

The Queen Katherine School Multi Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements Year Ended 31 August 2019

Company Registration Number: 07472799
(England & Wales)



The Queen Katherine School Multi Academy Trust

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Reference and Administrative Details

		Appointed	Resigned
Members			
	Richard Moore		
	Peter Townley		16/03/2019
	Heather Dixon		
	Anthony Burbridge		13/06/2019
	Elizabeth Moffatt		
Trustees who are Directors			
	Stephen Wilkinson (Accounting Officer until 31/08/19)		31/08/2019
	Paul Slater (Accounting Officer from 01/09/19)	01/09/2019	
	Beth Curl		
	Jennifer Mitchell		09/10/2018
	Anthony Sinton		
	Anna Gregg		
	Maxine Froggatt		23/11/2018
	Joanne Heather		
	Eddie Richards		
	Philip Clayton	15/02/2019	
	All trustees are part of the Audit committee		
Company Secretary	Michael James Walby		
MAT Senior Management Team:			
Chief Executive Officer	Paul Slater	01/09/2019	
	Stephen Wilkinson		31/08/2019
MAT Officer Lead	Tracy Houlden		
The Queen Katherine School			
Head Teacher	Jon Hayes		
Walney School			
Head Teacher	John Richardson		
George Hastwell			
Head Teacher	Karen Baxter		

Reference and Administrative Details (continued)

Principal and Registered Office	The Queen Katherine School Appleby Road Kendal LA9 6PJ
Academy Addresses	<div>The Queen Katherine School Appleby Road Kendal LA9 6PJ</div> <div>Walney School Sandy Gap Lane Barrow in Furness Cumbria LA14 3JL</div> <div>George Hastwell Moor Tarn Lane Barrow in Furness Cumbria LA14 3LW</div>
Company Registration Number	07472799 (England & Wales)
Independent Auditor	Saint & Co. Chartered Accountants The Old Police Station Church Street Ambleside Cumbria LA22 0BT
Bankers	<div>Yorkshire Bank Plc 7 Stricklandgate Kendal Cumbria LA9 4NB</div> <div>Lloyds Bank Plc 11 Finkle Street Kendal Cumbria LA9 4AG</div>
Solicitors	Burnetts 6 Victoria Place Carlisle CA1 1ES

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates a multi academy trust (MAT) for pupils aged 2 to 19 serving a catchment area in Cumbria. The MAT comprises of the following schools:

The Queen Katherine School which has a pupil capacity of 1440 and had a roll of 1043 in the school census on 1 October 2019.

Walney School which has a pupil capacity of 900 and had a roll of 494 in the school census on 1 October 2019.

George Hastwell School which has a pupil capacity of 90 and had a roll of 68 in the school census on 1 October 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 academy trust. The trustees of The Queen Katherine Multi School Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Queen Katherine School Multi Academy Trust.

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.

Trustee's Indemnities

Each academy in the trust has purchased indemnity insurance to protect trustees and officers from claims arising in connection with Academy business.

Method of Recruitment and Appointment or Election of Trustees

The trustees are appointed under the terms of the academy's articles of association as follows:

- The members may appoint up to 30 trustees
- A minimum of two Local Parent trustees
- Up to 1 Local Authority trustee
- Number of staff trustees does not exceed one third of the total number of trustees
- Any Trustees elected by the Secretary of State for Education
- Number of co-opted trustees does not exceed one third of the total number of trustees

The term of office for all trustees, except the Executive Head Teacher and the chairs of each academy's LGB, is four years. The Executive Head Teacher term of office runs parallel with their contract of employment. The trustees who were in office and who served throughout the period, are listed on the reference and administrative details.

Policies and Procedures Adopted for the Induction and Training of Trustees.

The training and induction provided for new trustees will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new trustees are given a tour of the academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and directors of the charitable company. As there is normally expected to be only a small number of new trustees each year, inductions tend to be done informally and are tailored specifically to the individual.

Trustees' Report (continued)

Organisational Structure

The structure consists of the following levels: the members, the directors (trustees), the MAT officers and Academy Local Governing Bodies. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst maintaining accountability.

The trustees control the academies at an executive level, whilst the Senior Leadership Teams in each academy (Head teachers and Deputies) implement the policies laid down by the trustees and report back to them. The Senior Leaders are responsible, in line with the Trust Schemes of Delegation, for the authorisation of spending within agreed budgets and the appointment of the majority of staff.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The MAT Board holds responsibility for setting the pay and remuneration of the academy's key management personnel in accordance with the Pay Policy for Teachers, based on the format of the DfE's model policy and NJC terms and conditions for support staff. Pay progression is based on an annual cycle running from 1st September to 31st August and is determined by achievement of pre determined performance objectives. Responsibility for the appraisal process has been delegated to the Head Teachers Pay Review Committee and Pay Review Committees, both sub committees of the MAT Board. The MAT Board has delegated responsibility for the appointment and performance management of the academy heads to the CEO.

Connected Organisations, including Related Party Relationships

The multi academy trust is made up of the following schools

- The Queen Katherine School
- Walney School (Joined MAT on 01/09/2014)
- George Hastwell School (Joined MAT on 01/09/2015)

Kendal Collaborative Partnership

The Kendal Collaborative Partnership is made up of all 17 schools in total from Kendal primary schools, Kendal Nursery, Sandgate and two Kendal secondary schools. The joint vision of working together to enhance the educational opportunities and experience of young people by furthering high quality school improvement; raising achievement and access for all; and driving high aspirations through continuous professional development. (ceased 21 September 2017)

QKS Meadowview Nursery Limited

QKS Meadowview is a wholly owned subsidiary of the academy. QKS Meadowview Nursery Limited provides a nursery provision from 0 to 5 year olds. QKS Meadowview Nursery Limited manages and runs a small nursery in the Kendal area called Stramongate Nursery.

Furness Educational Consortium

The Furness Education Consortium consists of six secondary schools, one pupil referral unit, two special schools, two sixth form colleges and one college of further education. In addition to the core group members there is also representation from the Primary consortium. These establishments work in partnership to deliver educational provision for the young people of the Furness area.

