

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A company limited by guarantee)

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THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

P A Bibby (appointed 6 June 2019)
Dr L M Bryant
J A Deane (appointed 6 June 2019)
E L De La Motte
M J Fryer
M A King

Governors

E L De La Motte, Chair
R Kershaw, Vice Chair
D M Bailey
P A Bibby, Parent (resigned 20 May 2019)
J Briggs, Head Teacher¹
Dr L M Bryant¹
V Folkes, Staff Governor
M J Fryer¹
R Hall¹
N P Little
C Marley, Parent
H Parkinson, Staff Governor¹
J Scott, Parent
C Stow-Smith, Staff Governor
P M Willson¹

¹ members of Finance Committee

Company registered number

07699775

Company name

The Federation of Abbey Schools Academy Trust

Principal and registered office

The Federation Of Abbey Schools (Infant Building)
Cleveland Terrace
Darlington
County Durham
DL3 8JA

Company secretary

Oakwood Corporate Secretary Limited

Senior leadership team

J Briggs, Head Teacher and Accounting Officer
V Folkes, Deputy Head Teacher
J Neasham, Deputy Head Teacher

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

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

Lloyds Bank plc
21-23 Northgate
Darlington
County Durham
DL1 1TL

Solicitors

Wrigleys
19 Cookridge Street
Leeds
LS2 3AG

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

The academy trust operates an academy for pupils aged 4 to 11 serving the West End area in Darlington. The academy trust has a pupil capacity of 630 and had a roll of 618 in the Summer 2019 school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Articles of Association is the primary governing document of the academy trust.

The Governors of The Federation of Abbey Schools Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Federation of Abbey Schools.

Details of the Governors who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

The academy trust has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business.

Method of recruitment and appointment or election of Governors

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Headteacher or any post held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies adopted for the induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy trust and the chance to meet staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two Governors a year, induction tends to be done informally and is tailored specifically to the individual.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

During the year the academy trust continued to operate a unified management structure. The structure consists of three levels: the Governors, the Senior Leadership Team and the TLR Team (Middle Leaders). The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leadership Team includes the Head Teacher and two Deputy Head Teachers, who are responsible for the day to day operation of the academy trust, in particular organising the teaching staff, facilities and pupils.

The TLR Team consists of seven team leaders, one from each year group, who each lead a year group and a curriculum subject.

Arrangements for setting pay and remuneration of key management personnel

The academy trust uses Performance Management to determine whether a member of staff progresses to the next pay increment and it uses the School Teachers' Pay and Conditions Document (STPCD) as a framework. The academy trust uses an external consultant for the Head Teacher's performance review and the Head Teacher and Senior Leadership Team review all other staff.

Related parties and other connected charities and organisations

The academy trust is part of the Swaledale Teaching Schools Alliance.

Trade union facility time

There were no employees who were relevant union officials during the period.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of The Federation of Abbey Schools to provide education for pupils of different abilities between the ages of four and eleven.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy trust, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main aims of the academy trust during the year ended 31 August 2019 are summarised below:

'Teaching, Learning and Growing Together in Friendship' – is the school motto.

The Aims of the Federation of Abbey Schools

Throughout this Federation we aim for our children to be:

Successful Learners by

- Promoting an enjoyment and love of learning
- Developing inquisitive and enquiring minds, generating motivation
- Ensuring quality teaching by well trained, excellent role models who keep up to date with changes, particularly ICT
- Enabling children to access personalised learning in order to make good progress and reach their potential

Confident Individuals by

- Providing a nurturing environment ensuring children feel happy, safe and secure
- Allowing time to build confidence, raising self-esteem and promoting self-understanding
- Developing good relationships with adults and peers; communicating and interacting as appropriate
- Promoting life skills to deal with all situations

Responsible Citizens by

- Having good manners, respect for others and understanding social values
- Following a healthy lifestyle and taking care of the planet
- Engaging in cultural awareness and being tolerant of others
- Developing life skills and interacting positively within the community

The school is updating its mission statement for the start of the academic year September 2019.

