

Specialist Learning Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2019

Specialist Learning Trust
(A company limited by guarantee)

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

Members	J Plummer (resigned 5 December 2018) S Colquhoun V Hemmings ¹ M Paddon (appointed 5 December 2018)
Trustees	S Colquhoun, Chair of Trustees K Seed, Headteacher and Accounting Officer ¹ (retired 31 December 2018) B Hart, Chair of Finance & Audit Committee ¹ K Himid-Wilson (resigned 31 August 2019) M Paddon ¹ (resigned 5 December 2018) S McKale (resigned 31 August 2019) T Gillen J Plummer (appointed 5 December 2018) T Brodie (appointed 1 January 2019) G Parsons (appointed 1 January 2019)
	¹ Members of the Finance and Audit Committee
Company registered number	10877352
Company name	Specialist Learning Trust
Registered office	Hawes Lane West Wickham Kent BR4 9AE
Senior leadership team	K Seed - Headteacher, CEO and Accounting Officer (retired 31 December 2018) I Travis - Headteacher, CEO and Accounting Officer (appointed 1 January 2019) K Parrett - Deputy Headteacher (retired 31 August 2018) C Collins - Deputy Headteacher M Rodger-Weetman - Deputy Headteacher (appointed 1 January 2019) L Exford - Development Manager/Chief Financial Officer
Bankers	Lloyds Bank plc 6-8 Market Square Bromley Kent BR1 1NA
Auditors	UHY Kent LLP trading as UHY Hacker Young Thames House Roman Square Sittingbourne Kent. ME10 4BJ

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Trustees' report
For the year ended 31 August 2019

The Trustees present their annual report and auditors' report of the Academy Trust for the period ended 31 August 2019. The academy trust operates an academy for pupils with special education needs aged 11 to 19. It has a pupil capacity of 246 and had a roll of 218 on the school census on 16 May 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees are also the Directors for the purposes of company law.

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

Principal activities

The Academy Trust took over the operation of Glebe School on the school's conversion to academy status on 1 September 2017. Since then the Academy Trust's principal object and activity has been to deliver special educational provision to pupils between the ages of 11 and 19 with special educational need.

Members' liability

Each member of the Academy Trust undertakes to contribute to the assets of the trust in the event of it being wound up whilst 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

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

Details of the insurance cover are provided in note 13 to the financial statements.

Method of recruitment and appointment or election of trustees

Under the terms of its Articles, the Academy Trust shall have the following trustees:

- Up to 12 trustees appointed by the members, including the Chief Executive Officer providing that he agrees so to act;
- A minimum of two parent trustees;
- The Academy Trust may also have any co-opted trustee appointed by the Trustees who have not themselves been so appointed;
- The total number of trustees, including the Chief Executive Officer, who are employees of the Academy Trust shall not exceed one third of the total number of trustees.

The Trustees who were in office at 31 August 2019 and served throughout the period, except where shown, are listed on page 1.

Policies and procedures adopted for the induction and training of trustees

During the year under review the full Board met six times and there were six Finance and Audit Committee meetings. The training and induction provided for new trustees depends on their previous experience. All new trustees are given a tour of the school and the chance to meet with staff and students. In addition, a mentor from the existing Board is allocated to support and inform their new role.

All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. New trustees are invited to attend an induction course provided by The Octavo Partnership and have access to a full programme of courses which they will choose to attend, based on their role and experience. Trustees are also provided with Gold subscription membership to the National Governors' Association and access to The School Bus website that provides an extensive range of resources to facilitate them in their role.

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Trustees' report (continued)
For the year ended 31 August 2019

Organisation structure

The organisational structure within the Academy consists of two levels: the Trustees and senior leadership team, supported by a middle management team which includes heads of years and heads of departments. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Headteacher of Glebe School undertakes the role of Chief Executive Officer and Accounting Officer for the Academy Trust.

The Senior Leadership Team comprises the Headteacher and two Deputy Headteachers. These managers control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them.

As a group the Senior Leadership Team is responsible for the authorisation of spending up to a level delegated to them within agreed limits and for the appointment of staff. The appointment board for posts in the senior leadership team always contains a trustee.

The senior leadership team and the middle management team are responsible for the day to day operation of the Academy, in particular organising the teaching and support staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Academy Trust comprise the Trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board of Trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies. The Headteacher was not involved in setting his own remuneration package.

The previous Headteacher, Mr K Seed, who retired on 31 December 2018 was the only remunerated Trustee and only received remuneration in respect of services he provided under his contract of employment. Specific disclosures concerning his remuneration are included in note 12. The current Headteacher, Mr I Travis, is not a Trustee.

The day to day running of the remuneration policy is delegated to the Headteacher and monitored by the Finance and Audit Committee. All details for setting pay and remuneration of key management personnel are set out in the Pay Policy and Teacher Appraisal Policy, which is reviewed by the Board of Trustees.

Remuneration of key management personnel is set at an individual level, and where possible the Trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked closely to nationally agreed pay spines, helping Trustees to ensure staff remuneration is kept at an appropriate level. Total remuneration packages include employer pension contribution rates at specific approved rates.

The Board is always aware of the charitable status of the Academy Trust, recognising the commitments of the funding agreement with the Secretary of State for Education. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 11.

Risk management

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching requirements, provision of facilities and other operational areas of the Academy Trust, and its finances. The Board has adopted a Risk Management Policy and a comprehensive Risk Register is in place that is reviewed at each Board Meeting.

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

Connected organisations, including related parties

Glebe School is currently the only school operating with the Trust. There are no related party transactions to report within the period.

There are no connected PTA or separate Voluntary Funds.

