6,295**	5,812
Total resources expended		642	5,373	280	**6,295**	5,812
Net income/ (expenditure) before transfers		50	(27)	(199)	**(176)**	(220)
Gross transfers between funds	14		(84)	84	**-**	-
Net income/ (expenditure) for the year		50	(111)	(115)	**(176)**	(220)
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	22	-	(425)	-	**(425)**	455
Net movement in funds		50	(536)	(115)	**(601)**	235
Reconciliation of funds						
Funds brought forward at 1 September 2018		662	(2,166)	14,710	**13,206**	12,971
Funds carried forward at 31 August 2019		**712**	**(2,702)**	**14,595**	**12,605**	13,206

Sutton Coldfield Grammar School for Girls Academy Trust

Balance Sheet as at 31 August 2019

Company Number 07543893

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	11		**14,595**		14,710
Current assets					
Debtors	12	**164**		244	
Cash at bank and in hand		**1,108**		978	
		1,272		1,222	
Liabilities					
Creditors: Amounts falling due within one year	13	**(322)**		(313)	
Net current assets			**950**		909
Total assets less current liabilities			**15,545**		15,619
Defined benefit pension scheme liability	22		(2,940)		(2,413)
Total net assets including pension liability			**12,605**		**13,206**
Funds of the Academy:					
Restricted income funds					
Fixed asset fund	14		**14,595**		14,710
Restricted Income fund	14		**238**		247
Pension reserve	14		**(2,940)**		(2,413)
Total restricted funds			**11,893**		12,544
Unrestricted income funds	14		**712**		662
Total funds			**12,605**		13,206

The financial statements on pages 25 to 45 were approved by the Trustees, and authorised for issue on 10th December 2019 and are signed on their behalf by:

Charlotte Senior
Chair of Board of Trustees

Sutton Coldfield Grammar School for Girls Academy Trust
Statement of Cash Flows for the Year Ended 31 August 2019

	Notes	2019	2018
		£000	£000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	18	**208**	(144)
Cash flows from investing activities	19	**(78)**	(88)
Change in cash and cash equivalents in the reporting period		**130**	(232)
Cash and cash equivalents 1 September 2018		**978**	1,210
Cash and cash equivalents 31 August 2019	20	**1,108**	978

1. Statement of Accounting Policies

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

1.1 Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency, the Charities Act 2011 and the Companies Act 2006.

1.2 Going Concern

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

1.3 Income

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

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

  General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

1. Statement of Accounting Policies (continued)

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold Property	2% (50 years)
Furniture and Fixtures	10-33.3% (3-10 years)
Computer equipment	33.3% (3 years)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1. **Statement of Accounting Policies (continued)**

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

1.7 Leased Assets
Rentals under operating leases are charged on a straight line basis over the lease term.

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

1.9 Fund accounting

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

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

1.10 Taxation
The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Agency Arrangements
The Academy Trust distributes 16-19 Bursary funds to students as an agent for the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in note 24.

1.12 Pensions Benefits

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 quinquennial valuations using a prospective unit credit method. As stated in Note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The classification of expenditure between restricted and unrestricted funds is deemed as a critical area of judgement as certain expenditure can be applied to both funds. Where this is the case and the amounts in question are considered material the expenditure is apportioned to both funding streams on an appropriate basis.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet

2. Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Donations	-	-	-	21
Capital Grants	-	81	**81**	68
	-	**81**	**81**	89
Total 2018	21	68	**89**	

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE/ESFA revenue grant				
General Annual Grant (GAG)	-	5,172	**5,172**	4,766
Other DfE Group Grants	-	138	**138**	79
	-	**5,310**	**5,310**	4,845
Other Income from the Academy Trust's educational operations	570	36	**606**	557
	570	**5,346**	**5,916**	5,402
Total 2018	490	4,912	**5,402**	

4. Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Hire of facilities	36	-	**36**	40
Other Income	80	-	**80**	60
	116	**-**	**116**	100
Total 2018	100	-	**100**	

5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	6	-	**6**	1
	6	-	**6**	1
Total 2018	1	-	**1**	