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

Objectives, strategies and activities

The aims of the academy trust focus on the core purpose of the academy, educating children to be successful learners, confident individuals and responsible citizens. The academy improvement plan 2018 – 19 was linked to the Ofsted criteria.

Leadership and Management Priority - To improve the capacity and effectiveness of middle leaders in raising the quality of teaching and thereby pupils achievement (Context – Following a successful Ofsted in January 2018 which praised a strong senior leadership team the emphasis is now on developing middle leadership and leadership at all levels).

Teaching and Learning Priority - To improve the progress of all pupils writing so that achievement continues to be at least in line with national average with a significant proportion achieving mastery through developing more opportunities to develop writing across the curriculum (Context – Writing was a school improvement priority for the previous year. End of key stage 1 assessments have remained strong with a slight decrease in greater depth. KS2 saw a positive progress score for the first time in a number of years but the greater depth was less than maths and reading. Boys progress and attainment was also less than girls so with improvements to the curriculum with more opportunities for writing we are expecting boys progress to improve and see writing greater depth percentages close the gap with reading greater depth).

Outcomes -To improve the progress of identified underperforming groups – SEND and Pupil Premium (Context – The progress of SEND children and Pupil Premium children has historically been not as strong as other groups. The school made progress in closing the gap last year but still more improvement is needed).

Behaviour and Welfare Priority - To review and improve the PSHE curriculum with a focus on emotional well being and improving children's coping strategies and to develop resilience through metacognition and the use of growth mindsets (Context – Staff have noticed an increase in the number of children with emotional needs. The amount of children accessing or waiting to access emotional support in school has increased. Some classes began to use metacognition and growth mindsets to support children in 2017 -18. The PSHE curriculum, in school was changed in 2017-18, this will be evaluated and refined this academic year).

Early Years Priority - To increase challenge through development of the areas of continuous provision and the consistency of the quality of observations (Context – School improvement work was completed last year to increase challenge through improved tracking and developing areas of provision. The school had support from an SLE in the summer term to enhance the areas and this will be embedded this academic year).

Public benefit

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy trust should undertake.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

The academy trust's academic performance remained consistent across 3 key stages this year with 84.3% of children reaching a good level of development in the EY and children in KS1 and KS2 achieving the expected level in reading, writing and mathematics was 78.5% and 82% respectively, which is substantially higher than the national average. Children in all other year groups made more than expected progress. Following a low intake in the Reception class in 2017 more marketing was undertaken and the cohort for 2019 is 89.

A facilities lead has been undertaken so now the academy trust is more proactive than reactive which is already starting to bring down costs. The academy trust has also worked to reduce costs and increase income and it now runs wrap around care every day from 7:45 to 17:45. Good budget management turned a projected revenue overspend of £25,000 into a revenue surplus of £33,000. The school Governors have also worked well in order to set a 3 year budget that will have minimal impact on teaching and learning in the first year.

The focus on staff performance through tight performance targets and CPD has meant children have made accelerated progress and staff retention was excellent.

Key performance indicators

The attainment at Key Stage 1 and Key Stage 2 has been excellent and reflects the amount of effort and resourcing that has been given to Teaching and Learning to ensure that the children make as much progress as possible. Attendance across the site is outstanding and around 97%, above the national average, the academy trust has a good reputation in Darlington.

The Junior School is rated as good by Ofsted and the Infant School Outstanding.

Some other key performance indicators are listed below

- Total income per pupil - £ 4,343
- Total GAG income per pupil - £ 3,311
- Staff costs per pupil - £ 3,765
- Total costs per pupil - £ 4,828
- Staff costs as % of total costs -77.98%
- Staff costs as % of total income – 86.70%
- Pupil to teacher ratio - 21.3

Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

FINANCIAL REVIEW

Most of the academy trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities SORP (FRS 102), such grants are shown under the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2019, total expenditure of £2,984,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The in-year deficit, excluding the pension reserve and restricted fixed asset funds, was £138,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives.