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Trustees' report (continued)
For the year ended 31 August 2019

OBJECTIVES AND ACTIVITIES

Objects and aims

The Specialist Learning Trust currently supports one school, Glebe School, which is a secondary special school for students aged 11-19. Our students have Educational and Healthcare Plans with many diverse needs. The Trust's current objectives are to advance education for the public benefit, by establishing, maintaining and developing schools specially organised to make special educational provision for children and young people with special educational need.

Objective, strategies and activities

The main objectives of the Trust during the year to 31 August 2019 are summarised below:

- To help our students to achieve and succeed in dealing effectively with any obstacles to learning in a secondary school setting.
- To provide our young people with the skills they need to lead as independent and responsible a life as possible once they have completed their education.
- To maintain our "Outstanding" Ofsted status, building on this success by using all our expertise to enable each student to have a healthy, happy and safe environment within the school and a personalised approach to their learning needs.
- To maintain and develop our thriving 6th Form where many of our more vulnerable students study for up to three years in preparation for their next steps in Education, Training or Employment.
- To continue working collaboratively with the Specialist Learning Partnership, a group of like-minded special schools across South East London to exchange knowledge, skills and experience to enhance teaching and learning within the Partnership.
- To expand our thriving work experience programme for students in Year 11 and 6th Form, which is an important part of the all-embracing approach to the education of our students.
- Promote the use of high quality and robust data to analyse the progress and personal development of our students allowing personalised interventions which will achieve the best possible outcomes.

The school provides a broad and balanced secondary curriculum providing to all students a diverse programme of activities to develop the student's skills including:

- Development of independent and responsible living skills
- Active sports participation to increase mental wellbeing and healthy living
- Educational trips and visits that increase the independence of students
- Active sports participation
- Entrepreneurial leadership and social skills e.g. farmers' market, afternoon teas etc.
- A comprehensive work experience programme

Public benefit

The Specialist Learning Trust is an academy converter catering for students with special education need aged 11 to 19.

The Trust strives to promote and support the advancement of education for students within Bromley and across neighbouring boroughs. Glebe School continues to support teaching and learning across a growing number of schools through a published programme of moderation, support and planning meetings through the Specialist Learning Partnership. In addition to this, the Specialist Learning Partnership has this year created a support and innovation fund, to which all schools involved have been invited to contribute. The purpose of this fund is to innovate new approaches to support students with EHCP's across all the schools and to further develop school improvement strategies. The SLP worked with 14 special schools last year, and continues to develop its remit to support and share good practice.

Wherever possible the school also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities. The school has for a number of years supported a theatre school on Saturdays which is open to children from the wider community. The training helps children's self-confidence and provides a great way to help them discover new ways of expressing themselves and making new friends.

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

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Trustees' report (continued)
For the year ended 31 August 2019

STRATEGIC REPORT

Achievements and performance

Examination Outcomes Report – September 2019

Overall GCSE Results:

Total Passes A-G	2013	2014	2015	2016	2017	2018	2019	% cohort awarded
English	15	10	9	11	8	9	10	28%
Maths	15	4	3	8	10	10	12	33%
Science	17	18	14	23	19	17*	28*	80%
Total	47	32	26	42	37	36	61	

* **Double Science** awards+Bio+Astro

Year 11	Number Candidates	Total passes A* - G (Eng+Maths+ Sci)	Average per Candidate	Total passes A* - G (All GCSE+ Equiv)	Average per Candidate
2013	26	47	1.8	141	5.4
2014	23	32	1.4	101.5	4.4
2015	24	26	1.1	76	3.2
2016	26	42	1.6	141	5.4
2017	26	37	1.4	134	5.2
2018	25	36	1.4	117*	4.7
2019	36	61	1.7	172	4.8

Progress 8 Measure

2016	-1.19
2017	-1.10
2018	-1.2
2019	Pending

Entry Level Results:

Entry Level	2013	2014	2015	2016	2017	2018	2019	%
Level 1	17	13	26	30	35	18	22	11
Level 2	61	45	45	46	62	51	111	57
Level 3	113	108	87	73	45	45	62	32
Total	191	166	158	149	142	114	195	100
Number of Candidates	26	23	24	26	26	25	36	36
Average/Candidate	7.3	7.2	6.6	5.7	5.5	4.6	5.4	

Pupil Premium achievement

Pupil Premium Strategy is reviewed annually as part of the school's ongoing review, planning and development procedures. The Trust is proud that Glebe School was the only secondary school in the Borough, with reference to the KS4 disadvantage gap, that is having a positive outcome on disadvantage.

- 99% of all students made expected or better than expected progress in literacy.
- 95% of the pupil premium students achieved the same measure.
- 87% of all students made expected or better than expected progress in numeracy.
- 90% of the pupil premium students achieved the same measure.

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Trustees' report (continued)
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Going concern

After making appropriate enquiries, the Trustees have 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.

Key financial performance indicators

The trustees consider that the following are key performance indicators for the Academy for the period ended 31 August 2019:

Key Performance Indicators	2017-18	2018-19
Student Numbers (Years 7-14) as at 31 st August	195	215
Total Staff Costs	£2,829,007	£3,137,752
Total Staff Costs to ESFA/LA Revenue Income (%)	78%	80%
Total Staff Costs to Total Income (%)	73%	78%
Total Staff Costs as Proportion of Total Expense (%)	83%	83%
Average number of FTE Teaching Staff	28.27	29.87
Average number of FTE Support Staff	38.66	41.85
Total Full Time Equivalent staff	66.93	71.72
Average Teacher Cost (inc. employee on-costs)	£58,508	£60,306
Proportion of budget spent on the Leadership team (%)	7%	5%
Spend per student for non-pay expenditure lines	£3,059	£3,076
Student Teacher Ratio (Exc. Leadership Team)	7.7	7.9

FINANCIAL REVIEW

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

Total income for the year was £4.1m compared to £19.1m in the previous year. (The prior year income has been restated as explained in note 17 to the financial statements.) Last year's financial statements were the first prepared by the academy trust and so income included a £15m donation to reflect the value of school land, buildings and other assets transferred into the trust when the Glebe School converted to become an academy. 2017/18 also included significant capital grants from the ESFA for specific projects.