Trustees' Report (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
6	5.27

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% - 50%	6
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£1,765
Total pay bill	£9,824,396
% of total pay bill spent on facility time	0.018%

Paid trade union activities

There was no paid union activity during the period

Objectives and Activities

Objects and Aims

The principle activity of the academy trust is 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.

An additional objective is to promote for the benefit of individuals living in areas where the academies are situated and the surrounding areas who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

The aim of the academy trust is to provide education for pupils of different abilities between the ages of 2 and 19.

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

Objectives, Strategies and Activities

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

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

Trustees' Report (continued)

Objects and Aims (continued)

The Queen Katherine School Multi Academy Trust aims to develop individuals to achieve their full potential. As a trust we provide education of the highest quality in well-resourced premises. Relationships are constructive, with individuals being valued, nurtured and supported.

This is achieved through developing:

- a trusting, open, caring, inclusive friendly and structured atmosphere with comfortable relationships, clear expectations and with every individual valued;
- a focus on learning, guidance and monitoring for all students and staff, both inside and outside the classroom;
- showing commitment in our work, desire to learn, hard work, a spirit of enquiry and creativity, initiative.

The curriculum offered is distinctive and personalised to each school.

At key stage 3 we have a major focus on ensuring that all students develop core English, mathematics, science and ICT skills and the personal, learning and thinking skills to equip them with the competence and confidence to pursue both academic and vocational pathways in the future.

We focus on the development of vocational and work related education.

All students, at any age, are able to access the most appropriate provision offered in each of our academies to suit their particular interests and needs.

The academies enable a common approach to be taken to values and principles, standards, utilisation of management expertise, use of resources, and to the creation of a broad and rich opportunity for young people to achieve their maximum potential.

The academies also provide enriched provision and integrated services for children and young people in the area, including comprehensive extended services, and enable a wide range of services and facilities to be made available to the community which supports and compliments the local authority's children's services vision.

The academies follow the QKSMAT Equality Policy in respect of disabled persons regarding consideration to applications for employment, continuing their employment and their training, career development and promotion.

The academies hold weekly staff meetings, yearly performance management and produce termly newsletters to keep all staff aware of factors affecting the MAT.

Public Benefit

In setting the objectives, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

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

Strategic Report

Achievements and Performance

The Queen Katherine School Multi Academy Trust achievements in the year include:

- the ongoing work undertaken in developing a shared services model to realise economies of scale and reduce costs for the academies
- the ongoing close working relationship between the academies to share knowledge and expertise, to seek out best practice and to realise the vision of the Trust.

Trustees' Report (continued)

Achievements and Performance (continued)

The Queen Katherine School achievements and performance

Examination results at A level remain very strong and well above national average, with a third of all results being at A*/A grades. 6th form students numbers remain strong at a time of falling student numbers within the Kendal area. GCSE examination results show a positive P8 score for the 3rd year running.

Significant restructuring has taken place with a new faculty system and progress leaders in place to support all students and streamline the management and oversight of departments. Learning support was reviewed and staffing levels reduced in response to the introduction of a new way of supporting SEND students.

Walney School achievements and performance

As it moves into its sixth year of operation as an Academy sponsored by The Queen Katherine MAT, Walney School is now school of choice for the Island community it serves. Extensive partnership working with feeder Primary Schools, increased community confidence and a vastly improved reputation for the quality of education delivered to students has ensured that we now draw more students into Year 7 than are in catchment schools. GCSE results in 2019 demonstrated the strongest achievement measures the school has ever demonstrated and leaders, governors and the Trust remain committed to maintaining these improvements.

In November 2018 the school was re-inspected by Ofsted. Overall effectiveness was removed from a category of concern with both the Effectiveness of Leadership and Management and the Personal Development, Behaviour and Welfare of students being graded as Good:

"Under the leadership of the headteacher, the school has come through a period of turbulence to a place of stability where pupils can learn. The drive and resilience of senior leaders has brought about improvements in the quality of teaching, pupils' behaviour and, consequently, pupils' learning. Attendance has improved steadily over the last three years and is now broadly in line with the national average for all pupils. Pupils are attentive learners. They participate well in their learning. They are well behaved around school and are respectful to adults and each other. Pupils are polite and welcoming to visitors." Ofsted November 2018

George Hastwell School achievements and performance

The school continues to move forwards with its Areas for Improvement. A peer review in June conducted by headteachers of two Cumbrian special schools gave positive feedback on the school's developments. A range of accreditations were successfully awarded to Sixth Form and KS4 pupils. All Y14 leavers obtained places at local colleges or day services. The school has transferred progress data to a new online system, which means that data is more readily accessible to teachers and school leaders. Pupils' Individual Education Plans have also been transferred to this system, drawn from EHCP outcomes. Most pupils are making positive progress on the new system, with slower progress for evidential reasons such as long-term health needs. The teaching team is working on curriculum development, have agreed the intent and are now focusing on implementation. Pupil numbers are growing, and the need to manage the budget stringently remains, as SEN top ups from the LA are not sufficient to meet the needs of each child.

Trustees' Report (continued)

Key Financial Performance Indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. It is anticipated that benchmarking will be a key tool in ensuring the academies are delivering value for money.

The Queen Katherine School	2019	2018	2017	2016	2015	2014
Pupil numbers	1087	1119	1221	1300	1364	1392
Staff costs as % of total costs	75.97%	78.77%	75.01%	75.36%	76.91%	75.34%
Full time equivalents teachers	58	61	69	76	81	81
Pupil teacher ratio	18.7	18.3	17.7	17.1	16.8	17.2
Walney School	2019	2018	2017	2016	2015	
Pupil numbers	559	587	637	643	652	
Staff costs as % of total costs	79.57%	79.19%	75.78%	75.67%	74.67%	
Full time equivalents teachers	33	31	30	31	36	
Pupil teacher ratio	16.9	18.9	21.2	20.7	18.1	
George Hastwell School	2019	2018	2017	2016		
Pupil numbers	68	68	68	67		
Staff costs as % of total costs	85.26%	72.26%	85.76%	71.11%		
Full time equivalents teachers	10	7	8	8		
Pupil teacher ratio	6.8	9.7	8.5	8.4		

Going Concern

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

Financial Review

Overview

The majority of each academy's income is obtained from the Education and Skills Funding Authority (ESFA) in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the related expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2019, total general expenditure of £13,467,650 was covered by recurrent grant funding from the DfE together with other incoming resources and reserves brought forward. The excess of general expenditure over income for the year was £170,052.