6. Expenditure

	Staff Costs	Non Pay Expenditure		Total 2019	Total 2018
		Premises	Other Costs		
	£000	£000	£000	£000	£000
Academy Trust's educational operations:					
Direct costs	3,684	-	626	**4,310**	3,929
Allocated support costs	889	352	744	**1,985**	1,883
	4,573	**352**	**1,370**	**6,295**	5,812
Total 2018	4,278	274	1,260	**5,812**	

Net income/(expenditure) for the period include:	2019 £000	2018 £000
Operating lease rentals	**5**	-
Depreciation	**280**	261
Fees payable to the auditor for		
• Audit	**9**	9
• Other services	**2**	4

7. Charitable Activities

	2019 £000	2018 £000
Direct costs – educational operations	**4,310**	3,929
Support costs – educational operations	**1,985**	1,883
Total direct and support costs	**6,295**	5,812

	Educational operations	Total 2019	Total 2018
Analysis of support costs			
Support staff costs	889	**889**	903
Technology costs	56	**56**	78
Premises costs	352	**352**	274
Other support costs	616	**616**	577
Professional Fees	72	**72**	51
Total Support Costs	1,985	**1,985**	1,883

8. Staff

a. Staff costs

	2019 £000	2018 £000
Wages and salaries	3,410	3,161
Social security costs	331	316
Pension costs	761	715
	4,502	4,192
Agency staff costs	64	78
Staff restructuring costs	7	8
	4,573	4,278
Staff restructuring costs comprise:		
Severance payments	7	8

b. Non statutory / non contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totaling £7,216 (2018: £8,000). Individually the payments were: £5,000 and £2,216.

c. Staff numbers

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

Average Headcount	2019 Number	2018 Number
Teachers	65	60
Administration and support	70	69
Management	6	7
	141	136

Average FTE	2019 Number	2018 Number
Teachers	57	50
Administration and support	34	38
Management	6	7
	97	95

d. Higher paid staff

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

	2019 Number	2018 Number
£60,001-£70,000	-	1
£70,001-£80,000	2	1
£80,001-£90,000	1	1

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £536,701 (2018: £493,468).

9. Related Party Transactions - Trustees' Remuneration & Expenses

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

B Minards (Headteacher and trustee)
Remuneration £80,000 - £85,000 (2018: £80,000 - £85,000)
Employer's pension contributions £10,000 - £15,000 (2018: £10,000 - £15,000)

J Boyle (staff trustee) *resigned 29 Apr 2019*
Remuneration £40,000 - £50,000 (2018: £45,000 - £50,000)
Employer's pension contributions £5,000 - £10,000 (2018: £5,000 - £10,000)

R McIntosh (staff trustee)
Remuneration £15,000 - £20,000 (2018: £15,000 - £20,000)
Employer's pension contributions £0 - £5,000 (2018: £0 - £5,000)

C Gudmundsen (staff trustee)
Remuneration £35,000 - £40,000 (2018: £35,000 - £40,000)
Employer's pension contributions £5,000 - £10,000 (2018: £5,000-£10,000)

A Maguire (staff trustee)
Remuneration £35,000 - £40,000 (2018: £35,000 - £40,000)
Employer's pension contributions £5,000 - £10,000 (2018: £5,000-£10,000)

During the period ended 31 August 2019, there were no travel and subsistence expenses reimbursed or paid directly to trustees (2018: £49 to 1 trustee).

10. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for this insurance is included in the total insurance cost.

11. Tangible Fixed Assets

	Leasehold Property	Furniture and Fixtures	Computer Equipment	Total
	£000	£000	£000	£000
Cost				
At 1 Sep 2018	15,786	183	414	16,383
Additions		20	145	165
At 31 Aug 2019	15,786	203	559	16,548
Depreciation				
At 1 Sep 2018	1,284	44	345	1,673
Charged in period	223	5	52	280
At 31 Aug 2019	1,507	49	397	1,953
Net book values				
At 31 Aug 2019	14,279	154	162	14,595
At 31 Aug 2018	14,502	139	69	14,710

12. Debtors

	2019 £000	2018 £000
Trade debtors	11	1
VAT Recoverable	30	164
Prepayments and accrued income	123	79
	164	244

13. Creditors: Amounts Falling Due within one Year

	2019 £000	2018 £000
Trade Creditors	123	170
Other taxation and social security	84	76
Other creditors	31	17
Accruals and deferred income	84	50
	322	313

Deferred income	2019 £000	2018 £000
As at 1 September 2018	37	42
Release from previous years	(37)	(42)
Resources deferred in year	65	37
Deferred income at 31 August 2019	65	37

The release of deferred income in the year relates to funds held by the Academy Trust in 2017/18 for deposits on trips that took place in 2018/19.

14. Funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	**Balance at 31 August 2019 £000**
Restricted general funds					
General Annual Grant (GAG)	247	5,172	(5,087)	(94)	**238**
Pupil Premium	-	63	(63)	-	**-**
Other Grants	-	111	(121)	10	**-**
Pension Reserve	(2,413)	-	(102)	(425)	**(2,940)**
	(2,166)	**5,346**	**(5,373)**	**(509)**	**(2,702)**
Restricted fixed asset funds					
Transfer on conversion	11,195	-	(150)	-	**11,045**
DfE/ESFA capital grants	1,522	81	(59)	-	**1,544**
Capital expenditure from GAG	1,814	-	(68)	84	**1,830**
Restricted donations	179	-	(3)	-	**176**
	14,710	**81**	**(280)**	**84**	**14,595**
Total restricted funds	**12,544**	**5,427**	**(5,653)**	**(425)**	**11,893**
Total unrestricted funds	662	**692**	**(642)**	**-**	**712**
Total funds	**13,206**	**6,119**	**(6,295)**	**(425)**	**12,605**

Note: the trust is no longer subject to GAG carry forward limits.

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

Pupil premium income is included within restricted funds and relates to the funding provided by the ESFA for the Academy Trust to provide additional support to pupils from low income families.

The balance of £238,000 on the Restricted general funds (excluding the pension reserve) will be used for educational purposes in accordance with the restrictions attached to the funding.

The Pension reserve of £2,940,000 (overdrawn) represents the Academy Trust's share of the deficit in the West Midlands Pension Fund.

Restricted fixed asset funds relate predominately to the assets acquired on conversion to an Academy Trust, being the properties together with any subsequent funding received and utilised for fixed assets including improvements and new buildings.

The unrestricted funds represent the accumulated surplus generated by the Academy Trust from conversion to an Academy Trust and ongoing ancillary activities such as hire of facilities.

14. Funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	**Balance at 31 August 2018 £000**
Restricted general funds					
General Annual Grant (GAG)	266	4,766	(4,696)	(89)	**247**
Pupil Premium	17	59	(76)	-	**-**
Other Grants	-	87	(87)	-	**-**
Pension Reserve	(2,766)	-	(102)	455	**(2,413)**
	(2,483)	4,912	(4,961)	366	**(2,166)**
Restricted fixed asset funds					
Transfer on conversion	11,345	-	(150)	-	**11,195**
DfE/ESFA capital grants	1,494	68	(40)	-	**1,522**
Capital expenditure from GAG	1,793	-	(68)	89	**1,814**
Restricted donations	182	-	(3)	-	**179**
	14,814	68	(261)	89	**14,710**
Total restricted funds	**12,331**	**4,980**	**(5,222)**	**455**	**12,544**
Total unrestricted funds	640	**612**	**(590)**	**-**	**662**
Total funds	**12,971**	**5,592**	**(5,812)**	**455**	**13,206**

15. Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	14,595	**14,595**
Current assets	712	560	-	**1,272**
Current liabilities	-	(322)	-	**(322)**
Pension scheme liability	-	(2,940)	-	**(2,940)**
Total net assets	**712**	**(2,702)**	**14,595**	**12,605**

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	14,710	**14,710**
Current assets	662	560	-	**1,222**
Current liabilities	-	(313)	-	**(313)**
Pension scheme liability	-	(2,413)	-	**(2,413)**
Total net assets	**662**	**(2,166)**	**14,710**	**13,206**