Excluding capital income, and also the conversion donation in 2017/18, the trust's income for 2018/19 amounted to £4.0m compared to £3.7m for the previous year. This increase in operating revenue income was largely attributable to a rise in core General Annual Grant funding which was partially countered by a fall in Local Authority grants.

This year the incoming resources for the year have not been sufficient to cover total resources expended of £3.7m resulting in net expenditure for the year of £246k as shown on the SoFA. The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was a reduction of £984k. The prior year funds movement, an increase of £15.8m, was heavily influenced by the conversion donation and, to a lesser extent, an actuarial gain on the LGPS. It is important to note that this overall movement in funds does not reflect the meaningful operational result and includes movements that do not relate to day-to-day running of the academy.

Excluding movements on tangible fixed assets, the LGPS defined benefit pension liability and revenue to capital transfers the trust's operational surplus on revenue funds for the year was £199k (2018: £273k surplus), as reconciled from the SoFA on the table on the following page:

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Trustees' report (continued)
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		2019 (£000s)	2018 (£000s)
Overall net movement in funds for the year per SoFA		(984)	15,811
Add:			
Decrease / (increase) attributable to fixed asset fund		170	(16,492)
Other assets inherited on conversion		-	(172)
LGPS liability on conversion	See A	-	1,354
LGPS actuarial (gain)/loss	See B	738	(367)
LGPS service and interest costs	See B	240	122
Total movement in year on revenue funds		164	256
Revenue to capital transfers		35	17
Operational surplus /(deficit) on revenue funds		199	273

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

(B) The Balance Sheet carries the trust's share of the deficit on the Local Government Pension Scheme. A detailed report has been prepared by an actuary detailing the movement in the deficit during the year. The movement is in two parts: (1) the actuarial gain relates to movement linked to the assumptions made by the actuary, (2) other movements comprising (i) net interest costs (ii) current service costs - the value of benefits accrued by members over the accounting period less contributions paid and (iii) past service costs for additional benefits granted during the year. Again since the LGPS movement do not relate to operational matters these have been excluded from the operational result. The significant increase in the LGPS liability during 2018-19 relates to a number of issues which are described in note 2 to the financial statements explaining critical accounting estimates and judgements.

At 31 August 2019, the net book value of fixed assets was £16.3m and movements in tangible fixed assets are shown in note 14 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the trust's academies, the only exceptions to this being limited letting of the premises to local community groups.

Financial position

The Academy Trust held fund balances at 31 August 2019 of £14.8m (2018: £15.8m). These funds comprised:

- restricted fixed asset funds of £16.3m (2018: £16.5m). Most of this fund represents the net book value of fixed assets, mainly the school land and buildings. The restricted fixed asset fund also includes the element of capital grant funding that has been recognised in the SoFA but which has not yet been spent;
- restricted revenue funds of £158k (2018: £155k);
- unrestricted revenue funds of £433k (2018: £272k); and
- a pension reserve.

The pension reserve deficit of £2.1 m (2018: £1.1m) is the only fund in deficit. As explained in accounting policy 1.13 the LGPS is a funded defined benefit pension scheme and a provision for estimated pension liabilities is included in the Academy Trust's Balance Sheet. The large increase in the carried deficit is largely as a result of the actuarial loss arising after the actuary reassessed the assumptions underlying the calculation of the deficit. Further details are provided in note 2 to the financial statements.

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

Reserves policy

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

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

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Trustees' report (continued)
For the year ended 31 August 2019

Reserves policy – cont.

The cumulative target range for restricted and unrestricted reserves has been established at between 6% and 10% of total income for the financial year ending 31 August 2019. These figures exclude the impact of the pension deficit. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The Board acknowledges that the reserves are higher than the levels agreed within the policy. The Board was mindful that the appointment of a new Headteacher mid-year could result in a change to the spending profile. As the new school development plan is implemented additional costs will be incurred in the transitional phase and into the future once these plans are embedded. The Trustees are also aware of the predictions shown in the Academy's three to five-year budget forecast, which extends beyond the current school expansion programme, indicating a levelling of funding alongside ongoing inflationary increases to staff costs.

Trustees will monitor the level of reserves to ensure that they are maintained at an acceptable level and will review the reserves policy as the Trust develops. In the event that they are partly used the Trust will strive to rebuild reserves up to the level needed.

Investment policy

The Specialist Learning Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice as and when circumstances allow. Good financial returns mean that more money can be spent on educating pupils. The main aims are:

- to ensure adequate cash balances are maintained in the school current accounts to cover day to day working requirements;
- to ensure there is no risk of loss in capital value of any cash funds invested; and
- to protect the capital value of any invested funds against inflation.

Currently the Trustees only give approval for the school to place surplus funds on 32-day deposit with its principal bankers.

Principal risks and uncertainties

Following conversion to academy status in September 2017, the Trustees approved a Risk Management Policy and a comprehensive Risk Register, which is reviewed at each Board Meeting. This ensures that Trustees remain focused on principal risks and uncertainties that the Trust is exposed to, and that steps are taken to mitigate against those risks.