At 31 August 2019 net book value of fixed assets was £3,810,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £1,105,000 recognised on the balance sheet.

The academy held fund balances as at 31 August 2019 of £3,233,000 comprising £(979,000) of restricted funds, including deficit on the pension reserves, and £388,000 of unrestricted funds. The total restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2019 was £514,000.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

FINANCIAL REVIEW (continued)

Reserves policy

The academy trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas.
- To cover ongoing costs in relation to the running of the academy trust including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £200,000.

This is considered sufficient to cover any unexpected large capital or staffing cost.

The academy trust's current level of free reserves are in surplus by £388,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy trust. The Governors continue to consider additional activities related to the academy trust's objectives to which the excess reserves may be applied including:

- a) Updating the school's security.

The balance on restricted general funds, excluding pension reserve, plus the balance on unrestricted funds at 31 August 2019 is a net surplus of £514,000.

Investment policy

The academy trust invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Principal risks and uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of significant deficit on the academy trust Balance Sheet.

The Governors have assessed the major risks, to which the academy trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy trust, and its finances. The Governors have implemented a number of systems to assess risks that the academy trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Governors.

Plans for future periods

The school improvement priorities for the academic year 2019-20 are set out in the school improvement action plans they are:

1. **The Quality of Education**
To ensure the new curriculum is effectively assessed and monitored.
To ensure challenge within the new curriculum.
To ensure there is enough challenge and support so that the schools can increase the number of greater depth writers.
To improve the progress of identified underperforming groups.
2. **Leadership and Management**
To improve the effectiveness of subject leaders ensuring they can effectively track progress in their subject area.
3. **Behaviour and Attitudes**
To develop a whole school approach to resilience and growth mindset.
4. **Personal development**
To ensure new aims and motto run through the new curriculum and to ensure PSHE is embedded within the school's new curriculum.
5. **Early Years**
To increase challenge through development of the areas of provision.

Disclosure of information to auditors

Insofar as the Governors are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 6 November 2019 and signed on its behalf by:



E L De La Motte
Chair

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Federation of Abbey Schools Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Board of Governors has formally met 7 times during the year.

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

Governor	Meetings attended	Out of a possible
E L De La Motte, Chair	7	7
R Kershaw, Vice Chair	5	7
D M Bailey	5	7
P A Bibby, Parent	0	6
J Briggs, Head Teacher	7	7
Dr L M Bryant	5	7
V Folkes, Staff Governor	6	7
M J Fryer	7	7
R Hall	7	7
N P Little	5	7
C Marley, Parent	7	7
H Parkinson, Staff Governor	4	7
J Scott, Parent	6	7
C Stow-Smith, Staff Governor	6	7
P M Willson	7	7

The Board of Governors has remained broadly the same of the past 12 months. The major change was the retirement of the Chair who was replaced by the Vice Chair. We also had one new member and a Governor who resigned and has become a member. The coverage of work has also remained broadly the same and the scheme of delegation was updated. The terms of reference weren't changed. The Board of Governors' work has changed some practices, they look at the accounts monthly and have established 2 whole day monitoring days. All academic and financial data is shared with the Board of Governors termly. Termly internal assurance are reviewed and recommendations implemented and the risk register is updated by each committee termly. Challenging questions are also added to the Board of Governors' meeting minutes. The Board of Governors are confident about the level of challenge, support and scrutiny they provide.

The Finance Committee is a sub-committee of the main Board of Governors. Its purpose is to set the budget and monitor all financial and premises matters.

