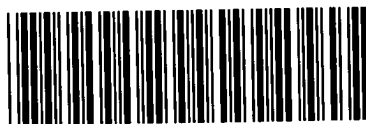


**Education South West
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year Ended 31 August 2019**

Company Registration Number 7451553

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Education South West

Financial Statements

Year Ended 31 August 2019

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Education South West

Reference and Administrative Details

Year Ended 31 August 2019

Members

S Clarke
L Chell
N Grodhunce
J Pike
L Winston

Trustees

P Di Giuseppe (Chair)
J Clark
J Fothergill
S Gotch
R Pope (CEO and Accounting Officer)
D Potter
M Shanks
H Smith
B Taylor
S Tucker
L Yelland

Senior Management Team:

- . CEO and Executive Principal
- . Director of Education and Executive Principal
- . Director of Finance and Operations

R Pope
M Shanks
S White

- . Executive Head Rydon and Christow Primary
- . Principal Kingsbridge Community College
- . Head Stoke Fleming Primary
- . Principal Dartmouth Academy
- . Principal Coombeshead Academy
- . Principal Teign School

N Banwell
K Duncan
P Girardot
T Graham
A Hulbert
S Wharf

Principal and Registered Office

Balkwill Road
Kingsbridge
Devon
TQ7 1PL

Company Registration Number

7451553(England and Wales)

Independent Auditor

PKF Francis Clark
Sutton Harbour,
Plymouth,
Devon, PL4 0RA

Bankers

Lloyds TSB
Kingsbridge
Devon

Solicitors

Browne Jacobson
Manor Court
1 Dix's Field
Exeter EX1 1UP

Education South West

Trustees' Report

Year Ended 31 August 2019

The trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2019. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The Trust operates ten academies, comprising three secondaries with sixth form (Kingsbridge Community College, Coombeshead Academy and Teign School), an all-through academy comprising primary and secondary (Dartmouth Academy), and 6 primary academies (Blackawton Primary School, Christow Primary School, Rydon Primary School, Stoke Fleming Primary School, East Allington Primary School and Kingswear Primary School) serving a catchment area in the South Devon. It has a pupil capacity of 6,083 and had a roll of 4,756 in the school census in May 2019.

Structure, Governance and Management

Constitution

The Multi-Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The trustees are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

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.

Trustees' Indemnities

Every trustee or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

It is accepted that a well-informed, supportive and challenging Trust Board is an essential prerequisite for a successful Multi Academy Trust. There are five Members who represent the geographical spread of the Trust. The Directors are appointed by Members who appoint in accordance with the Terms of Reference and Scheme of Delegation. They must ensure a balance of skills and geographical representation. The Directors in turn approve appointments to Local Governing Bodies. In addition, the Chief Executive Officer is a Director.

The chairman and vice chairman of the Board are elected annually according to the process outlined in the Board's Terms of Reference.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new trustees are assigned an experienced trustee mentor to assist them in taking on new responsibilities. They are booked on to essential training courses (e.g. interpreting RAISEonline). We subscribe to the national training and information organisation, the National Governors' Association, in order to give trustees access to updates in national policy and access to essential documents and policy changes. We organise a programme of Governor Training and Forum sessions as a Trust.

Education South West

Trustees' Report

Year Ended 31 August 2019

Organisational Structure

There are five Members of the Trust. Vacancies are filled by the remaining Members. As guardians of the Trust's ethos and values, their primary function is to have oversight of the governance arrangements of the Trust and to challenge the Board. They have powers to appoint and remove directors and determine changes to the Articles of Association. They meet several times each year.

The Board is responsible for the management of the Trust and its academies. It determines the strategic direction of the Trust. A minimum of six Board meetings are scheduled annually to oversee finance, educational standards, safeguarding and other matters.

The Board delegates the day to day running of the Trust and the academies to the Chief Executive Officer and to the Director of Education, who have the executive responsibility for implementing Trust Board policies and decisions. Academy head teachers report to the Director of Education. The Director of Finance and Operations reports to the Chief Executive Officer and leads the central services of Finance, Information Technology, Human Resources, Facilities Management, Catering, Procurement, Marketing, Data and Administration.

In accordance with the Academy Financial Handbook, the Directors appointed the CEO as the Accounting Officer and the Director of Finance and Operations as the Principal Finance Officer.

All Trust academies have Local Governing Bodies. They challenge the academy head teachers and are tasked by the Board to scrutinise the activities of their academies, focusing on safeguarding, achievement and school improvement. They identify risks and propose budgets to the Board for approval.

Arrangements for setting pay and remuneration of key management personnel

All senior managers follow an annual appraisal process as set out in the Performance Management Policy. This involves setting targets for the year and then a review process to assess achievement. This then leads to a pay recommendation which is put for scrutiny and approval to a Remuneration Committee, made up of Directors from the Board.

The Trust does not operate a bonus scheme. Performance Management is carried out by that person's line manager; in the case of the Principal, Governors are also involved; in the case of the CEO, this is carried out by the Chair of the Board and other Directors.

Education South West

Trustees' Report

Year Ended 31 August 2019

Trade union facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the following tables summarise the time spent by employees on facility time.

Relevant union officials

Number of employees who were relevant union officials during the period	Full time equivalent employee number
7	5.43

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1-50%	-
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total Pay Bill	-
Percentage of pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities	-
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Connected Organisations, including Related Party Relationships

Kingsbridge Academy is a designated National Teaching School entitling it to lead the training and professional development for staff. As a National Teaching School, Kingsbridge Academy works with Ivybridge Community College and the University of Exeter to lead an alliance of secondary, primary and special schools in the South West in order to raise standards for all students. Teaching Schools will help to develop new approaches to initial teacher training, promote professional development for staff, nurture future school leaders and help support schools that are in challenging circumstances.

Kingsbridge Academy is also a founding member of Leading Schools South West, which is a not for profit organisation comprising seven schools in the South West and Southern Education Leadership Trust a charitable not for profit company specialising in school leadership. Leading Schools South West has been licensed by the National College of School Leaders to deliver modular leadership programmes. The CEO chairs the Board of Leading Schools South West.