This is done through the work of the Finance and Audit Committee that ensures that there are robust systems in place, including operational procedures and internal financial controls to minimise risk. The Committee has identified the key risks faced by the Trust in the current period as:

- Changes to key personnel mid-year following the retirement of existing long standing members of the Leadership Team;
- An Ofsted inspection at a time of change in key leadership personnel;
- Identifying potential new Trustees and Members with the relevant business acumen that will be required by the Board to develop the Trust;
- Increasing staff on-costs with rising pay increases, pension contributions that may impact on the financial stability of the Trust;
- The uncertainties that the possible proposal of a primary special free school within the school site being put forward by the Local Authority will bring; and
- The possibility that legislative requirements are not known or complied with.

Some significant risks such as public and employer liability are covered by the Trust's insurance policy.

PLANS FOR FUTURE PERIODS

The Trustees' main plans for future periods are detailed below:

- To continue to support and develop the senior leadership team during a period of transition and change;
- To monitor the Local Authority's plans for the provision of a neighbouring primary special free school;
- For the new leadership team to work towards retaining an outstanding Ofsted rating;
- To continue to develop the relationship with the Specialist Learning Partnership to provide initial teacher training for special needs teachers;
- To develop further opportunities for the Academy's students in respect of independent living, employment skills and apprenticeships; and
- To prepare for a more diverse student group as numbers increase.

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Trustees' report (continued)
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FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust holds no funds as custodian trustee on behalf of others.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the trustees have taken all the steps 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.

AUDITORS

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report, incorporating the Strategic report, was approved by order of the Board of Trustees and signed on the Board of Trustees' behalf by:



S Colquhoun
Chair of Trustees



I Travis
Head Teacher and Accounting Officer

Date: 4 December 2019

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Governance Statement (continued)

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Specialist Learning 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 Accounting Officer, for ensuring financial controls conform to 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 Specialist Learning Trust and the Secretary of State for Education. The Accounting Officer is responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
S Colquhoun, Chair of Trustees	4	4
T Gillen	4	4
B Hart	4	4
K Himid-Wilson (resigned 31 August 2019)	3	4
S McKale (resigned 31 August 2019)	2	4
M Paddon (resigned 5 December 2018)	2	2
K Seed, Headteacher and Accounting Officer (retired 31 December 2018)	2	2
J Plummer (appointed 5 December 2018)	4	4
T Brodie (appointed 1 January 2019)	1	4
G Parsons (appointed 1 January 2019)	4	4

The current Headteacher (CEO), who is not a trustee, also attends and reports to each Board meeting.

There were only four full trustee board meetings during the year, which is more than the minimum number required by the Academies Financial Handbook. The board have considered meeting more frequently in view of the Academies Financial Handbook suggestion that at least six meetings may be preferable and have concluded that effective oversight can be maintained with four full board meetings plus the Finance and Audit sub-committee meetings.

The Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to consider and advise the Board of Trustees on all aspects of the Trust's finances, financial policies, financial regulations, controls and strategy in accordance with the Articles of Association, Academies Financial Handbook and Funding Agreement. The Finance and Audit Committee's remit also includes the functions of an audit committee. The Accounting Officer and Chief Financial Officer attend to report at each meeting.

This year the Committee has focused on the following major issues:

- Reviewing and addressing the principal risks that the Trust may be exposed to;
- Expanding the school to accommodate an additional cohort of pupils with specialist need;
- The appointment and development of the new senior leadership structure;
- Engaging in discussion with the Local Authority to support the opening of a free school for primary special need pupils; and
- Strengthening the membership to introduce new skills and diversity to the committee.

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Governance Statement (continued)

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

Trustee	Meetings attended	Out of a possible
B Hart, Chair	6	6
V Hemmings (Co-opted member)	4	6
M Paddon (resigned 5 December 2018)	2	2
K Seed, Headteacher and Accounting Officer (retired 31 December 2018)	2	2
T Brodie (appointed 1 January 2019)	3	3
G Parsons (appointed 1 January 2019)	2	3

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Specialist Learning Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. The system of internal control will be reviewed annually with particular regard to any changes in the ESFA Academies Financial Handbook.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The Board of Trustees has decided to appoint UHY Hacker Young, the external auditors, to conduct a supplementary programme of checks in the form of an internal audit function.

In their capacity providing this service UHY Hacker Young have conducted termly visits to review the operation of the trust's key controls, with each visit additionally checking a specific theme or topic. Following each visit the Board of Trustees receives a detailed report setting out any findings and recommendations.

This internal audit role has been fully delivered in line with ESFA requirements and there have been no material control issues requiring urgent attention. All other matters brought to the Board's attention during the year have been followed up appropriately in a timely manner.

Specialist Learning Trust
(A company limited by guarantee)

Governance Statement (continued)

Review of Value for money

As Accounting Officer the Headteacher of Glebe School has responsibility for ensuring that the Academy 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's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Proactively reviewing SEND funding with local authorities to ensure correct levels, timely agreement and payment of due income;
- Careful targeting of Pupil Premium funding to achieve excellent outcomes for disadvantaged students;
- Arranging for all the contracts in school to be reviewed which has resulted in a number of significant financial savings. The new contracts have provided value for money as well as improved service delivery creating efficiencies for school staff;
- Use of government frameworks to achieve best value e.g. ink toners/computer equipment etc.
- Arranging insurance for the Academy Trust via a framework that provides comprehensive cover for all the major risks for the Academy realising significant savings overall.

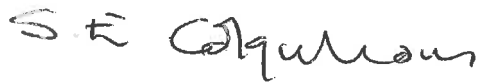
Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review 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 and signed on their behalf, by:



S Colquhoun
Chair of Trustees



I Travis
Head Teacher and Accounting Officer

Date: 4 December 2019

Specialist Learning Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA.