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Dr L M Bryant, Chair	2	3
P M Willson, Vice Chair	3	3
M J Fryer	3	3
R Hall	3	3
J Briggs	3	3
H Parkinson	2	3

Review of value for money

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

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

- There have been developments here with teachers undertaking more roles in school and across collaborations.
Four teachers have completed a middle leadership course and governors have monitored subject leadership closely.
- Careful monitoring of expenditure of specific DfE grants such as Pupil Premium and the PE and Sports funding
has ensured maximum impact. Children who have been identified as meeting the criteria for Pupil Premium have accessed greater opportunities in their learning and also through wider opportunities to meet their social and emotional needs. The PE and Sport fund has enabled the academy to provide additional sport opportunities for all children; clubs before school, at lunchtimes, specific sport workshops, competitions and intra school sports. The school has run a sports leaders programme this academic year and achieved the Gold Sportsmark.
- After reviewing all services the school has changed its HR and H&S providers. The school is now part of the school business managers' network where value for money is an agenda item. We have increased our lettings and our after school provision to increase revenue. There are plans to run holiday clubs in the next academic year.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Federation of Abbey Schools Academy 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 FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust'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 Governors.

The risk and control framework

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank reconciliations
- The work of the business team within the academy trust who have responsibility for the development and maintenance of the internal control framework
- Testing of VAT and corporation tax
- Review of risk management
- Review of insurance
- Review of safeguarding processes.

On a termly basis, the external auditors report to the Board of Governors through the finance committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

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GOVERNANCE STATEMENT (CONTINUED)

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

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

Approved by order of the members of the board of Governors on 6 November 2019 and signed on their behalf by:



E L De La Motte
Chair



J Briggs
Accounting Officer

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

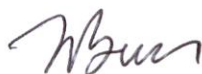
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Federation of Abbey Schools Academy Trust I have considered my responsibility to notify the academy trust Board of Governors 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 Governors 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 Governors and ESFA.



J Briggs
Accounting Officer
Date: 6 November 2019

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 Governors 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 Governors 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 Governors on 6 November 2019 and signed on its behalf by:



E L De La Motte
Chair

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors 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.

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST (CONTINUED)**

Other information

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST (CONTINUED)

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement, the Governors (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 Governors 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 Governors 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 Governors 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.



Kevin Shotton BA FCA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants

Statutory Auditors

140 Coniscliffe Road

Darlington

County Durham

DL3 7RT

6 November 2019

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Federation of Abbey Schools Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Federation of Abbey Schools Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Federation of Abbey Schools Academy Trust's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING
AGENCY (CONTINUED)**


Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

Conclusion

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



Reporting Accountant

Clive Owen LLP

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 6 November 2019

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	-	-	50	50	39
Charitable activities	4	119	2,326	-	2,445	2,465
Other trading activities	5	184	-	-	184	120
Investments	6	5	-	-	5	4
Total income		308	2,326	50	2,684	2,628
Expenditure on:						
Charitable activities	7	298	2,474	212	2,984	2,853
Total expenditure		298	2,474	212	2,984	2,853
Net movement in funds before other recognised gains/(losses)		10	(148)	(162)	(300)	(225)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(270)	-	(270)	150
Net movement in funds		10	(418)	(162)	(570)	(75)
Reconciliation of funds:						
Total funds brought forward		378	(561)	3,986	3,803	3,878
Net movement in funds		10	(418)	(162)	(570)	(75)
Total funds carried forward		388	(979)	3,824	3,233	3,803

The notes on pages 25 to 50 form part of these financial statements.