Five registered charities (note 12) organised by parents, staff and other members of the community have as their object raising funds for particular academies within the Trust.

Education South West

Trustees' Report

Year Ended 31 August 2019

Objectives and Activities

Objects and Aims

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them or 16 to 19 Academies offering a curriculum appropriate to the needs of its students or schools specially organised to make special educational provision for pupils with Special Educational Needs.

Our aims and aspirations

Our vision: Working together so children can lead great lives

Our values

- We build trust through our moral purpose, integrity and mutual respect
- We believe in equality of opportunity and the potential of every person to make outstanding progress, whatever their situation or starting point
- We work together to build a cohesive identity which is rooted in the individual identity of each school

Our aims

- To challenge and support each school through our leadership and governance
- To provide cost-effective support services which add value for learning

In order to ensure outstanding teaching, we:

- Recruit and train the best staff
- Develop them through outstanding programmes of professional development across Education South West
- Retain them through opportunities for growing as leaders

Our Schools are great when

- The academic achievement of each individual is excellent
- We educate the whole person to seize the opportunities life offers
- Excellence is sustainable through the years

Objectives, Strategies and Activities

By capitalising on our collective strength and resources, we:

- Raise the academic achievement and personal growth of all our students.
- Improve the quality of teaching and learning by providing better opportunities for staff to create new knowledge and develop skills.
- Provide better support services at improved value for money to increase resources for teaching and learning.
- Recruit and retain higher quality staff by offering opportunities across the group.

Education South West

Trustees' Report

Year Ended 31 August 2019

- Support and hold each academy to account through stronger governance.
- Build a cohesive identity rooted in the unique identity of each academy.

Public Benefit

The trustees have ensured through review and monitoring of the activities of each Academy within its Trust that the primary objective of the Academy Trust to provide education for the public benefit has been met.

Strategic Report

Achievements and Performance

Results in all our Primary schools were strong, with all achieving above national average in the combined Reading/Writing/Maths score. Progress was also strong. Forest School activities continue to play an important part in the curriculum of all of our primary schools, a testament to our commitment to independence, teamwork and problem-solving skills in all of our children, alongside an understanding of how to manage risk.

All four secondary schools showed an improvement on last year's results, some significantly. Kingsbridge succeeded in marginally increasing its Progress 8 score to +0.28, a considerable achievement in view of a boy-slanted cohort, and some considerable disruption in this year group last year as a result of events in the community. Teign school improved by half a grade, rising from -0.46 in 2018 to -0.02, a significant rise. Dartmouth improved by nearly a third of a grade from -0.23 to 0.07. Coombeshead, although still below national average, also showed a small gain from -0.34 to -0.26. Coombeshead's value added at A Level dropped slightly to -0.16, whereas Kingsbridge rose by nearly a third of a grade to +0.27 and Teign school also improved by a similar amount to -0.06. This gave Kingsbridge its best ever A Level results, raising its ALPs grade to a Red 2, in the top 20% of the country.

Both Coombeshead and Teign school were inspected during the course of the year and both dropped from good to RI. Inspectors commented that much of the underlying work was strong but there had been insufficient time for this to come through in tangible impact. These results show that the groundwork has indeed been done well, and that these schools are now on a positive trajectory. The leadership has been much strengthened for 19-20, with new Head Teachers at Coombeshead, Kingsbridge and Blackawton, and strengthening of the Leadership Teams with new appointments in both Kingsbridge and Coombeshead. Alongside the appointment of an ESW Director of Maths last January, we can look forward with considerable optimism.

Risk Management

The trustees use the Risk Register as defined in the Academy Financial Handbook to evaluate strategic and reputational, operational, compliance, and financial risks to which the Academy Trust is exposed and have ensured that the management structure, systems and controls are in place to manage these risks, as well as insurance to cover financial loss and legal exposure.

Going Concern

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

Education South West

Trustees' Report

Year Ended 31 August 2019

Key Financial Performance Indicators

The key financial performance indicator for the Trust is the adherence to the financial budget set at the beginning of the year. Excluding any generated funds, all income for the Academy is Government or Local Authority funded and therefore the income of the Academy is largely a given.

An expenditure budget is set at the beginning of the year, taking into consideration the level of Government funding. The trustees have reviewed detailed capital and revenue expenditure reports compared to expenditure budgets, which confirms that the processes and procedures in place for controlling expenditure are acceptable.

Financial Review

The Trust held fund balances at 31 August 2019 of £56,519,000 (2018 - £59,926,000) comprising £55,185,000 (2018 - £59,263,000) of restricted funds and £1,334,000 (2018 - £690,000) of unrestricted funds. A pension reserve deficit on the Local Government Pension Scheme of £16,460,000 (2018 - £12,455,000) is included in the restricted funds balance.

In accordance with the Funding Agreement, the principal source of general funding with which to finance the operations of the Academy Trust, is the Department for Education. £238,000 (2018 - £268,000) of general funding was spent on tangible fixed assets and £5,000 (2018 - £16,000) on intangible fixed assets.

The Trust spent £1,011,000 on tangible fixed assets. £391,000 of this was spent on buildings, which included the refurbishment works at Teign School and Coombeshead Academy.

During the year the Trust has undertaken restructuring to reduce staffing costs and £79,000 (2018 - £257,000) redundancy costs were incurred in the period.

Principal Risks and Uncertainties

The principal risk facing the Trust is the future level of Government Funding. This risk is managed by careful control over budgeted expenditure which ensures that a deficit does not arise for the year, combined with a prudent reserves policy.

Reserves

As at 31 August 2019, excluding fixed asset funds and pension deficits, £860,000 (2018 - £615,000) of restricted funds and £1,334,000 (2018 - £690,000) of unrestricted funds were held.

Restricted funds carried forward comprise Other Dfe/ESFA grants £221,000 and Other Grants £355,000. £218,000 of the Other Dfe/ESFA balance carried forward is held as a reserve to protect against financial risk.

Other Grants balance carried forward are specific funds, which includes £18,000 redundancy reserve for Nursery Outreach, a performing arts grant £11,000, School Improvement £21,000, £63,000 relating to collaborative work with other schools, £23,000 connected with Research School, and £40,000 primary schools partnership fund.