Mr. I. Travis
Accounting Officer

Date: 4 December 2019

Specialist Learning Trust
(A company limited by guarantee)

Statement of Trustee's responsibilities
For the Year Ended 31 August 2019

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

Company law requires the Trustee to prepare financial statements for each financial year. Under company law the Trustee 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 Trustee are required to:


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

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

The Trustee 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 Trustee and signed on its behalf by:


S. Colquhoun
Chair of Trustees

Date: 4 December 2019

Independent Auditors' Report on the financial statements to the Members of Specialist Learning Trust

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustee's 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 Trustee is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and administrative details, the Trustee's 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 Trustee's Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustee's Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Specialist Learning Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of Specialist Learning Trust (continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's 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 Trustee's 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 Trustee's Responsibilities Statement, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 12 December 2019

Specialist Learning Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Specialist Learning Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 26 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Specialist Learning 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 Specialist Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Specialist Learning 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 Specialist Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Specialist Learning Trust's funding agreement with the Secretary of State for Education dated 21 July 2017 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Specialist Learning Trust for the year ended 31 August 2019 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

Specialist Learning Trust
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Independent Reporting Accountant's Assurance Report on Regularity to Specialist Learning Trust and the Education & Skills Funding Agency (continued)

Conclusion

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

UHY Kent LLP

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

Date: *12 December 2019*

Specialist Learning Trust
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	As restated Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Transfer from local authority on conversion		-	-	-	-	15,010,691
Other donations and capital grants		1,067	-	54,656	55,723	480,964
Charitable activities	6	26,640	3,912,644	-	3,939,284	3,635,560
Other trading activities	5	55,511	-	-	55,511	62,404
Investments	4	1,892	-	-	1,892	422
Total income		85,110	3,912,644	54,656	4,052,410	19,190,041
Expenditure on:						
Charitable activities	8	82,632	3,956,503	259,331	4,298,466	3,745,945
Total expenditure		82,632	3,956,503	259,331	4,298,466	3,745,945
Net income/(expenditure)		2,478	(43,859)	(204,675)	(246,056)	15,444,096
Transfers between funds	18	-	(35,167)	35,167	-	-
Net movement in funds before other recognised gains/(losses)		2,478	(79,026)	(169,508)	(246,056)	15,444,096
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	25	-	(738,000)	-	(738,000)	367,000
Net movement in funds	18	2,478	(817,026)	(169,508)	(984,056)	15,811,096
Reconciliation of funds:						
Total funds brought forward		155,004	(837,050)	16,493,142	15,811,096	-
Net movement in funds		2,478	(817,026)	(169,508)	(984,056)	15,811,096
Total funds carried forward		157,482	(1,654,076)	16,323,634	14,827,040	15,811,096

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

The notes on pages 22 to 43 form part of these financial statements.

Specialist Learning Trust
(A company limited by guarantee)

Balance Sheet
As at 31 August 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Tangible assets	14	16,317,374	16,225,178
Current assets			
Debtors	15	107,996	111,211
Cash at bank and in hand		814,071	862,117
		<u>922,067</u>	<u>973,328</u>
Creditors: amounts falling due within one year	16	(325,401)	(278,410)
Net current assets		<u>596,666</u>	<u>694,918</u>
Total assets less current liabilities		<u>16,914,040</u>	<u>16,920,096</u>
Defined benefit pension scheme liability	25	(2,087,000)	(1,109,000)
Total net assets		<u><u>14,827,040</u></u>	<u><u>15,811,096</u></u>
Funds of the Academy Trust	18		
Restricted funds:			
Fixed asset funds		16,323,634	16,493,142
Restricted income funds		432,924	271,950
		<u>16,756,558</u>	<u>16,765,092</u>
Restricted funds excluding pension asset			
Pension reserve		(2,087,000)	(1,109,000)
Total restricted funds		<u>14,669,558</u>	<u>15,656,092</u>
Unrestricted income funds		<u>157,482</u>	<u>155,004</u>
Total funds		<u><u>14,827,040</u></u>	<u><u>15,811,096</u></u>

The financial statements on pages 19 to 43 were approved by the Trustee, and authorised for issue and are signed on their behalf, by:

S. Colquhoun
Chair of Trustees

S.E. Colquhoun

I. Travis
Mr. I. Travis
Accounting Officer

Date 4 December 2019:

The notes on pages 22 to 43 form part of these financial statements.

Specialist Learning Trust
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Statement of Cash Flows
For the Year Ended 31 August 2019

	Note	2019 £	<i>As restated</i> <i>2018</i> £
Cash flows from operating activities			
Net cash provided by operating activities	20	250,672	432,307
Cash flows from investing activities			
Cash flows from investing activities	22	(294,979)	433,548
Cash flows from financing activities			
Cash flows from financing activities	21	(3,739)	(3,738)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(48,046)	862,117
Cash and cash equivalents at the beginning of the year		862,117	-
Cash and cash equivalents at the end of the year	23	<hr/> 814,071 <hr/>	<hr/> 862,117 <hr/>

The notes on pages 22 to 43 form part of these financial statements

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Specialist Learning Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

1. 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.

• **Charitable activities**

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

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

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

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

1.7 Tangible fixed assets

Assets costing £2,500 or more and any cumulative bulk purchases on one order exceeding £5,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Furniture and equipment	- 10% straight line
Computer equipment	- 25% straight line
Motor vehicles	- 12.5% straight line

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

Specialist Learning Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.8 Debtors

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

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Academy Trust. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.13 Operating leases

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

1. Accounting policies (continued)

1.13 Pensions

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

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

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

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

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use a percentage of the allocation towards its own administration costs, however chooses not to do so. The funds received and paid and any balances held are disclosed in note 29.