At 31 August 2019 the net book value of fixed assets was £14,489,337 and movements in tangible fixed assets are shown in notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of each Academy.

Trustees' Report (continued)

Reserves Policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of the reserves. The trustees will keep the level of reserves under review.

The general unrestricted fund balance was £703,644 (2018: £775,560) at the year end. The trustees believe that this level of reserves is required to support the running of the MAT during an anticipated reduction in funding.

The designated all weather pitch fund balance was £13,529 (2018: £103,077) at the year end, this fund is for the replacement of the all weather pitch.

Funds in Deficit

Pension Reserve Fund - this fund represents the deficit on the Local Government Pension Scheme (LGPS) at the year end.

Investment Policy

Reserves are currently held in an instant access account with the academy trust's bankers.

Principal Risks and Uncertainties

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

Financial and Risk Management Objectives and Policies

For each academy a budget for the period was agreed prior to the beginning of the accounting period. Management accounts were presented at each termly Business, Finance and Audit Trustee Committee meeting for each academy and income and expenditure monitored against budget.

The Trust's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of delegation
- Finance manual
- Risk management policy

Principal Funding Sources

The majority of the academy's income is obtained from the Education and Skills Funding Authority (ESFA) and the Local Authority in the form of grants, the use of which is restricted to particular purposes.

Fundraising

During the period in question the Trust has not engaged professional fundraisers or commercial participators to undertake any fundraising activities on its behalf. The Trust has undertaken minor fundraising activities whereby students sought voluntary donations from parents, carers and the local community.

Trustees' Report (continued)

Plans for Future Periods

The Queen Katherine School became a Multi Academy Trust (MAT) on 18 February 2014, sponsoring its first academy on 1 September 2014 – Walney School. George Hastwell School joined the Trust on 1 September 2015. The MAT is open-minded to encouraging other Academies to join the Trust and is actively working with both single academies and other Local Authority schools to see if there are any functions that could be shared across schools, and whether there is any interest in becoming full members of the Trust.

An application for Trumacar Nursery and Community Primary School to join the Trust has been submitted to the HTB - January 2020. The Trust is also pursuing a future application for North Walney Primary School to join the Trust and this is currently being discussed with DfE colleagues. This would bring two already Good primary schools into the Trust, strengthening the Trust financially and academically.

All three schools in the Trust have had recent OFSTED inspections and all have moved from Special Measures to becoming schools which require improvement. Within the Trust's own evaluation of the schools, it is recognised that all schools are moving forward with vigour towards becoming Good schools within the next inspection round. This work continues to be supported by the appointment of a new CEO with significant school improvement experience as well as continued work with Endeavour Learning Trust through Lesley Gwinnett (CEO) and through Tor View Special School.

All three schools have benefited year on year from successful Conditional Improvement Fund bids. The Trust will continue to submit bids to improve the quality of the buildings in its care.

The colocation project of Sandgate School, to provide accommodation for Key Stage 3, being reshaped to develop the existing Sandgate Upper School Hub is still under discussion with the Local Authority and the Trust is working hard to enable this to happen.

Increasing student numbers in our two secondary schools is a priority for the two local Governing Bodies to improve the financial stability of the schools. This is beginning to happen as the community feeling towards the schools grows and more applications are received for Year 7 places - Walney School having record applications for the first time in its history. George Hastwell School has a wide variety of student numbers per year group and therefore will always be a concern for roll prediction, however more places are currently being sought at the school by the Local Authority.

Funds Held on Behalf of Others

The multi academy trust acts as an intermediary for the following projects, but has no responsibility for them. These are:

- 16-19 Bursary fund. The academy trust distributes the 16-19 bursary funds to students as an agent for the ESFA.

Auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the members of the board of trustees on 11 December 2019 and signed on its behalf by:



Beth Curl
Chair of Trustees

Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The **MAT board** of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Beth Curl	6	6
Stephen Wilkinson (Chief Executive Officer)	5	6
Jennifer Mitchell	1	1
Anthony Sinton	4	6
Anna Gregg	5	6
Maxine Froggatt	1	1
Joanne Heather	5	6
Eddie Richards	5	6
Philip Clayton	3	3

The **Audit Committee** is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the board of trustees by ensuring sound management of the academy's finances and resources, including proper planning, monitoring and probity.

Governance Review

The governors of The Queen Katherine School Multi Academy Trust have undertaken a restructure of their governing committees resulting in each academy following the same structure including new terms of references being adopted. Each meeting agenda is tailored to meet the requirements of the Trust and link with the ESFA reporting calendar, so that key deadlines are adhered to.

Governance Statement (continued)

Review Of Value For Money

I accept that as Accounting Officer of The Queen Katherine Multi Academy Trust I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand 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 MAT Board where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the multi academy trust has delivered improved value for money during the year.

Set out below are examples of how the academy trust's use of its resources has provided good value for money during the academic year:-

- To income generation the MAT marketed payroll and HR services, housed a satellite of the Maths Hub, enabled Sandgate School to utilise spare classroom capacity, all bringing in additional revenue.
- Continued investment in staff training and computer software, to streamline training costs and reduce the need for postal and franking services. Teachers and support staff are upskilled and meet the latest curriculum and legislative requirements. Parents have instant communication via text messaging, which has delivered both safeguarding and cost benefits.
- A review of time expired contracts across the MAT - copiers, printers and general services, produced savings.
- A review of MAT staffing, which increased the Central Service's capacity to enable all Trust processing of payroll to happen in one location. Structures at all schools were reviewed and reduced to deliver cost savings, resulting in the cost base of the MAT reducing significantly.
- Targeted CIF bid resulted in the Trust estate being able to improve the roof covering at QKS.
- Further Initiatives have been developed internally, which has further reduced the dependency on external educational provision providers.