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A company limited by guarantee)

**BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	3,810	3,986
		<u>3,810</u>	<u>3,986</u>
Current assets			
Debtors	15	412	422
Cash at bank and in hand		298	257
		<u>710</u>	<u>679</u>
Creditors: amounts falling due within one year	16	(182)	(198)
Net current assets		<u>528</u>	<u>481</u>
Total assets less current liabilities		<u>4,338</u>	<u>4,467</u>
Net assets excluding pension liability		<u>4,338</u>	<u>4,467</u>
Defined benefit pension scheme liability	22	(1,105)	(664)
Total net assets		<u><u>3,233</u></u>	<u><u>3,803</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	17	3,824	3,986
Restricted income funds	17	126	103
		<u>3,950</u>	<u>4,089</u>
Restricted funds excluding pension asset	17	3,950	4,089
Pension reserve	17	(1,105)	(664)
Total restricted funds	17	<u>2,845</u>	<u>3,425</u>
Unrestricted income funds	17	<u>388</u>	<u>378</u>
Total funds		<u><u>3,233</u></u>	<u><u>3,803</u></u>

The financial statements on pages 22 to 50 were approved by the Governors, and authorised for issue on 06 November 2019 and are signed on their behalf, by:



E L De La Motte
Chair



J Briggs
Accounting Officer

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	23	30
Cash flows from investing activities	20	18	(39)
Change in cash and cash equivalents in the year		41	(9)
Cash and cash equivalents at the beginning of the year		257	266
Cash and cash equivalents at the end of the year	21	<u>298</u>	<u>257</u>

The notes on pages 25 to 50 form part of these financial statements

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

The Federation of Abbey Schools Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the Governors.

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.

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.

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

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. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

• **Charitable activities**

Expenditure on charitable activities are costs incurred on the academy trust's educational operations, including support costs and those costs relating to the governance of the academy trust appointed to charitable activities

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Governors 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 Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 Tangible fixed assets

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

The premises are held on a 125 year lease from Darlington Borough Council. As the risks and rewards have transferred to the academy trust, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at existing use valuation by DTZ, on behalf of the Education and Skills Funding Agency. The Governors consider that the cost of obtaining an additional valuation would outweigh the benefit.

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

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

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

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

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Leasehold buildings	- over 22.33/22.75 years
Leasehold land	- over 125 years
Furniture and equipment	- 20% straight line
Computer equipment	- 33.33% 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.

1.7 Operating leases

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

1.8 Taxation

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

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

1.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.10 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.

1.11 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.

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £212,000.

Critical areas of judgment:

LGPS - There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £87,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £8,000 which has been assessed to be immaterial to the financial statements.

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

2. Critical accounting estimates and areas of judgment (continued)

Land – Land is held under a 125 year lease from Darlington Borough Council. These assets are included on the balance sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy trust, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy trust could use them without major modification.

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	-	-	-	24
Capital Grants	-	50	50	15
	<u>-</u>	<u>50</u>	<u>50</u>	<u>39</u>
	<u><u>-</u></u>	<u><u>50</u></u>	<u><u>50</u></u>	<u><u>39</u></u>
Total 2018	24	15	39	
	<u><u>24</u></u>	<u><u>15</u></u>	<u><u>39</u></u>	

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. Funding for the academy trust's academy's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,046	2,046	2,089
Pupil Premium	-	60	60	57
PE Teacher Grant	-	37	37	42
UIFSM	-	105	105	100
Other DfE/ESFA Grants	-	29	29	8
	-	2,277	2,277	2,296
Other government grants				
SEN	-	37	37	37
NQT/SCITT Funding	-	12	12	21
	-	49	49	58
Student Trips	19	-	19	16
Student Catering	100	-	100	95
	119	2,326	2,445	2,465
Total 2018	111	2,354	2,465	

5. Income from other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Hire of facilities	6	6	5
Staff absence insurance	-	-	6
Other income	178	178	109
	184	184	120

In 2018, of the total income from other trading activities, £120,000 was to unrestricted funds and £nil was to restricted funds.

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6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Bank interest	5	5	4

In 2018, of the total income from Investment income, £4,000 was to unrestricted funds and £nil was to restricted funds.