Unrestricted funds are held to provide funds for essential capital replacement and to support the future stability of the Trust in the face of falling education funding and challenges with respect to maintaining the roll.

Investment Policy

The Trust has no investments other than cash balances. In the event that surplus funds are available which are not required for immediate working capital use in the day to day running of the Trust, these

Education South West

Trustees' Report

Year Ended 31 August 2019

funds are invested in instant access bank deposit accounts. The Trust's current account is held by Lloyds Bank; at 31 August 2019, £500,000 is held on deposit at Virgin Money.

Plans for Future Periods

The Trust ends this academic year some two years and two terms old. A considerable amount has been achieved in providing a well-structured and efficient organisation which is well governed. We have succeeded in reducing costs significantly in order to cope with reducing national funding, and in order to recover the inherited deficits in some of our schools. Our three year financial projections show us reaching surplus in each of our schools, as well as increasing the overall surplus in the Trust as a whole. This, together with recent announcements on impending increases in national funding, puts the Trust in a strong and healthy financial position going forward.

The school's examination results are showing an improving trend, and those in English particularly so at secondary level. This is confirmation of the decision to appoint a Lead Practitioner in English, and the recent appointment of Director of Maths has also had significant impact. Over the last two terms there have been preparations to move to new on-line teaching in Maths using the Sparx System, and this promises still further rapid improvement in this subject. Schools are now working together on an increasingly collaborative basis, and this has enabled us to set three overall Trust improvement priorities which will have impact on standards: designing and implementing a collaborative curriculum, incremental coaching, and Rights Respecting Schools. Schools are also working together on collaboratively designing the primary curriculum in view of the recent national shifts and consequent new framework from Ofsted. It is a sign of the increasing maturity of the Trust that such moves forward are now being driven by the Heads and not just the Executive.

Fundraising


The academy Trust's fundraising activity is limited to events held at the school which are managed by the school leadership team. These events typically involve staff, students, parents and members of the local community in raising funds for the school fund account, school equipment or in support of another designated charity.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the 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 auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report was approved by order of the Board on 4th December 2019 and signed on its behalf by:


.....
Peter Di Giuseppe
Chair

Education South West

Governance Statement

Year Ended 31 August 2019

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Education South West 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 trustees have delegated the day-to-day responsibility to the CEO, 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 Education South West and Secretary of State for Education. He is also responsible for reporting to the trustees any material weaknesses or breakdown in internal control.

Governance

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

The full Trust Board has formally met six times during the year. Attendance during the year at meetings of the board was as follows:

Trustee	Meetings attended	Out of a possible
P Di Giuseppe (Chair)	6	6
J Clark	3	6
J Fothergill	6	6
S Gotch	2	6
D Potter	4	6
R Pope	6	6
M Shanks	3	6
H Smith	2	6
B Taylor	5	6
S Tucker	4	6
L Yelland	4	6

The Finance Committee formally met 4 times during the period. Attendance during the year at meetings of the Finance Committee was as follows:

Governor/Trustee	Meetings attended	Out of a possible
J Fothergill (Chair)	3	4
G Austin	4	4
S Chakraborty	2	4
P Di Giuseppe	4	4
M Jones	3	4
R Pope	4	4
D Potter	0	1
M Shanks	3	4
M Wheatley	4	4
L Yelland	3	4

Education South West

Governance Statement

Year Ended 31 August 2019

Review of Value for Money

As accounting officer, the chief executive 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved.

The increases in results at a time of decreasing national funding shows that the schools are offering good value for money. This is particularly true as we have also been recovering deficits in some of the schools at the same time, which has involved reducing staffing levels and restructuring the curriculum to further improve the teacher to pupil ratios.

The Trust has reassigned resources to enable the appointment of a Director of Maths to focus on innovation of the teaching of maths across primary and secondary.

In addition Lead Practitioners have been resourced to lead best practice across English and modern foreign languages.

The Trust's procurement team continue to deliver best value with respect to contract negotiation, ensuring a wide market tendering process delivers the best financial results, notably the contract to build a new science building at Teign School and retender of the multi-functional device lease contract for Coombeshead Academy.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Education South West for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees have 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 is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The 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 trustees;

Education South West

Governance Statement

Year Ended 31 August 2019

- regular reviews by the trustee assigned to Finance and the Finance Committee, and the Board, of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and decided to appoint M. Wheatley, a member of the Finance Committee to carry out a programme of internal checks on the Trust's financial systems and processes. The checks carried out in the current period included:

- testing of payroll systems
- review of bank reconciliations
- review of new supplier authorisation processes
- review of aged creditors and the management thereof
- review of expense claims
- review of suspense accounts
- review of invoice processes

Following each visit, a report is forwarded to the Chair of the Finance Committee, and annually a report encompassing all of the reports is presented to the Finance Committee. The planned schedule of works has been carried out and no control issues have arisen.

Review of Effectiveness

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

- regular update meetings with the Director of Finance & Operations, setting of budgets, and detailed review of management information;
- the requirement of the Director of Finance & Operations to provide detailed financial reports to the Board and the Finance Committee
- review of the reports of the internal controls reviewer which have not given rise to any internal control weaknesses.

Approved by order of the Board on 5th December 2019 and signed on its behalf by:



Peter Di Giuseppe
Chair



Roger Pope
Accounting Officer

Education South West

Statement on Regularity, Propriety and Compliance

Year Ended 31 August 2019

As accounting officer of Education South West I have considered my responsibility to notify the Trust Board and the Education and Skills Funding Agency of material irregularity, impropriety and noncompliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. 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 governing body are able to identify any material irregular or improper use of funds by the academy Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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



Roger Pope
Accounting Officer

Education South West

Statement of Trustees' Responsibilities

Year Ended 31 August 2019

The trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018-19;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order the Board on 5th December 2019 and signed on its behalf by:



Peter Di Giuseppe
Chair

Education South West

Independent Auditor's Report on the Financial Statements to the Members of Education South West

Year Ended 31 August 2019

Opinion

We have audited the financial statements of Education South West (the 'Academy') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Education South West

Independent Auditor's Report on the Financial Statements to the Members of Education South West