1.15 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 Trustee.

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

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

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

2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

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

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

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £136k. This is reflected as a past service cost, within staff costs, and detailed in note 25.

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

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

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

(4) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 25. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

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For the Year Ended 31 August 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	1,067	-	-	1,067	15,012,054
Capital grants	-	-	54,656	54,656	479,601
	<u>1,067</u>	<u>-</u>	<u>54,656</u>	<u>55,723</u>	<u>15,491,655</u>
<i>Total 2018</i>	<u>170,447</u>	<u>(1,352,250)</u>	<u>16,673,458</u>	<u>15,491,655</u>	

4. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	1,892	1,892	422
	<u>1,892</u>	<u>1,892</u>	<u>422</u>

The total income in 2018 was unrestricted.

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	5,638	5,638	7,640
Insurance claims	41,903	41,903	51,040
Other income	7,970	7,970	3,724
	<u>55,511</u>	<u>55,511</u>	<u>62,404</u>

The total income in 2018 was unrestricted.

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

6. Funding for the Academy Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,050,000	2,050,000	<i>1,640,000</i>
Other DfE/ESFA grants	-	101,738	101,738	<i>88,409</i>
	<u>-</u>	<u>2,151,738</u>	<u>2,151,738</u>	<u><i>1,728,409</i></u>
Other government grants				
Local authority grants	-	1,749,506	1,749,506	<i>1,872,163</i>
Other government grants	-	8,400	8,400	<i>6,960</i>
	<u>-</u>	<u>1,757,906</u>	<u>1,757,906</u>	<u><i>1,879,123</i></u>
Other income from the academy trust's educational operations				
Educational visits income	4,468	-	4,468	<i>4,273</i>
Catering income	21,259	-	21,259	<i>19,298</i>
Other income	913	3,000	3,913	<i>4,457</i>
	<u>26,640</u>	<u>3,000</u>	<u>29,640</u>	<u><i>28,028</i></u>
	<u>26,640</u>	<u>3,912,644</u>	<u>3,939,284</u>	<u><i>3,635,560</i></u>
<i>Analysis of 2018 total by fund</i>	<u>24,528</u>	<u>3,611,032</u>	<u>3,635,560</u>	

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

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	<i>As restated</i> <i>Total</i> <i>2018</i> £
Educational operations:					
Direct costs	2,864,105	208,976	300,776	3,373,857	2,963,514
Allocated support costs	513,647	280,397	130,565	924,609	782,431
	<u>3,377,752</u>	<u>489,373</u>	<u>431,341</u>	<u>4,298,466</u>	<u>3,745,945</u>
<i>Analysis of 2018 total by fund</i>	<u>2,950,919</u>	<u>423,680</u>	<u>371,346</u>	<u>3,745,945</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>As restated</i> <i>Total</i> <i>funds</i> <i>2018</i> £
Educational operations	82,632	4,215,834	4,298,466	3,745,945
<i>Analysis of 2018 total by fund</i>	<u>99,001</u>	<u>3,646,944</u>	<u>3,745,945</u>	

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

9. Analysis of expenditure by activities

	Direct costs	Support costs	Total	<i>As restated</i>
	2019	2019	funds	<i>Total</i>
	£	£	2019	<i>funds</i>
			£	<i>2018</i>
				£
Educational operations	3,373,857	924,609	4,298,466	3,745,945
<i>Analysis of 2018 total</i>	<i>2,963,514</i>	<i>782,431</i>	<i>3,745,945</i>	

Analysis of support costs

	Total	<i>Total</i>
	funds	<i>funds</i>
	2019	<i>2018</i>
	£	£
Staff costs	513,647	376,553
Premises costs	280,397	271,848
Technology costs	15,332	14,466
Governance costs	10,699	10,790
Other support costs	104,534	108,774
	<u>924,609</u>	<u>782,431</u>

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	<i>2018</i>
	£	£
Operating lease rentals	1,956	1,956
Depreciation of tangible fixed assets	259,331	145,804
Fees paid to auditors for:		
- audit	8,660	8,450
- other services	4,795	4,325
	<u>274,742</u>	<u>160,535</u>

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For the Year Ended 31 August 2019

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	<i>2018</i>
	£	£
Wages and salaries	2,415,774	2,202,163
Social security costs	234,949	213,376
Pension costs	690,757	535,380
	<u>3,341,480</u>	<u>2,950,919</u>
Staff restructuring costs	36,272	-
	<u>3,377,752</u>	<u>2,950,919</u>

Staff restructuring costs comprise:

Severance payments	34,153	-
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b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment of £18,081 (*2018 - £Nil*).

c. Staff numbers

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

	2019	<i>2018</i>
	No.	No.
Management	3	3
Teachers	28	26
Administration and support	55	52
	<u>86</u>	<u>81</u>

The average headcount expressed as full-time equivalents was:

	2019	<i>2018</i>
	No.	No.
Management	3	3
Teachers	27	25
Administration and support	42	39
	<u>72</u>	<u>67</u>

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Notes to the Financial Statements
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11. Staff costs (continued)

d. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	1	2
In the band £80,001 - £90,000	-	1
	<u> </u>	<u> </u>

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £306,933 (2018 - £331,156).

12. Trustee's remuneration and expenses

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

		2019	<i>2018</i>
		£	<i>£</i>
K. Seed, Headteacher and Accounting Officer	Remuneration	30,000 - 35,000	<i>85,000 - 90,000</i>
	Pension contributions paid	5,000 - 10,000	<i>10,000 - 15,000</i>

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £115).

13. 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 business. The insurance provides cover up to £5,000,000 on any one claim. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the insurance policy.