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	2,024	-	84	2,108	1,990
Allocated support costs	303	286	287	876	863
	<u>2,327</u>	<u>286</u>	<u>371</u>	<u>2,984</u>	<u>2,853</u>
Total 2018	<u>2,154</u>	<u>341</u>	<u>358</u>	<u>2,853</u>	

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

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8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	2,108	876	2,984	2,853
	<u>2,108</u>	<u>876</u>	<u>2,984</u>	<u>2,853</u>
Total 2018	1,990	863	2,853	
	<u>1,990</u>	<u>863</u>	<u>2,853</u>	

Analysis of direct costs

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	2,024	1,875
Educational supplies	84	99
Supply insurance	-	16
	<u>2,108</u>	<u>1,990</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Net interest cost on pension scheme	17	17
Staff costs	303	279
Depreciation	212	209
Staff development	8	13
Technology costs	27	28
Transport	2	2
Maintenance of premises	38	43
Cleaning	8	9
Other premises costs	23	21
Energy	22	26
Rent & rates	8	8
Catering	73	79
Other insurance premiums	16	13
Other costs	83	68
Governance costs	36	48
	<u>876</u>	<u>863</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	9	7
Depreciation of tangible fixed assets	212	209
Fees paid to auditors for:		
- audit	6	6
- other services	3	2
	<u>227</u>	<u>224</u>

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

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	1,728	1,623
Social security costs	135	133
Operating costs of defined benefit pension schemes	433	340
	<u>2,296</u>	<u>2,096</u>
Agency staff costs	29	51
Staff restructuring costs	2	7
	<u>2,327</u>	<u>2,154</u>

Included in operating costs of defined benefit pension schemes is a debit of £154,000 relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

	2019 £000	2018 £000
Severance payments	2	7
	<u>2</u>	<u>7</u>

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

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

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	29	33
Administration and support	62	64
Management	4	3
	<u>95</u>	<u>100</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

d. Higher paid staff

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

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

e. Key management personnel

The key management personnel of the academy trust comprise the Head Teacher and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £249,000 (2018: £240,000).

11. Central services

The academy trust has provided the following central services to its academies during the year:

- financial services
- human resources
- technology support services
- educational support services

The academy trust charges for these services on the following basis:

allocation based on pupil numbers

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Abbey Infant School	28	37
Abbey Junior School	35	45
Total	63	82

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12. Governors' remuneration and expenses

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

		2019 £000	2018 £000
J Briggs, Head Teacher	Remuneration	65 - 70	60 - 65
	Pension contributions paid	10 - 15	10 - 15
V Folkes, Staff Governor	Remuneration	50 - 55	50 - 55
	Pension contributions paid	5 - 10	5 - 10
C Stow-Smith, Staff Governor	Remuneration	15 - 20	10 - 15
	Pension contributions paid	0 - 5	0 - 5
H Parkinson, Staff Governor	Remuneration	5 - 10	5 - 10
	Pension contributions paid	0 - 5	0 - 5

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

During the year, no Governors received any benefits in kind (2018 - £NIL)

13. Governors' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Governors 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 and the cost for the year ended 31 August 2019 was £105 (2018 - £231). The cost of this insurance is included in the total insurance cost.

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14. Tangible fixed assets

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2018	4,667	357	143	5,167
Additions	-	15	21	36
Disposals	-	-	(15)	(15)
At 31 August 2019	4,667	372	149	5,188
Depreciation				
At 1 September 2018	852	236	93	1,181
Charge for the year	130	53	29	212
On disposals	-	-	(15)	(15)
At 31 August 2019	982	289	107	1,378
Net book value				
At 31 August 2019	3,685	83	42	3,810
At 31 August 2018	3,815	121	50	3,986

15. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	5	11
VAT recoverable	14	15
Prepayments and accrued income	41	45
Short term cash investments	352	351
	412	422

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16. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	32	5
Other taxation and social security	33	30
Other creditors	34	33
Accruals and deferred income	83	130
	<u>182</u>	<u>198</u>
	2019 £000	2018 £000
Deferred income		
Deferred income at 1 September 2018	83	89
Resources deferred during the year	73	83
Amounts released from previous periods	(83)	(89)
Deferred income at 31 August 2019	<u>73</u>	<u>83</u>