Year Ended 31 August 2019

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 13], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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


Education South West

Independent Auditor's Report on the Financial Statements to the Members of Education South West

Year Ended 31 August 2019

Use of our report

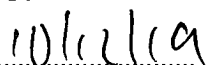
This report is made solely to the Academy's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's Members those matters we are required to state to them in an auditor's report and for no other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



Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
Devon
PL4 0RA

Date:



Education South West

Independent Reporting Accountant's Assurance Report on Regularity to Education South West and the Education and Skills Funding Agency

Year Ended 31 August 2019

In accordance with the terms of our engagement letter dated 17 September 2019 and further to the requirements of the Education and 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 Education South West during the year 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 Education South West and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Education South West and the 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 Education South West and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trusts funding agreement with the Secretary of State for Education 20th December 2010 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 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 Annual Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- inspection and review of documentation providing evidence of governance procedures
- evaluation of the system of internal controls for authorisation and approval
- performing substantive tests on relevant transactions

Education South West

Independent Reporting Accountant's Assurance Report on Regularity to Education South West and the Education and Skills Funding Agency

Year Ended 31 August 2019

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 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.



Date : 10/12/19

D Leslie

For and on behalf of PKF Francis Clark, Chartered Accountants
North Quay House, Sutton Harbour, PLYMOUTH, Devon, PL4 0RA

Education South West

Statement of Financial Activities for the year ended 31 August 2019

(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Income & endowments from:						
Donations and capital grants	2	4	40	1,215	1,259	1,634
Charitable Activities		-	-	-	-	-
Funding for the Academy's educational operations	5	1,403	24,625	-	26,028	25,979
Teaching schools		-	78	-	78	92
Other Trading Activities	3	520	220	-	740	716
Investments	4	6	-	-	6	4
Total		1,933	24,963	1,215	28,111	28,425
Expenditure on:						
Raising funds	6	39	-	-	39	56
Charitable activities:						
Academy's educational operations	7	1,264	25,562	1,889	28,715	29,572
Teaching Schools		-	88	-	88	84
Total	6	1,303	25,650	1,889	28,842	29,712
Net (expenditure)/income before transfers		630	(687)	(674)	(731)	(1,287)
Gross transfers between funds	19	14	(397)	383	-	-
Net (expenditure)/income for the year		644	(1,084)	(291)	(731)	(1,287)
Other recognised gains and losses						
Actuarial (loss)/ gains on defined benefit pension schemes	19,28	-	(2,676)	-	(2,676)	2,991
Net movement in funds		644	(3,760)	(291)	(3,407)	1,704
Reconciliation of funds						
Funds brought forward at 1 September 2018		690	(11,840)	71,076	59,926	58,222
Funds carried forward at 31 August 2019		1,334	(15,600)	70,785	56,519	59,926

Education South West

Statement of Financial Activities for the year ended 31 August 2018 (including Income and Expenditure Account)

The statement on this page provides the detailed comparatives for the year ended 31 August 2018.

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000
Income & endowments from:					
Donations and capital grants	2	12	21	1,601	1,634
Transfer from academy Trust	2	-	-	-	-
Charitable Activities					
Funding for the Academy's educational operations	5	1,387	24,592	-	25,979
Teaching schools		-	92	-	92
Other Trading Activities	3	458	258	-	716
Investments	4	4	-	-	4
Total		1,861	24,963	1,601	28,425
Expenditure on:					
Raising funds	6	56	-	-	56
Charitable activities:					
Academy's educational operations	7	1,231	26,232	2,109	29,572
Teaching Schools		-	84	-	84
Total	6	1,287	26,316	2,109	29,712
Net (expenditure)/income before transfers		574	(1,353)	(508)	(1,287)
Gross transfers between funds	19	(493)	15	478	-
Net income/(expenditure) for the year		81	(1,338)	(30)	(1,287)
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	19,28	-	2,991	-	2,991
Net movement in funds		81	1,653	(30)	1,704
Reconciliation of funds					
Funds brought forward at 1 September 2017		609	(13,493)	71,106	58,222
Funds carried forward at 31 August 2018		690	(11,840)	71,076	59,926

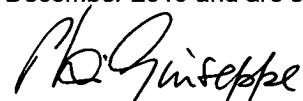
Education South West

Balance Sheet as at 31 August 2019

Registration number 7451553

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Intangible assets	13		55		74
Tangible assets	14		69,052		70,038
Current assets					
Stock	15	69		80	
Debtors	16	1,117		1,341	
Cash at bank and in hand		4,788		2,621	
		<u>5,974</u>		<u>4,042</u>	
Creditors: Amounts falling due within one year	17	<u>(2,045)</u>		<u>(1,704)</u>	
Net current assets			<u>3,929</u>		<u>2,338</u>
Totals assets less current liabilities			<u>73,036</u>		<u>72,450</u>
Creditors: Amounts falling due after more than one year	18		(57)		(69)
Net assets excluding pension liability			<u>72,979</u>		<u>72,381</u>
Pension scheme liability			(16,460)		(12,455)
Total net assets			<u>56,519</u>		<u>59,926</u>
Funds of the academy Trust:					
Restricted funds					
Fixed asset funds	19		70,785		71,076
General funds	19		860		615
Pension reserve	19		(16,460)		(12,455)
Total restricted funds			<u>55,185</u>		<u>59,236</u>
Unrestricted funds	19		<u>1,334</u>		<u>690</u>
			<u>1,334</u>		<u>690</u>
Total funds			<u>56,519</u>		<u>59,926</u>

The financial statements on pages 19-46 were approved by the trustees, and authorised for issue on 5 December 2019 and are signed on their behalf by:



Peter Di Giuseppe
Chair

Education South West

Statement of Cash Flows for the year ended 31 August 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash (used in) / provided by operating activities	22	1,830	(394)
Cash flows from investing activities	24	337	307
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		2,167	(87)
 Cash and cash equivalents as 1 September 2018		2,621	2,708
Cash and cash equivalents as 31 August 2019	25	4,788	2,621

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

1. Statement of Accounting Policies

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Education South West meets the definition of a public benefit entity under FRS102.