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 multi academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Queen Katherine School Multi Academy Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees 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 of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Governance Statement (continued)

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed, the external auditor, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of bank reconciliations

The reports are provided to the local governing bodies on the operations of the systems of control. The schedule of works has been delivered as planned and any action has been taken as appropriate. The reports were produced for the period 01 September 2018 to 31 March 2019.

Review of Effectiveness

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

- The work of the external auditor;
- The financial management and governance self-assessment process;
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the relevant finance committees at local governing body level and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

Approved by order of the members of the board of trustees on 11 December 2019 and signed on its behalf by:



Beth Curl
Chair of Trustees



Paul Slater
Accounting Officer

Statement on Regularity, Propriety and Compliance

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

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

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



Paul Slater
Accounting Officer

11/12/19 Date

Statement of Trustees' Responsibilities

The trustees (who act as governors of The Queen Katherine School Multi Academy Trust and 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 Annual Accounts Direction published 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 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

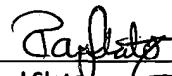
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been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

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

Approved by order of the members of the board of trustees on 11 December 2019 and signed on its behalf by:



Beth Curl
Chair of Trustees



Paul Slater
Accounting Officer

Independent Auditor's Report on the Financial Statements to the Members of The Queen Katherine School Multi Academy Trust

Opinion

We have audited the financial statements of The Queen Katherine School Multi Academy Trust for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

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 charitable company 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 charitable company'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. It includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report on the Financial Statements to the Members of The Queen Katherine School Multi Academy Trust (continued)

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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 Report of Independent Auditors.

Independent Auditor's Report on the Financial Statements to the Members of The Queen Katherine School Multi Academy Trust (continued)

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Darren Little (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

11 December 2019 Date

Independent Reporting Accountant's Assurance Report on Regularity to The Queen Katherine School Multi Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 15/08/2018 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 The Queen Katherine School Multi Academy Trust during the period 01 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective Responsibilities of The Queen Katherine School Multi Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirement of The Queen Katherine School Multi Academy Trust's funding agreement with the Secretary of State for Education dated 18 February 2014 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 period 01 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- the Financial Management & Governance Evaluation (FMGE) was obtained and considered;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual severance payments have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee / governors declaration of interests;
- where present obtaining the accounting officer's file.

Independent Reporting Accountant's Assurance Report on Regularity to The Queen Katherine School Multi Academy Trust and the Education and Skills Funding Agency (continued)

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 period 01 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.

Use of our report

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



Darren Little (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

11 December 2019 Date

Statement of Financial Activities (Incorporating the Income and Expenditure Account)

for the Year Ended 31 August 2019

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	2	18,879	-	444,019	462,898	595,216
Transfer from local authority on conversion	28	-	-	-	-	-
<i>Charitable activities:</i>						
- Funding for the Academy trust's educational operations	3	399,975	10,931,087	-	11,331,062	12,122,679
Other trading activities	4	352,536	-	-	352,536	284,644
Investment income	5	1,064	-	-	1,064	1,063
		-	-	-	-	-
Total		772,454	10,931,087	444,019	12,147,560	13,003,602
Expenditure on:						
Raising funds	7	289,773	-	-	289,773	245,456
<i>Charitable activities:</i>						
- Academy's educational operations	8	381,282	11,436,545	1,360,050	13,177,877	14,150,277
		-	-	-	-	-
Total	6	671,055	11,436,545	1,360,050	13,467,650	14,395,733
Net income / (expenditure) before transfers						
		101,399	(505,458)	(916,031)	(1,320,090)	(1,392,131)
Transfers between funds	11,19	(262,388)	149,395	112,993	-	-
Net income/(expenditure) for the year		(160,989)	(356,063)	(803,038)	(1,320,090)	(1,392,131)
Other recognised gains / (losses)						
Actuarial (losses) gains on defined benefit pension schemes	24	-	(2,909,000)	-	(2,909,000)	1,348,000
Net movement in funds		(160,989)	(3,265,063)	(803,038)	(4,229,090)	(44,131)
Reconciliation of funds						
Funds brought forward to 1 September 2018	19	939,896	(5,335,201)	15,394,301	10,998,996	11,043,127
Fund balances carried forward at 31 August 2019		778,907	(8,600,264)	14,591,263	6,769,906	10,998,996

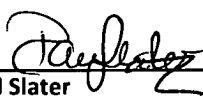
All of the academy's activities derive from acquisitions and continuing operations during the above two financial periods.

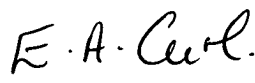
Balance Sheet as at 31 August 2019

Company Number 07472799

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	14		14,489,337		15,285,984
Investments	15		100,000		100,000
Current assets					
Stock	16	7,750		2,636	
Debtors	17	470,472		626,527	
Cash at bank and in hand		<u>1,431,300</u>		<u>1,490,170</u>	
		1,909,522		2,119,333	
Liabilities					
Creditors: Amount falling due within one year	18	<u>1,029,953</u>		<u>1,063,321</u>	
Net current assets			879,569		1,056,012
Total assets less current liabilities			15,468,906		16,441,996
Defined benefit pension scheme liability	24		(8,699,000)		(5,443,000)
Total Net Assets			<u>6,769,906</u>		<u>10,998,996</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	19	14,591,263		15,394,301	
General funds	19	98,736		107,799	
Pension reserve	19,24	<u>(8,699,000)</u>		<u>(5,443,000)</u>	
Total restricted funds	19		5,990,999		10,059,100
Unrestricted income funds					
General fund	19	<u>778,907</u>		<u>939,896</u>	
Total unrestricted funds			778,907		939,896
Total funds			<u>6,769,906</u>		<u>10,998,996</u>