At the balance sheet date the academy trust was holding funds in relation to the Universal Infant Free School Meals grant which straddle the academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds					
Unrestricted funds	378	308	(298)	-	388
Restricted general funds					
General Annual Grant (GAG)	103	2,046	(2,023)	-	126
Pupil Premium	-	60	(60)	-	-
SEN	-	37	(37)	-	-
Other DfE/ESFA Grants	-	171	(171)	-	-
NQT/SCITT Funding	-	12	(12)	-	-
Pension reserve	(664)	-	(171)	(270)	(1,105)
	(561)	2,326	(2,474)	(270)	(979)
Restricted fixed asset funds					
Legacy Assets	3,378	-	(107)	-	3,271
Devolved Formula Capital	28	50	(18)	-	60
Academies Capital Maintenance Fund	159	-	(9)	-	150
Capital expenditure from GAG	390	-	(64)	-	326
ESFA PE Grant Fund	13	-	(10)	-	3
Universal Infant Free School Meals	9	-	(2)	-	7
Pupil Premium	5	-	-	-	5
Unrestricted fund	4	-	(2)	-	2
	3,986	50	(212)	-	3,824
Total Restricted funds	3,425	2,376	(2,686)	(270)	2,845
Total funds	3,803	2,684	(2,984)	(270)	3,233

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17. Statement of funds (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium relates to additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA grants include monies received in relation to a PE Sport grant to promote PE and sport and Universal Infant Free School Meals grant to provide free school meals for infants.

Other Government grants includes monies received in respect of newly qualified teachers, and also ILS funding to support students with additional educational needs.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

Transfers between funds represent fixed assets purchased out of GAG, PE & Sports Fund and Parent Fundraising.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Abbey Infant School	281	265
Abbey Junior School	233	216
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	514	481
Restricted fixed asset fund	3,824	3,986
Pension reserve	(1,105)	(664)
	<hr/>	<hr/>
Total	3,233	3,803
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
Abbey Infant School	867	130	36	155	1,188	1,190
Abbey Junior School	1,157	173	48	206	1,584	1,454
Academy trust	2,024	303	84	361	2,772	2,644

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Unrestricted funds	424	259	(302)	(3)	-	378
Restricted general funds						
General Annual Grant (GAG)	32	2,089	(1,980)	(38)	-	103
Pupil Premium	-	57	(57)	-	-	-
SEN	-	46	(46)	-	-	-
Other DfE/ESFA Grants	-	150	(148)	(2)	-	-
NQT/SCITT Funding	-	12	(12)	-	-	-
Pension reserve	(715)	-	(99)	-	150	(664)
	(683)	2,354	(2,342)	(40)	150	(561)

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17. Statement of funds (continued)

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Restricted fixed asset funds						
Legacy Assets	3,484	-	(106)	-	-	3,378
Devolved Formula Capital	23	15	(10)	-	-	28
Academies Capital Maintenance Fund	168	-	(9)	-	-	159
Capital expenditure from GAG	421	-	(69)	38	-	390
ESFA PE Grant Fund	17	-	(6)	2	-	13
Universal Infant Free School Meals	12	-	(3)	-	-	9
Pupil Premium	8	-	(3)	-	-	5
Unrestricted fund	4	-	(3)	3	-	4
	<u>4,137</u>	<u>15</u>	<u>(209)</u>	<u>43</u>	<u>-</u>	<u>3,986</u>
Total Restricted funds	<u>3,454</u>	<u>2,369</u>	<u>(2,551)</u>	<u>3</u>	<u>150</u>	<u>3,425</u>
Total funds	<u><u>3,878</u></u>	<u><u>2,628</u></u>	<u><u>(2,853)</u></u>	<u><u>-</u></u>	<u><u>150</u></u>	<u><u>3,803</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	3,810	3,810
Current assets	504	192	14	710
Creditors due within one year	(116)	(66)	-	(182)
Provisions for liabilities and charges	-	(1,105)	-	(1,105)
Total	388	(979)	3,824	3,233