Going Concern

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

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 receivable**

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where the receipt is probable and the amount can be reliably measured.

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

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

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost, and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life. The only intangible assets owned by the Trust are computer software for which the expected useful life coincides with the terms of the license.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Computer equipment	20%
Plant and equipment	33%
Fixtures and fittings	25%
Motor Vehicles	33%

Buildings are depreciated over 50 years. Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

Liabilities

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

Stock

Stocks of catering provisions, cleaning consumables, and stationary are valued at cost.

Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. 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 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of 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 and the contributions recognised as they are paid each year.

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 gains and losses on settlements and curtailments. They are included as part of staff costs.

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

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 on other recognised gains and losses.

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency.

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28 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.

Agency Arrangements

The Trust acts as agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 30.

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

2 Donations and capital grants

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Donated Capital funds	-	-	-	-	53
Devolved Formula Capital allocations	-	-	118	118	119
Other donations	4	40	-	44	33
Condition Improvement Fund	-	-	-	-	505
Schools Condition Allocation	-	-	843	843	843
Other ESFA Capital Funds	-	-	254	254	81
	<u>4</u>	<u>40</u>	<u>1,215</u>	<u>1,259</u>	<u>1,634</u>

3 Other Trading Activities

	Unrestricted Funds £000	Restricted General Funds £000	Total 2019 £000	Total 2018 £000
Educational lecturing/consultancy	205	-	205	270
Community & Letting income	157	-	157	112
Miscellaneous income	158	-	158	76
Student Transport Income	-	63	63	75
Preschool Income	-	153	153	169
Student contributions	-	4	4	14
	<u>520</u>	<u>220</u>	<u>740</u>	<u>716</u>

4 Investment Income

	Unrestricted Funds £000	Restricted General Funds £000	Total 2019 £000	Total 2018 £000
Interest on short term deposits	6	-	6	4
	<u>6</u>	<u>-</u>	<u>6</u>	<u>4</u>

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

5 Funding for Academy's educational operations

	Unrestricted Funds	Restricted General Funds	Total 2019	Total 2018
	£000	£000	£000	£000
DfE / ESFA revenue grants				
General Annual Grant (GAG)	-	21,462	21,462	21,766
Start Up Grants	-	-	-	-
Other DfE / ESFA grants	-	1,549	1,549	1,325
	-	23,011	23,011	23,091
Other Government grants				
SEN from LA	-	337	337	295
Other Funds from LA	-	518	518	431
Other Income	-	262	262	183
	-	1,117	1,117	909
Other Income				
Catering Income	1,403	-	1,403	1,387
Other Income	-	497	497	592
	1,403	497	1,900	1,979
	1,403	24,625	26,028	25,979

6 Expenditure

	Staff Costs	Non Pay Expenditure		Total 2019	Total 2018
		Premises	Other Costs		
	£000	£000	£000	£000	£000
Expenditure on raising funds					
Allocated support costs	-	-	39	39	56
Academy's educational operations					
Direct costs	17,021	-	2,134	19,155	19,518
Allocated support costs	4,301	2,996	2,184	9,481	9,797
Redundancy costs	79	-	-	79	257
Teaching Schools	35	-	53	88	84
	21,436	2,996	4,410	28,842	29,712

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

6 Expenditure continued

Net Income/(expenditure) for the year includes:

	2019 £000	2018 £000
Fees payable to auditor - audit	18	18
Fees payable to auditor - other services	6	6
Depreciation	1,865	2,083
Amortisation of intangible fixed assets	24	26
Operating Leases – plant and machinery	50	61

7 Charitable Activities

	Total 2019 £000	Total 2018 £000
Direct Costs – educational operations	19,169	19,740
Support Costs – educational operations	9,546	9,832
	28,715	29,572

Redundancy costs of £15,000 and £64,000 are included in direct costs and support costs, respectively.

Analysis of support costs	Educational Operations £000	Total 2019 £000	Total 2018 £000
Support Staff Costs	4,366	4,366	4,209
Depreciation	1,865	1,865	2,083
Technology Costs	267	267	279
Premises Costs	1,128	1,128	1,217
Other Support Costs	1,879	1,879	2,008
Governance Costs	41	41	36
Total Support Costs	9,546	9,546	9,832

Redundancy costs of £64,000 are included in support staff costs.

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

8 Staff costs

Staff costs during the period were:	2019 £000	2018 £000
Wages and salaries	16,096	16,313
Social security costs	1,512	1,539
Pension costs	3,519	3,599
	<u>21,127</u>	<u>21,451</u>
Supply teacher costs	230	223
Redundancy costs	79	257
	<u>21,436</u>	<u>21,931</u>

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

	2019 No.	2018 No.
Teachers	305	310
Education support	206	216
Administration and support	156	182
Management	27	26
	<u>694</u>	<u>734</u>

Higher Paid Staff

The number of employees whose emoluments exceed £60,000 was :

	2019 No.	2018 No.
£60,001 - £70,000	2	3
£70,001 - £80,000	4	3
£80,001 - £90,000	-	1
£90,001 - £100,000	3	1
£100,000 - £110,000	-	-
£110,000 - £120,000	1	1
£120,000 - £130,000	-	-
£130,000 - £140,000	-	-
£140,000 - £150,000	-	-
£150,000 - £160,000	-	1

Of the above employees, 8 (9, 2018) participated in the Teachers' Pension Scheme. During the year ended 31 August 2019, pension contributions for these employees amounted to £105,797 (£116,756, 2018).

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

Key management personnel

The key management personnel of the Trust comprise the trustees, the senior management team listed on page 1, and the leadership teams of each academy in the Trust. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £2,093,003 (2018 £2,371,411).