The financial statements were approved by the trustees, and authorised for issue on 11 December 2019 and signed on their behalf by:


 Paul Slater
 Accounting Officer


 Beth Curl
 Chair of Trustees

Statement of Cash Flows for the Year Ended 31 August 2019

	2019 £	2018 £	
Reconciliation of net income/expenditure to net cash inflow from operating activities			
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(1,320,090)	(1,392,131)	
<i>Adjusted for:</i>			
Interest receivable	(1,064)	(1,063)	
Depreciation	898,185	909,892	
Asset cost disposed of during year	149,389	109,267	
Accumulated depreciation on disposed assets	(145,239)	(56,467)	
Cash transferred on conversion to an academy trust	-	-	
Assets transferred from predecessor school	-	-	
Investment asset transferred from predecessor school	-	-	
LGPS Pension transferred on conversion	-	-	
Capital grants from DfE and other capital income	(444,019)	(510,229)	
Decrease/(Increase)Increase in stocks	(5,114)	(623)	
Decrease/(Increase) in debtors	156,055	(196,053)	
Increase/(Decrease) in creditors	(33,368)	50,459	
Defined benefit pension scheme costs less contributions payable.	190,000	294,000	
Defined benefit pension scheme net finance costs	157,000	164,000	
Net cash provided by / (used in) operating activities	(398,265)	(628,948)	
Cash transferred on conversion to an academy trust			
Budget surplus / (deficit) on LA funds	-	-	
School trips on conversion	-	-	
School fund on conversion	-	-	
Net cash provided by / (used in) on conversion to an academy trust	-	-	
Cashflows from investing activities			
Receipts from sale of tangible fixed assets	-	-	
Payments to acquire tangible fixed assets	(105,688)	(256,749)	
Capital grants from DfE and other capital income	444,019	510,229	
Interest received	1,064	1,063	
Net cash provided by / (used in) investing activities	339,395	254,543	
Cashflows from financing activities			
Repayments of borrowing	-	-	
Cash from new borrowing	-	-	
Net cash provided by / (used in) financing activities	-	-	
Change in cash and cash equivalents in the reporting period	(58,870)	(374,405)	
Reconciliation of net cash flow to movement in net funds			
(Decrease) / increase in cash in the period	(58,870)	(374,405)	
Change in net funds	(58,870)	(374,405)	
Cash and cash equivalents at 1 September 2018	1,490,170	1,864,575	
Cash and cash equivalents at 31 August 2019	1,431,300	1,490,170	
Analysis of cash and cash equivalents	1 Sep 18	Cashflows	31 Aug 19
	£	£	£
Cash in hand and at bank	1,490,170	(58,870)	1,431,300
Total cash and cash equivalents	1,490,170	(58,870)	1,431,300

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

1. Statement of Accounting Policies

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

Basis of Preparation

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

The Queen Katherine School Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

- **Donations**

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

- **Other Income**

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

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1. Statement of Accounting Policies (Continued)

- **Donated Services and Gifts in Kind**

Donated goods, facilities and services. Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Deferred Income

Grants and other funding received for the Academy's educational activities for a period spanning the year end are deferred pro-rata to the relevant periods in order to match the funding to the period in which the costs of charitable activities are incurred.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are exclusive of irrecoverable VAT, which is posted as a separate cost.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**1. Statement of Accounting Policies (Continued)****Fixed Assets**

Assets costing £2,000 or more (multiple assets not included if individual assets are under £2,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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

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

Freehold buildings	- straight line over the estimated economic life (8 to 50 years)
Plant and machinery	- straight line over the estimated economic life (15 years)
Furniture and equipment	- straight line over 10 years
ICT equipment	- straight line over 4 years
Motor vehicles	- 25% reducing balance

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

Assets purchased during the year are depreciated from the date they are brought into use. The depreciation is time apportioned.

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.

Investment Fixed Assets

Investment fixed assets are carried at fair value and are not depreciated. They are included in the restricted fixed asset fund and any unrealised or realised gains or losses on investments are included in the Statement of Financial Activities.

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.

Provisions

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

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

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

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

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

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

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 taxation 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 and the assets are held separately from those of the academy trust.

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

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

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

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

Fund Accounting

Unrestricted funds reflect those resources which may be used towards meeting any of the objects of the academy at the discretion of the trustees.

Unrestricted designated funds consist of amounts allocated or designated for specific purposes. The use of designated funds for their designated purpose will remain at the discretion of the trustees.

Restricted fixed asset funds reflect the fixed assets and capital grants for the purchase of fixed assets to be used for charitable purposes.

Restricted general funds comprise grants, including the General Annual Grant (GAG), and other funding for educational purposes and any voluntary income to be used for specific purposes.

The Local Government Pension Scheme deficit is recognised against restricted general funds in order to match it against the GAG, in accordance with ESFA guidance.

Details of restricted and unrestricted funds are shown in the notes to the financial statements.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates, assumptions and judgements

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

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in notes, 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.
- The annual depreciation charge is sensitive to the estimated useful economic lives of property. The useful economic lives of property, plant and equipment is initially based on the professional valuers report using their judgement and experience. The useful economic lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