16. Capital Commitments

	2019 £000	2018 £000
Contracted for, but not provided in the financial statements	-	35

17. Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts due within one year	**5**	15
Amounts due between one and five years	**20**	36
Amounts due after five years	**-**	6
	25	**57**

18. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2019 £000	2018 £000
Net income/(expenditure) for year (as per SoFA)	(176)	(220)
Adjusted for:		
Depreciation charges (note 11)	280	261
Capital grants from DfE and other capital income (Note 2)	(81)	(68)
Interest receivable (note 5)	(6)	(1)
Defined benefit pension scheme less contributions payable (note 22)	42	34
Defined benefit pension scheme finance cost (note 22)	60	68
Decrease/(Increase) in debtors	80	(83)
Increase/(decrease) in creditors	9	(135)
Net cash provided by/(used in) operating activities	208	(144)

19. Cash flows from investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	6	1
Purchase of tangible fixed assets	(165)	(157)
Capital grants from DfE and other capital income	81	66
Net cash provided by/(used in) investing activities	(78)	(88)

20. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand and at bank	1,108	978
Total cash and cash equivalents	1,108	978

21. Members' Liability

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

22. Pension and Similar Obligations

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

The latest actuarial valuation of the TPS was 31 March 2016 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

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 Teacher's Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). 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%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website.

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 period amounted to £413,000 (2018: £329,000).

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2019 was £364,000 (2018: £346,000), of which employer's contributions totalled £309,000 (2018: £287,000) and employees' contributions totalled £55,000 (2018: £59,000). The agreed contribution rates for future years are 20.9% for employers but note a valuation is due in 2020 which is expected to increase contribution rates.

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

Principal actuarial assumptions	**At 31 August 2019**	At 31 August 2018
Rate of increase in salaries	**3.75%**	3.80%
Inflation assumption (CPI)	**2.25%**	2.30%
Discount rate for scheme liabilities	**1.85%**	2.65%

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

	At 31 August 2019	At 31 August 2018
Retiring today		
Males	**20.9**	21.9
Females	**23.2**	24.4
Retiring in 20 years		
Males	**22.6**	24.1
Females	**25.1**	26.7

Sensitivity Analysis	**At 31 August 2019 £000s**	At 31 August 2018 £000s
Discount Rate +0.1%	**(125)**	(105)
Discount Rate -0.1%	**128**	107
Mortality assumption – 1 year increase	**251**	184
Mortality assumption – 1 year decrease	**(241)**	(178)
CPI rate +0.1%	**110**	93
CPI rate -0.1%	**(108)**	(101)

22. Pension and Similar Obligations (continued)

The Academy Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equities	2,117	1,921
Gilts	333	218
Corporate Bonds	133	112
Property	287	246
Cash and other liquid assets	127	114
Other	523	424
Total market value of assets	**3,520**	**3,035**

The actual return on scheme assets was £208,000 (2018: £33,000).

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost	**349**	320
Interest cost	**60**	68
Admin expenses	**2**	1
Total amount recognised in SOFA	**411**	389

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

	2019 £000	2018 £000
As at 1 September	**5,448**	5,511
Current service cost	**291**	320
Interest cost	**144**	143
Employee contributions	**55**	59
Change in demographic assumptions	**(316)**	-
Benefits paid	**(85)**	(88)
Past Service Costs	**58**	-
Change in financial assumptions	**865**	(497)
At 31 August 2019	**6,460**	5,448

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

	2019 £000	2018 £000
As at 1 September 2018	**3,035**	2,745
Return on assets less interest	**124**	(42)
Interest income	**84**	75
Other actuarial gains/(losses)	**-**	
Employer contributions	**309**	287
Employee contributions	**55**	59
Benefits paid	**(85)**	(88)
Admin expenses	**(2)**	(1)
At 31 August 2019	**3,520**	3,035

23. Related Party Transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

24. Agency arrangements

The Academy Trust distributes 16-19 Bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019, the trust received £19.7k (2018: £13.4k) and disbursed £15.0k (2018: £12.4k) from the fund. An amount of £14.2k (2018: £9.5k) is included in Other Creditors relating to the undistributed funds that are repayable to the ESFA.