9 Central Services

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

- human resources
- financial, accounting and procurement services
- legal services
- management of the catering operation
- facilities management
- IT services
- communications and marketing
- educational support services

The staff and related costs with respect to the provision of these services is allocated to the individual academies in the Trust according to affordability, shared based on core pupil funding as a proportion of the total core pupil funding for the Trust.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Kingsbridge Academy	494	517
Dartmouth Academy	176	191
Blackawton Primary School	37	39
Stoke Fleming Primary School	38	40
East Allington Primary School	27	26
Kingswear Primary School	23	23
Coombeshead Academy	393	371
Teign School	375	418
Rydon Primary School	116	115
Christow Primary School	26	24
	1,705	1,764

10 Related Parties Transactions - Trustees' remuneration and expenses

Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO, Executive Principals and Director of Education and not in respect of their services as trustees. Local governors did not receive any payments from the Trust in respect of their role as governors. The value of the trustees' remuneration and other benefits was as follows

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

R Pope (CEO and Executive Principal):

Remuneration £90,000-£100,000 (2018: £150,000-£160,000)

Employers pension contributions £NIL (2018: £NIL)

During the year R Pope earned for the Trust £13,000 from system leader roles as a National Leader of Education and as a consultant to the Department for Education.

M Shanks (Director of Education and Executive Principal):

Remuneration £110,000-£120,000 (2018: £100,000-£110,000)

Employers pension contributions £15,000-£20,000 (2017: £15,000-£20,000)

During the year M Shanks earned for the Trust £14,000 from roles as Chair of the Devon Association of Secondary Heads and as an Ofsted inspector and system leader.

11 Governors' and Officers' Insurance

The Trust has registered all of the academies in the Trust with the Risk Protection Arrangement programme administered by the Department of Education; the cost is not separately identifiable under the Risk Protection Arrangement. The cost of this insurance is included in the total insurance cost.

12 Connected Charities

Parents and friends of some of the academies in the Trust have five registered charitable operations with the purpose of raising funds for the academy Trust. The results of four of them are as follows. The results for the Rydon association have not been disclosed as it does not consider itself to be connected to the Trust under the definition in paragraph 28(1) of schedule 3 of the Charities Act 2011.

Name of registered charity	Friends of Stoke Fleming £000	Friends of Blackawton Primary School £000	Kingsbridge Community College PTFA £000	Christow County Primary School PTFA £000
Cash	9	9	27	10
Income for the year to 31.8.19	6	10	8	8
Expenditure for the year to 31.8.19	(4)	(5)	(17)	(2)
Annual surplus	2	5	(9)	6

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Notes to the Financial Statements for the year ended 31 August 2019

13 Intangible Fixed Assets

	Computer Software £000	Total £000
Cost		
At 1 September 2018	176	176
Additions	5	5
At 31 August 2019	181	181
Depreciation		
At 1 September 2018	102	102
Charged in year	24	24
At 31 August 2019	126	126
Net book values		
At 31 August 2019	55	55
At 31 August 2018	74	74

14 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Computer Equipment £000	Plant & Equipment £000	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
Cost							
At 1 September 2018	61,517	16,266	1,971	726	575	87	81,142
Reclassification	-	-	-	(15)	-	15	-
Additions	368	23	466	72	74	8	1,011
Disposals	(132)	-	-	-	-	-	(132)
At 31 August 2019	61,753	16,289	2,437	783	649	110	82,021
Depreciation							
At 1 September 2018	7,151	1,316	1,470	601	486	80	11,104
Charged in year	1,246	270	205	76	49	19	1,865
At 31 August 2019	8,397	1,586	1,675	677	535	99	12,969
Net book values							
At 31 August 2019	53,356	14,703	762	106	114	11	69,052
At 31 August 2018	54,366	14,950	501	125	89	7	70,038

The Trust's transactions relating to land and buildings included the disposal of the freehold on a small parcel of land by the Trust for a value of £132,000.

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Notes to the Financial Statements for the year ended 31 August 2019

15 Stock

	2019	2018
	£000	£000
Stationery Supplies	37	37
Cleaning Supplies	4	7
Catering Supplies	23	29
Other	5	7
Total Stock	<u>69</u>	<u>80</u>

16 Debtors

	2019	2018
	£000	£000
Trade debtors	364	180
Prepayments	500	579
Other debtors	37	77
Grant and other income	59	183
VAT recoverable	157	322
	<u>1,117</u>	<u>1,341</u>

17 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	512	398
Other taxation and social security	360	379
Other creditors	411	469
Accruals and deferred income	762	458
	<u>2,045</u>	<u>1,704</u>

Deferred income

	2019	2018
	£000	£000
Brought forward	255	406
Resources deferred in the year	329	255
Amounts released from previous years	(255)	(406)
Deferred Income at 31 August 2019	<u>329</u>	<u>255</u>

Deferred Income includes rates reimbursements from ESFA £99,000 (2018 – £25,000), devolved formula capital £68,000 (2018 - £69,000), Universal Infant Free School Meal funding £91,000(2018 - £85,000), funds received from parents for future trips £53,000 (2018 - £29,000).

18 Creditors: amounts falling due after more than one year

	2019	2018
	£000	£000
ESFA Improvement Loan	<u>57</u>	<u>69</u>

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Notes to the Financial Statements for the year ended 31 August 2019

19 Funds

	Balance at 1 September 2018	Income	Expenditure	Gains, Losses and Transfers	Balance at 31 August 2019
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	-	21,462	(20,804)	(374)	284
Start Up Grants	-	-	-	-	-
Other DfE/ESFA grants	221	1,549	(1,549)	-	221
LEA and other grants	394	1,195	(1,211)	(23)	355
Other General Funds	-	717	(717)	-	-
Donated Funds	-	40	(40)	-	-
	615	24,963	(24,321)	(397)	860
Pension Fund Reserve	(12,455)	-	(1,329)	(2,676)	(16,460)
Restricted fixed asset funds					
Fixed Asset Fund	70,038	-	(1,865)	879	69,052
Intangible Fixed Asset Fund	74	-	(24)	5	55
DfE/ESFA capital grants	944	1,215	-	(487)	1,672
Other capital funds	20	-	-	(14)	6
	71,076	1,215	(1,889)	383	70,785
Total restricted funds	59,236	26,178	(27,539)	(2,690)	55,185
Unrestricted funds					
Unrestricted funds	690	1,933	(1,303)	14	1,334
Total unrestricted funds	690	1,933	(1,303)	14	1,334
Total funds	59,926	28,111	(28,842)	(2,676)	56,519

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

Restricted General Funds

The General Annual Grant (GAG) is applied in strict accordance with the terms of the Model Fund Agreement executed on the 20th December 2010, and varied to re-state the terms to form a multi academy Trust on the 29th August 2014, which prescribes that this funding is used to cover the normal running costs of the Academy. Under the Funding Agreement there are no limits on the amount of GAG which can be carried forward.