2. Donations and capital grants	Unrestricted Funds £	Restricted Funds £	2019 Total £	2018 Total £
ESFA capital grants	-	444,019	444,019	370,229
Other capital grants	-	-	-	140,000
Donations	18,879	-	18,879	84,987
Gift in kind	-	-	-	-
	<u>18,879</u>	<u>444,019</u>	<u>462,898</u>	<u>595,216</u>
2018 total	<u>79,987</u>	<u>515,229</u>	<u>595,216</u>	
3. Funding for Academy's educational operations	Unrestricted Funds £	Restricted Funds £	2019 Total £	2018 Total £
DfE/ESFA Grants				
General Annual Grant (GAG)	-	9,209,596	9,209,596	9,835,841
Pupil Premium	-	366,778	366,778	397,643
Year 7 Catch Up	-	22,728	22,728	18,347
Other DfE/ESFA grants	-	152,807	152,807	75,030
Other Government Grants				
LA funds (Including Top-up SEN and Pupil Premium)	-	831,024	831,024	987,873
School Fund Income	17,087	19,054	36,141	41,006
Catering	375,193	-	375,193	368,613
Other Educational Operations				
Educational activities and visits	-	221,964	221,964	292,626
Other	7,695	107,136	114,831	105,700
	<u>399,975</u>	<u>10,931,087</u>	<u>11,331,062</u>	<u>12,122,679</u>
2018 total	<u>388,715</u>	<u>11,733,964</u>	<u>12,122,679</u>	
4. Other trading activities	Unrestricted Funds £	Restricted Funds £	2019 Total £	2018 Total £
Lettings, room and All Weather Pitch (AWP) hire	119,196	-	119,196	91,582
Service provision	191,720	-	191,720	152,974
Primary Catering	41,620	-	41,620	40,088
	<u>352,536</u>	<u>-</u>	<u>352,536</u>	<u>284,644</u>
2018 total	<u>284,644</u>	<u>-</u>	<u>284,644</u>	
5. Investment Income	Unrestricted Funds £	Restricted Funds £	2019 Total £	2018 Total £
Bank interest receivable	1,064	-	1,064	1,063
	<u>1,064</u>	<u>-</u>	<u>1,064</u>	<u>1,063</u>
2018 total	<u>1,063</u>	<u>-</u>	<u>1,063</u>	

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

6. Resources Expended	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	2019 Total £	2018 Total £
Expenditure on raising funds	220,984	47,979	20,810	289,773	245,456
Academy's educational operations					
Direct costs	7,477,837	692,666	486,597	8,657,100	9,441,847
Allocated support costs	2,104,953	960,641	1,187,160	4,252,754	4,349,627
Teaching School	-	-	-	-	-
Educational activities and school fund costs	20,622	-	247,401	268,023	358,803
	<u>9,824,396</u>	<u>1,701,286</u>	<u>1,941,968</u>	<u>13,467,650</u>	<u>14,395,733</u>
2018 total	<u>10,482,331</u>	<u>2,120,513</u>	<u>1,792,889</u>	<u>14,395,733</u>	

Incoming/Outgoing Resources for the Year Include:

	2019 £	2018 £
This is stated after charging:		
Depreciation	898,185	909,892
Loss on disposal of fixed assets	4,150	52,800
Operating leases	43,112	49,400
Fees payable to current auditor	15,095	16,160
- audit of the financial statements		
- other assurance services	5,065	8,390
- other services	-	500

7. Expenditure on raising funds	Unrestricted Funds £	Restricted Funds £	2019 Total £	2018 Total £
Teaching and educational support staff costs	53,193	-	53,193	49,283
Support staff costs	167,791	-	167,791	133,462
Heat and light	11,500	-	11,500	10,820
Rent and rates	5,500	-	5,500	5,033
Maintenance of premises and equipment	16,500	-	16,500	13,862
Cleaning	14,479	-	14,479	12,952
Catering	20,810	-	20,810	20,044
Other support costs	-	-	-	-
	<u>289,773</u>	<u>-</u>	<u>289,773</u>	<u>245,456</u>
2018 total	<u>245,456</u>	<u>-</u>	<u>245,456</u>	

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8. Charitable Activities	Unrestricted Funds	Restricted Funds	2019 Total	2018 Total
	£	£	£	£
Direct Costs - educational operations				
Teaching and educational support staff costs	-	7,477,837	7,477,837	8,175,513
Depreciation	-	688,516	688,516	713,932
Loss/(Profit) on disposal	-	4,150	4,150	52,800
Books, apparatus and stationery	-	170,478	170,478	180,134
Staff development	-	52,486	52,486	35,904
Examination fees	-	164,357	164,357	154,858
External Education Provision	-	29,843	29,843	17,410
Educational consultancy	-	13,365	13,365	34,590
Additional Pupil Premium costs	-	4,340	4,340	5,467
Other direct costs	-	51,728	51,728	71,239
	-	8,657,100	8,657,100	9,441,847
Support Costs - educational operations				
Support staff costs	191,804	1,913,149	2,104,953	2,103,162
Depreciation	-	209,669	209,669	195,960
Recruitment and support	-	27,493	27,493	39,187
Maintenance of premises	-	157,860	157,860	137,143
CIF expenditure	-	306,180	306,180	370,438
Equipment	-	56,333	56,333	66,021
Legal and professional	-	31,617	31,617	16,292
Cleaning	-	246,325	246,325	263,110
Rent and rates	-	57,959	57,959	58,836
Water Rates	-	46,880	46,880	55,153
Heat and light	-	167,698	167,698	165,218
Insurance	-	34,627	34,627	42,116
Security	-	8,006	8,006	6,848
Transport	-	74,017	74,017	84,380
Catering	172,866	40,217	213,083	210,092
Technology costs	-	201,047	201,047	224,275
<u>Operating Leases</u>				
Technology Costs	-	-	-	-
Photocopying	-	36,717	36,717	41,250
Other support costs	-	6,395	6,395	8,150
Photocopying	-	13,262	13,262	17,215
Bank Interest and Charges	-	5,582	5,582	5,155
Other support costs	-	44,668	44,668	43,500
	364,670	3,685,701	4,050,371	4,153,501
Educational activities and school fund costs				
Educational activities	-	201,595	201,595	271,715
Educational activities staff costs	-	20,369	20,369	20,911
School Fund expenditure	16,612	29,194	45,806	66,177
School Fund expenditure staff costs	-	253	253	-
	16,612	251,411	268,023	358,803
Support costs - governance				
Legal and professional fees	-	25,223	25,223	7,576
Net finance costs in respect of defined benefit pension schemes	-	157,000	157,000	164,000
Other costs	-	-	-	-
Auditors remuneration	-	20,160	20,160	24,550
	-	202,383	202,383	196,126
Total direct and support costs	381,282	12,796,595	13,177,877	14,150,277
2018 total	392,406	13,757,871	14,150,277	