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For the Year Ended 31 August 2019

14. Tangible fixed assets

	Freehold land and property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2018 (as previously stated)	7,184,782	68,063	109,579	39,958	7,402,382
Prior Year Adjustment	9,020,000	-	-	-	9,020,000
At 1 September 2018 (as restated)	16,204,782	68,063	109,579	39,958	16,422,382
Additions	299,665	8,624	43,238	-	351,527
At 31 August 2019	16,504,447	76,687	152,817	39,958	16,773,909
Depreciation					
At 1 September 2018 (as previously stated)	100,432	5,800	32,875	6,697	145,804
Prior Year Adjustment	51,400	-	-	-	51,400
At 1 September 2018 (as restated)	151,832	5,800	32,875	6,697	197,204
Charge for the year	208,976	6,330	37,329	6,696	259,331
At 31 August 2019	360,808	12,130	70,204	13,393	456,535
Net book value					
At 31 August 2019	16,143,639	64,557	82,613	26,565	16,317,374
At 31 August 2018 (as restated)	16,052,950	62,263	76,704	33,261	16,225,178

Freehold property includes land at valuation of £8,450,000 (2018 - £2,000,000) which is not depreciated.

The net book value of assets held under finance leases or hire purchase contracts included above was £11,217.

15. Debtors

	2019 £	2018 £
Trade debtors	17,084	15,436
Other debtors	4,831	13,940
Prepayments and accrued income	86,081	81,835
	107,996	111,211

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

16. Creditors: Amounts falling due within one year

	2019	<i>2018</i>
	£	£
Trade creditors	(513)	-
Other taxation and social security	58,160	52,221
Obligations under finance lease and hire purchase contracts	3,739	7,478
Other creditors	3,755	-
Accruals and deferred income	260,260	218,711
	<u>325,401</u>	<u>278,410</u>

At the balance sheet date the Academy Trust was not holding any funds received in advance.

Creditors include a finance lease contract which would not usually appear in an Academy Trust's financial statements because of the borrowing restriction clauses of the Academies Financial Handbook. The finance lease contract included was in place prior to the trust's sole Academy's conversion to academy status, and special permission was received from the ESFA for the Trust to inherit a finance lease agreement on the basis that it was not financially viable to cancel the existing arrangement.

17. Prior year adjustments

A prior year adjustment has been made to increase the value of the land and buildings recognised when the school converted to an academy. The value of buildings has been increased by £2,570,000 and land by £6,450,000. There has also been an additional depreciation charge of £51,400. The overall effect has been to increase the prior year surplus and funds brought forward at 1 September 2018 by £8,968,600.

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

18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	155,004	85,110	(82,632)	-	-	157,482
Restricted general funds						
General Annual Grant (GAG)	270,033	2,050,000	(1,853,979)	(35,167)	-	430,887
Other DfE/ESFA grants	-	101,738	(101,738)	-	-	-
Other government grants	-	1,757,906	(1,757,906)	-	-	-
Other restricted funds	1,917	3,000	(2,880)	-	-	2,037
Pension reserve	(1,109,000)	-	(240,000)	-	(738,000)	(2,087,000)
	(837,050)	3,912,644	(3,956,503)	(35,167)	(738,000)	(1,654,076)
Restricted fixed asset funds						
Restricted fixed assets	16,225,178	-	(259,331)	351,527	-	16,317,374
DfE/ESFA capital grants	275,442	54,656	-	(320,098)	-	10,000
Finance lease liability	(7,478)	-	-	3,738	-	(3,740)
	16,493,142	54,656	(259,331)	35,167	-	16,323,634
Total Restricted funds	15,656,092	3,967,300	(4,215,834)	-	(738,000)	14,669,558
Total funds	15,811,096	4,052,410	(4,298,466)	-	(738,000)	14,827,040

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

General Annual Grants ('GAG') must be used for the normal running costs of the school.

The other DfE/ESFA grants fund is used to track grants provided by the DfE and related bodies, and includes Pupil Premium. The pupil grants have been used to enhance the learning of disadvantaged pupils by subsidising school trips, purchasing uniform and providing staffing for learning support.

The other government grants fund is used to track grants provided by government departments other than the DfE/ESFA and includes grants received from the London Borough of Bromley.

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

18. Statement of funds (continued)

The other restricted income fund has been used to track other streams of restricted income which cannot be included in the funds noted above.

The pension reserve relates to the Trust's share of the deficit of the Local Government Pension Scheme overseen by its Local Authority.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The net transfers into the restricted fixed asset fund relate to capital purchases made from other funds and finance lease repayments made from the GAG fund.

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

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

	<i>As restated Income £</i>	<i>As restated Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds					
General funds	257,801	(99,000)	(3,797)	-	155,004
Restricted general funds					
General Annual Grant (GAG)	1,640,000	(1,356,876)	(13,091)	-	270,033
Other DfE/ESFA grants	88,409	(88,409)	-	-	-
Other government grants	1,879,123	(1,879,123)	-	-	-
Other restricted funds	5,250	(3,333)	-	-	1,917
Pension reserve	(1,354,000)	(122,000)	-	367,000	(1,109,000)
	2,258,782	(3,449,741)	(13,091)	367,000	(837,050)
Restricted fixed asset funds					
Restricted fixed assets	16,205,073	(197,204)	217,309	-	16,225,178
DfE/ESFA capital grants	470,130	-	(194,688)	-	275,442
Other capital income	9,471	-	(9,471)	-	-
Finance lease liability	(11,216)	-	3,738	-	(7,478)
	16,673,458	(197,204)	16,888	-	16,493,142
Total Restricted funds	18,932,240	(3,646,945)	3,797	367,000	15,656,092
Total funds	19,190,041	(3,745,945)	-	367,000	15,811,096