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

19 Funds continued

Other DfE and ESFA Grants includes £819,000 (2018 - £845,000) Pupil Premium which is used by the Trust to raise attainment in pupils from low income families which has been spent during the year; also included is Universal Infant Free School Meal funding of £156,000 (2018 - £145,000). £173,000 (2018 - £173,000) was received from the ESFA to cover business rates, £37,000 (2018 - £39,000) to support Year 7 catch up intervention and £121,000 (2018 - £123,000) to support primary PE.

LEA and other grants income includes £337,000 (2018 - £295,000) funding to support specific provisions for pupils with special educational needs, £341,000 (2018 - £277,000) preschool childcare, and £99,000 (2018 - £106,000) to support community nursery outreach support. In addition £78,000 (2018 - £92,000) was received in relation to Teaching School activities

Other General Funds represents contributions from students £4,000 (2018 - £14,000), preschool income from parents £153,000 (2018 - £169,000), student transport £62,000 (2018 - £75,000), and £497,000 (2018 - £592,000) relating to school trips, all spent during the year.

The Pension Fund Reserve deficit represents the net shortfall in funds in the Local Government Pension Scheme in relation to employees past and present.

The DfE and ESFA capital grants represents funding specifically provided to support capital expenditures on fixed assets. The Fixed Asset Fund represents the current value of all fixed assets owned by the Trust. Capital grant income included £118,000 (2018 - £119,000) Devolved Formula Capital, £843,000 (2018 - £843,000) Schools Condition Allocation carried forward, and £254,000 (2018 - £NIL) one off capital distribution from the ESFA.

Unrestricted Funds

Unrestricted Funds can be applied at the discretion of the trustees. Funds were generated during the year from the catering operations £1,403,000 (2018 - £1,387,000), rental of academy premises and general community use £156,000 (2018 - £112,000) to community groups, fees for consultancy to other educational institutions including that related to Teaching School designation £206,000 (2018 - £270,000).

Transfers

The net transfer from the General Annual Grant, Other General Funds and the Unrestricted Funds to the Restricted Fixed Asset fund represents expenditure from these funds on fixed assets, and the application of unrestricted funds to cover restructuring costs and restricted fund deficits. These are offset by a transfer from the Pension Fund to cover financing and service costs included in the allocated support costs and transfers from unrestricted reserves to cover restricted fund expenditure.

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Notes to the Financial Statements for the year ended 31 August 2019

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	Total £000
Kingsbridge Academy	1,355
Dartmouth Academy	218
Blackawton Primary Academy	320
Stoke Fleming Primary Academy	37
East Allington Primary Academy	(54)
Kingswear Primary Academy	185
Coombeshead Academy	(447)
Teign School	(23)
Rydon Primary School	468
Christow Primary School	88
Central Services	47
Total before fixed assets and pension reserve	<u>2,194</u>
Restricted fixed asset fund	70,785
Pension reserve	(16,460)
Total	<u>56,519</u>

East Allington Primary Academy carries forward a deficit. Prior to converting to academy status, four primary schools (Blackawton, Stoke Fleming, East Allington and Kingswear) were run by the Local Authority under a single budget. The Trust whilst recognising the individual surpluses and deficits of the component primary academies (not including the pension deficit effect) is supporting the necessary provision of primary education in these communities recognising a degree of financial offset. During the year this deficit reduced by £28,000.

Coombeshead Academy and Teign School were academies which transferred, as part of Templer Academy Schools Trust, on 1 January 2017. Coombeshead Academy transferred a deficit on that date. During the year the deficits have been reduced by £364,000 and £163,000 respectively. Surplus budgets are planned for both of these schools in 2019-20 onwards in order to recover these deficit positions.

Education South West

Notes to the Financial Statements for the year ended 31 August 2019

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding depreciation)	Total
	£000	£000	£000	£000	£000
Kingsbridge Academy	4,868	590	146	2,145	7,749
Dartmouth Academy	1,855	270	35	720	2,880
Blackawton Primary Academy	542	40	9	150	741
Stoke Fleming Primary Academy	509	48	9	141	707
East Allington Primary Academy	344	31	6	94	475
Kingswear Primary Academy	227	17	3	72	319
Coombeshead Academy	3,595	342	81	1,396	5,414
Teign School Academy	3,300	435	74	1,121	4,930
Rydon Primary Academy	1,268	115	20	292	1,695
Christow Primary Academy	296	27	5	90	418
Central Services Academy Trust	315	1,402	-	(1,421)	296
	17,119	3,317	388	4,800	25,624

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Notes to the Financial Statements for the year ended 31 August 2019

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

Funds

	Balance at 1 September 2017	Income	Expenditure	Gains, Losses and Transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	-	21,766	(21,800)	34	-
Start Up Grants	-	-	-	-	-
Other DfE/ESFA grants	221	1,325	(1,325)	-	221
LEA and other grants	337	1,001	(925)	(19)	394
Other General Funds	-	850	(850)	-	-
Donated Funds	-	21	(21)	-	-
	558	24,963	(24,921)	15	615
Pension Fund Reserve	(14,051)	-	(1,395)	2,991	(12,455)
Restricted fixed asset funds					
Fixed Asset Fund	70,839	-	(2,083)	1,282	70,038
Intangible Fixed Asset Fund	84	-	(26)	16	74
DfE/ESFA capital grants	178	1,548	-	(782)	944
Other capital funds	5	53	-	(38)	20
	71,106	1,601	(2,109)	478	71,076
Total restricted funds	57,613	26,564	(28,425)	3,484	59,236
Unrestricted funds					
Unrestricted funds	609	1,861	(1,287)	(493)	690
Total unrestricted funds	609	1,861	(1,287)	(493)	690
Total funds	58,222	28,425	(29,712)	2,991	59,926

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Notes to the Financial Statements for the year ended 31 August 2019