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

9. Staff

a. Staff costs

	2019 £	2018 £
Staff costs during the period were:		
Wages and salaries	7,341,359	7,672,854
Social security costs	681,877	710,192
Pension costs	1,569,500	1,717,036
Apprenticeship Levy	21,967	23,347
	<u>9,614,703</u>	<u>10,123,429</u>
Supply staff costs	141,961	260,166
Staff restructuring costs	67,732	98,736
	<u>9,824,396</u>	<u>10,482,331</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	67,732	98,736
Other restructuring costs	-	-
	<u>67,732</u>	<u>98,736</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £17,100 (2018: £36,502). Individually, the payments were: £500, £500, £6,600, £9,500.

c. Staff numbers

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

	2019 No	2018 No
Charitable Activities		
Teachers	106	112
Administration and support	173	189
Management	14	16
	<u>293</u>	<u>317</u>

d. Higher paid staff

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

	2019 No	2018 No
£60,001 - £70,000	3	3
£70,001 - £80,000	1	2
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
	<u>6</u>	<u>7</u>

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £444,821 (2018: £467,156).

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

10. Central Services

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

- human resources
- financial services
- Health and safety and facilities management
- legal services
- educational support services
- professional services

The trust charges for these services on the following basis:

- Each academy was charged a lump sum, plus a percentage of estimated GAG income for the year. This is reviewed annually by the MAT board.

The actual amounts charges during the year were as follows:

	2019 £	2018 £
The Queen Katherine School	185,921	180,583
Walney School	131,874	125,832
George Hastwell School	83,874	78,726
	<u>401,669</u>	<u>385,141</u>

11. Transfers Between Funds

2019

Restricted general funds

General Annual Grant (GAG)

- Unrestricted general funds contributions towards GAG deficit
- Fixed assets purchased by GAG
- Unrestricted catering fund overhead contribution

156,353

-

10,542

166,895

Purchases from Other DfE/ESFA grants

(17,500)

149,395

Restricted fixed asset funds

Fixed assets used for charitable purposes

- Purchases from Other DfE/ESFA grants
- Purchases from All Weather Pitch designated fund
- Purchases from unrestricted general funds

17,500

88,188

-

105,688

Unrestricted school contribution to condition improvement fund project

7,305

Capital purchases from EFA capital maintenance fund

-

112,993

Unrestricted funds

Unrestricted general funds

- Unrestricted school contribution to condition improvement fund project
- Contributions towards GAG deficits

(7,305)

(156,353)

(163,658)

Purchases from All Weather Pitch designated fund

(88,188)

Unrestricted catering fund to the General Annual Grant restricted general fund to cover the overhead costs that could not be directly allocated on a consistent basis (net transfer across academies).

(10,542)

(262,388)

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**12. Related Party Transactions - Trustees' Remuneration and Expenses**

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. The executive headteacher, headteachers and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

S Wilkinson (Chief Executive Officer and trustee):

Remuneration	£40,001 - £45,000	(2018: £50,001 - £55,000)
Employer's pension contributions	£5,001 - £10,000	(2018: £5,001 - £10,000)

During the year ended 31 August 2019 there was £Nil (2018: £Nil) travel and subsistence expenses reimbursed to the trustees.

Other related party transactions involving the trustees are set out in a separate note.

13. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 (2018: £10,000,000 via Department for Education's risk protection arrangement) on any one claim and the cost for the year ended 31 August 2019 was £185 (2018: RPA no split available).

The cost of this insurance is included in the total insurance cost.

Notes to the Financial Statement for the Year Ended 31 August 2018

14. Tangible Fixed Assets

	Freehold Land & Buildings £	Long Leasehold Land & Buildings £	Plant & Machinery £	Furniture & Equipment £	ICT Equipment £	Motor Vehicles £	Total £
Cost							
As at 1 September 2018	7,065,281	6,623,151	6,061,692	408,877	350,455	27,000	20,536,456
Assets on conversion	-	-	-	-	-	-	-
Additions	88,188	-	-	17,500	-	-	105,688
Disposals	-	-	-	(11,174)	(138,215)	-	(149,389)
As at 31 August 2019	<u>7,153,469</u>	<u>6,623,151</u>	<u>6,061,692</u>	<u>415,203</u>	<u>212,240</u>	<u>27,000</u>	<u>20,492,755</u>
Depreciation							
As at 1 September 2018	1,571,107	770,474	2,336,757	225,704	330,820	15,610	5,250,472
Charge in year	238,819	200,728	404,136	41,546	10,108	2,848	898,185
Disposals	-	-	-	(7,024)	(138,215)	-	(145,239)
As at 31 August 2019	<u>1,809,926</u>	<u>971,202</u>	<u>2,740,893</u>	<u>260,226</u>	<u>202,713</u>	<u>18,458</u>	<u>6,003,418</u>
Net book values							
As at 31 August 2019	<u>5,343,543</u>	<u>5,651,949</u>	<u>3,320,799</u>	<u>154,977</u>	<u>9,527</u>	<u>8,542</u>	<u>14,489,337</u>
As at 1 September 2018	<u>5,494,174</u>	<u>5,852,677</u>	<u>3,724,935</u>	<u>183,173</u>	<u>19,635</u>	<u>11,390</u>	<u>15,285,984</u>

Asset Under Construction

The academy had an asset under construction at the year end for the new All Weather Pitch. This is included within Freehold Land & Buildings at a value of £197,828.

Land valuation

The trustees have valued the land at £1 for each academy in the MAT. This valuation reflects the fact that the land is tied specifically to educational use. No account has been taken in any potential development value.

Lease arrangements

The academy has a 125 year lease with Cumbria County Council for the land and buildings of Walney school, which commenced on 1 September 2014.

The academy has a 125 year lease with Cumbria County Council for the land and buildings of George Hastwell school, which commenced on 1 September 2015.

The academy trust's transactions relating to land and buildings during the year included:

- the granting of a leasehold on the Meadowview Nursery building for £12,000 per annum over a term of 5 years from 01/09/2018.