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19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	16,317,374	16,317,374
Current assets	48,517	754,585	118,965	922,067
Creditors due within one year	108,965	(321,661)	(112,705)	(325,401)
Provisions for liabilities and charges	-	(2,087,000)	-	(2,087,000)
Total	157,482	(1,654,076)	16,323,634	14,827,040

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	16,225,178	16,225,178
Current assets	155,004	390,882	427,442	973,328
Creditors due within one year	-	(118,932)	(159,478)	(278,410)
Provisions for liabilities and charges	-	(1,109,000)	-	(1,109,000)
Total	155,004	(837,050)	16,493,142	15,811,096

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

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

	2019	<i>As restated</i>
	£	<i>2018</i>
		<i>£</i>
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(246,056)	15,444,096
Adjustments for:		
Depreciation	259,331	197,204
Capital grants from DfE and other capital income	(54,656)	(479,601)
Interest receivable	(1,892)	(422)
Defined benefit pension scheme obligation inherited	-	1,354,000
Defined benefit pension scheme cost less contributions payable	211,000	90,000
Defined benefit pension scheme finance cost	29,000	32,000
Decrease/(increase) in debtors	3,215	(111,211)
Increase in creditors	50,730	270,932
Net surplus on assets and liabilities from local authority on conversion	-	(16,364,691)
Net cash provided by operating activities	250,672	432,307

21. Cash flows from financing activities

	2019	<i>2018</i>
	£	<i>£</i>
Repayments of borrowing	(3,739)	(3,738)

22. Cash flows from investing activities

	2019	<i>2018</i>
	£	<i>£</i>
Dividends, interest and rents from investments	1,892	422
Purchase of tangible fixed assets	(351,527)	(217,309)
Capital grants from DfE Group	54,656	470,130
Capital funding received from sponsors and others	-	9,471
Cash funds transferred on conversion	-	170,834
Net cash (used in)/provided by investing activities	(294,979)	433,548

23. Analysis of cash and cash equivalents

	2019	<i>2018</i>
	£	<i>£</i>
Cash in hand	814,071	862,117

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

24. Capital commitments

	2019	2018
	£	£
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	-	307,464

25. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

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

25. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £222,000 (2018 - £213,000).

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

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

Scheme Changes

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £288,000 (2018 - £249,000), of which employer's contributions totalled £229,000 (2018 - £198,000) and employees' contributions totalled £59,000 (2018 - £51,000). The agreed contribution rates for future years are 23.3 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.50	3.70
Rate of increase for pensions in payment/inflation	2.10	2.30
Discount rate for scheme liabilities	1.8	2.70
Inflation assumption (CPI)	2.10	2.20

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

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25. Pension commitments (continued)

	2019	<i>2018</i>
	Years	<i>Years</i>
Retiring today		
Males	23.5	23.4
Females	26.2	26.1
Retiring in 20 years		
Males	26.2	26.0
Females	28.5	28.4

Sensitivity analysis

	2019	<i>2018</i>
	£000	<i>£000</i>
Discount rate +0.1%	(104)	(68)
Discount rate -0.1%	107	70
Mortality assumption - 1 year increase	70	46
Mortality assumption - 1 year decrease	(69)	(45)
CPI rate +0.1%	107	87
CPI rate -0.1%	(104)	(85)

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

	At 31 August	<i>At 31 August</i>
	2019	<i>2018</i>
	£	<i>£</i>
Equities	1,248,000	1,012,000
Gilts	128,000	98,000
Corporate bonds	122,000	98,000
Property	83,000	51,000
Cash and other liquid assets	24,000	-
Other	367,000	297,000
Total market value of assets	1,972,000	<i>1,556,000</i>

The actual return on scheme assets was £130,000 (2018 - £151,000).

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25. Pension commitments (continued)

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

	2019	2018
	£	£
Current service cost	(297,000)	(282,000)
Past service cost	(136,000)	-
Interest income	49,000	32,000
Interest cost	(78,000)	(64,000)
Administrative expenses	(7,000)	(6,000)
Total amount recognised in the Statement of Financial Activities	(469,000)	(320,000)

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

	2019	2018
	£	£
At 1 September	2,665,000	-
Conversion of academy trusts	-	2,516,000
Current service cost	297,000	282,000
Interest cost	78,000	64,000
Employee contributions	59,000	51,000
Actuarial losses/(gains)	818,000	(248,000)
Benefits paid	6,000	-
Past service costs	136,000	-
At 31 August	4,059,000	2,665,000

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

	2019	2018
	£	£
At 1 September	1,556,000	-
Conversion of academy trusts	-	1,162,000
Interest income	49,000	32,000
Actuarial gains	80,000	119,000
Employer contributions	229,000	198,000
Employee contributions	59,000	51,000
Benefits paid	6,000	-
Administration expenses	(7,000)	(6,000)
At 31 August	1,972,000	1,556,000

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26. Operating lease commitments

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

	2019 £	2018 £
Not later than 1 year	1,876	1,956
Later than 1 year and not later than 5 years	4,111	4,687
	<u>5,987</u>	<u>6,643</u>

27. Members' liability

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

28. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 12.

29. Agency arrangements

The Academy Trust administers the distributions of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. During the year the academy trust received £3,755 (2018 - £3,600) and disbursed £Nil (2018 - £3,600). No funds were retained to cover administration expenses. A balance of £3,755 (2018 - £Nil) was repayable to the ESFA at the balance sheet date.

30. Controlling party

The Academy Trust is run by the senior management team on a day to day basis. Strategic decisions are made by the Trustees. There is no ultimate controlling party.