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	3,986	3,986
Current assets	576	103	-	679
Creditors due within one year	(198)	-	-	(198)
Provisions for liabilities and charges	-	(664)	-	(664)
Total	378	(561)	3,986	3,803

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

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of financial activities)	(300)	(225)
Adjustments for:		
Depreciation	212	209
Capital grants from DfE and other capital income	(50)	(15)
Defined benefit pension scheme cost less contributions payable	154	82
Defined benefit pension scheme finance cost	17	17
Decrease in debtors	10	12
Decrease in creditors	(15)	(46)
Dividends, interest and rents from investments	(5)	(4)
Net cash provided by operating activities	23	30

20. Cash flows from investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	5	4
Purchase of tangible fixed assets	(36)	(58)
Movement in investments	(1)	-
Capital grants from DfE Group	50	15
Net cash provided by/(used in) investing activities	18	(39)

21. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	298	257
Total cash and cash equivalents	298	257

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22. 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 Durham County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £20,000 were payable to the schemes at 31 August 2019 (2018 - £20,000) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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22. Pension commitments (continued)

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £164,000 (2018 - £163,000).

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.

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 £150,000 (2018 - £127,000), of which employer's contributions totalled £115,000 (2018 - £95,000) and employees' contributions totalled £ 35,000 (2018 - £32,000). The agreed contribution rates for future years are 16.7 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 %
Discount rate for scheme liabilities	1.90	2.80
Rate of increase in salaries	3.50	3.50
Rate of increase for pensions in payment/inflation	2.00	2.00
Inflation assumption (CPI)	2.00	2.00
Commutation of pensions to lump sums	80.00	80.00

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.3	23.3
Females	23.8	25.0
<i>Retiring in 20 years</i>		
Males	24.0	25.5
Females	25.7	27.3

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22. Pension commitments (continued)

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	2,591	1,892
Discount rate -0.1%	2,719	1,985
Mortality assumption - 1 year increase	2,565	1,883
Mortality assumption - 1 year decrease	2,744	1,994
CPI rate +0.1%	2,690	1,959
CPI rate -0.1%	2,618	1,918
	<u>2,618</u>	<u>1,918</u>

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equity instruments	781	618
Government bonds	398	318
Corporate bonds	181	167
Property	112	87
Cash	77	84
Total market value of assets	<u>1,549</u>	<u>1,274</u>

The actual return on scheme assets was £143,000 (2018 - £47,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £000	2018 £000
Current service cost	(182)	(177)
Past service cost	(87)	-
Interest income	38	29
Interest cost	(55)	(46)
Total amount recognised in the Statement of financial activities	<u>(286)</u>	<u>(194)</u>

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22. Pension commitments (continued)

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

	2019 £000	2018 £000
At 1 September	1,938	1,825
Current service cost	182	177
Interest cost	55	46
Employee contributions	35	32
Actuarial losses/(gains)	375	(132)
Benefits paid	(18)	(10)
Past service costs	87	-
At 31 August	<u>2,654</u>	<u>1,938</u>

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

	2019 £000	2018 £000
At 1 September	1,274	1,110
Expected return on assets	38	29
Actuarial gains	105	18
Employer contributions	115	95
Employee contributions	35	32
Benefits paid	(18)	(10)
At 31 August	<u>1,549</u>	<u>1,274</u>

23. 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 £000	2018 £000
Amounts payable:		
Within 1 year	7	8
Between 1 and 5 years	6	9
Total	<u>13</u>	<u>17</u>

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24. Related party transactions

Owing to the nature of the academy trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted in accordance with the requirement of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

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