20 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	69,052	69,052
Intangible assets	-	-	55	55
Current assets	1,334	2,962	1,678	5,974
Current liabilities	-	(2,045)	-	(2,045)
Noncurrent liabilities	-	(57)	-	(57)
Pension scheme liability	-	(16,460)	-	(16,460)
Total net assets	1,334	(15,600)	70,785	56,519

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	70,038	70,038
Intangible assets	-	-	74	74
Current assets	690	2,388	964	4,042
Current liabilities	-	(1,704)	-	(1,704)
Noncurrent liabilities	-	(69)	-	(69)
Pension scheme liability	-	(12,455)	-	(12,455)
Total net assets	690	(11,840)	71,076	59,926

21 Operating Leases

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

	2019 £000	2018 £000
Amounts due within one year	42	52
Amounts due between two and five years	73	98
	115	150

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Notes to the Financial Statements for the year ended 31 August 2019

	2019 £000	2018 £000
22 Reconciliation of net income/(expenditure) to net cash inflow from operating activities		
Net (expenditure)/income	(731)	(1,287)
Amortisation (note 13)	24	26
Depreciation (note 14)	1,865	2,083
Capital grants from DfE and other capital income	(1,215)	(1,601)
Interest receivable (note 4)	(6)	(4)
Defined benefit pension scheme obligation inherited	-	-
Defined benefit pension scheme cost less contributions payable (note 28)	1,000	1,030
Defined benefit pension scheme finance costs (Note 28)	329	365
Decrease/(Increase) in stocks	11	(1)
Decrease/(Increase) in debtors	224	(271)
Increase/(Decrease) in creditors	329	(734)
Net cash inflow/(outflow) from operating activities	1,830	(394)
23 Cash flows from financing activities		
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by/(used on) financing activities	-	-
24 Cash flows from investing activities		
Dividends, interest and rents from investments	6	4
Purchase of tangible fixed assets	(1,011)	(1,282)
Disposal of tangible fixed assets	132	-
Purchase of intangible fixed assets	(5)	(16)
Capital grants from DfE/ESFA	1,215	1,548
Capital funding donated from others	-	53
Capital funding transferred in from academy Trust	-	-
Net cash provided by / (used in) investing activities	337	307
25 Analysis of cash and cash equivalents		
	At 31 August 2019 £000	At 31 August 2018 £000
Cash in hand	4,788	2,621
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	4,788	2,621

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Notes to the Financial Statements for the year ended 31 August 2019

26 Contingent Liabilities

There are no contingent liabilities.

27 Members' Liability

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

28 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £300,000 (2018 £312,000) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. Membership is automatic for full-time teachers and lecturers 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 the future benefits) for service to the effective date of £191,500 million, and notional assets (estimated

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Notes to the Financial Statements for the year ended 31 August 2019

future contributions together with notional investments held at valuation date) of £176,600 million, giving a 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% 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%

The TPS valuation for 2012 determine an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS is underway based on April 2016 data, whereupon the employer contribution rate has been reassessed to 23.76% and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £1,755,000 (2018 £1,807,000)

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £887,569 (2018 £853,275), of which employer's contributions totalled £639,006 (2018 £618,974) and employees' contributions totalled £248,309 (2018 £234,751). The agreed contribution rates for future years are 15.4% per cent for employers and variable per cent for employees. Due to the scheme being in deficit lump sum amounts of £147,000 (2018 £153,811) were paid into the scheme in the year.

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

Principal Actuarial Assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.75%	3.8%
Rate of increase for pensions in payment / inflation	2.25%	2.3%
Discount rate for scheme liabilities	1.85%	2.7%
Inflation assumption (CPI)	2.25%	2.3%
RPI Increases	3.25%	3.3%

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Notes to the Financial Statements for the year ended 31 August 2019

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.5	23.5
Females	24.4	25.6
<i>Retiring in 20 years</i>		
Males	24.2	25.8
Females	26.2	28.0

Sensitivity Analysis	At 31 August 2019 £000	At 31 August 2018 £000
Discount rate +0.1%	30,050	24,903
Discount rate -0.1%	31,373	25,986
Mortality assumption – 1 year increase	31,899	26,356
Mortality assumption – 1 year decrease	29,555	24,557

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

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
UK Equities	2,286	2,410
Overseas Equities	6,220	5,423
Gilts	505	413
Other bonds	270	252
Property	1,241	1,173
Infrastructure	538	467
Cash	190	199
Alternative Assets	746	663
Other assets	2,248	1,984
Total market value of assets	14,244	12,984

The actual return on scheme assets was £593,000 (2018, £742,000)

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Notes to the Financial Statements for the year ended 31 August 2019

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost	1,865	1,892
Net interest cost	321	357
Benefit changes, losses on curtailments and settlements	-	-
Administration costs	8	8
Total operating charge	<u>2,194</u>	<u>2,257</u>

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

	2019 £000	2018 £000
At 1 September	25,439	25,616
Current service cost	1,561	1,722
Interest cost	673	667
Employee and other employer contributions	250	225
Liabilities assumed/(extinguished) on settlements	-	-
Actuarial loss/(gain)	2,917	(2,559)
Benefits paid	(440)	(402)
Plan introductions, benefit changes, curtailments and settlements	304	170
At 31 August	<u>30,704</u>	<u>25,439</u>

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

	2019 £000	2018 £000
At 1 September	12,984	11,565
Interest Income	352	310
Return on plan assets (excluding net interest on the net defined pension liability)	241	432
Actuarial gain/(loss)	-	-
Employer contributions	865	862
Employee and other employer contributions	250	225
Benefits paid	(440)	(402)
Plan introductions, benefit changes, curtailments and settlements	(8)	(8)
At 31 August	<u>14,244</u>	<u>12,984</u>

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Notes to the Financial Statements for the year ended 31 August 2019

29 Related Party Transactions

There are no related party transactions for the year ending 31 August 2019.

30 Agency Arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period 31 August 2019 the Trust received £73,000 and distributed £68,000 from the fund. An amount of £122,000 relating to undistributed funds repayable to ESFA are netted with other grant income receivable from ESFA, and included in debtors.