Condition Improvement Fund (CIF) projects

During the year the academy trust incurred expenditure on various projects which were funded by ESFA Condition Improvement Grants. The full cost of these projects have been treated as resources expended in the Statement of Financial Activities and are included within maintenance of premises.

Notes to the Financial Statement for the Year Ended 31 August 2018**14. Tangible Fixed Assets (continued)****Valuation Details****The Queen Katherine School**

Included within freehold buildings and plant and machinery are the following assets which were transferred on conversion to an academy. The freehold buildings, integral features and the plant and machinery were valued at 'build costs' of £11,649,701, £2,285,006 and £907,610 respectively on 23 June 2011 by Gary A Bushell, FRICS, AMAE of Bushell Raven Limited who is independent of the charitable company. The valuation by Gary A Bushell was based on the estimated rebuild costs, which the trustees have amended downwards to get to the Existing Use Value using a depreciated replacement cost approach. Under this approach the buildings were valued at £5,682,023 at the date of conversion with integral features and plant and machinery remaining unchanged at £2,285,006 and £907,610 respectively.

The Sandgate building which was transferred to the academy in the year ended 31 August 2012 was valued on 23 June 2011 by Gary A Bushell, FRICS, AMAE of Bushell Raven Limited who is independent of the charitable company. The freehold buildings, integral features and the plant and machinery were valued at 'build costs' of £772,632, £231,790 and £99,338 respectively.

The trustees note that the valuation date is later than the date of conversion on 01 April 2011, but believe that the valuation will not be any different at the conversion date compared to the valuation date.

Walney School

In addition to the assets on conversion above there was also assets valued at £312,100 which fall below the capitalisation policy of the academy which have not been recognised.

Included within leasehold buildings and plant and machinery are the following assets which were transferred on conversion to an academy. The freehold buildings, integral features and the plant and machinery were valued at 'build costs' of £12,337,677, £1,314,156 and £752,648 respectively on 24 June 2014 by Gary A Bushell, FRICS, AMAE of Bushell Raven Limited who is independent of the charitable company. The valuation by Gary A Bushell was based on the estimated rebuild costs, which the trustees have amended downwards to get to the Existing Use Value using a depreciated replacement cost approach. Under this approach the buildings were valued at £5,670,499 at the date of conversion with integral features and plant and machinery remaining unchanged at £1,314,156 and £752,648 respectively.

The trustees note that the valuation date is earlier than the date of conversion on 01 September 2014, but believe that the valuation will not be any different at the conversion date compared to the valuation date.

George Hastwell School

In addition to the assets on conversion above there was also assets valued at £107,373 which fall below the capitalisation policy of the academy which have not been recognised.

Included within leasehold buildings and plant and machinery are the following assets which were transferred on conversion to an academy. The freehold buildings, integral features and the plant and machinery were valued at 'build costs' of £2,148,440, £230,572 and £149,129 respectively on 12 June 2015 by Gary A Bushell, FRICS, AMAE of Bushell Raven Limited who is independent of the charitable company. The valuation by Gary A Bushell was based on the estimated rebuild costs, which the trustees have amended downwards to get to the Existing Use Value using a depreciated replacement cost approach. Under this approach the buildings were valued at £952,650 at the date of conversion with integral features and plant and machinery remaining unchanged at £230,572 and £149,129 respectively.

The trustees note that the valuation date is earlier than the date of conversion on 01 September 2015, but believe that the valuation will not be any different at the conversion date compared to the valuation date.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15. Fixed Asset Investments

Movement in fair value (market value)	2019 £	2018 £
Fair value (market value) at 1 September 2018	100,000	100,000
Acquisitions at cost	-	-
Movement in fair value in the year	-	-
Fair value (market value) at 31 August 2019	<u>100,000</u>	<u>100,000</u>

Analysis of investments between funds

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2019 £	Total Funds 2018 £
UK Property	-	-	100,000	100,000	100,000

The investment represents the school site house. It was transferred from the local authority on conversion when Walney school joined the MAT. The open market value as at 1 September 2014 was £100,000, this valuation was made by the trustees. The trustees consider that the property's current market value has not significantly changed since 1 September 2014.

16. Stock	2019 £	2018 £
Catering	3,000	2,468
Stationery	4,500	-
Uniforms	250	168
	<u>7,750</u>	<u>2,636</u>

17. Debtors	2019 £	2018 £
Trade debtors	54,505	43,729
VAT recoverable	173,098	235,492
Prepayments	119,771	122,073
Accrued income	122,028	224,163
Other debtors	1,070	1,070
	<u>470,472</u>	<u>626,527</u>

18. Creditors: Amounts Falling due Within One Year	2019 £	2018 £
Trade creditors	367,807	371,812
Taxation and social security	168,663	181,217
Sundry creditors	185,319	171,548
ESFA creditor	28,774	63,507
Accruals	171,022	211,122
Deferred income	108,368	64,115
	<u>1,029,953</u>	<u>1,063,321</u>

Deferred Income	2019 £	2018 £
Accruals and deferred income includes:		
Deferred income at 1 September 2018	64,115	81,305
Resources deferred in the year	108,368	64,115
Amounts released from previous years	(64,115)	(81,305)
Deferred income at 31 August 2019	<u>108,368</u>	<u>64,115</u>

Deferred income comprises:

LA funded statements and top ups	42,385
ESFA rates for the period September 2019 to March 2020	33,495
School trips income for future trips	32,488
Train passes income received in relation to the 2019/20 academic year	-
	<u>108,368</u>

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19. Funds	Balance at 01-Sep 2018 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2019 £
Restricted General Funds					
General Annual Grant (GAG)	78,307	9,209,596	(9,375,161)	166,895	79,637
Pupil Premium	-	366,778	(366,778)	-	-
Other DfE/ESFA grants	-	152,807	(135,307)	(17,500)	-
LA funds	-	831,024	(831,024)	-	-
Teaching School	-	-	-	-	-
Educational activities and visits	-	221,964	(221,964)	-	-
School Funds	29,492	19,054	(29,447)	-	19,099
Other restricted general funds	-	129,864	(129,864)	-	-
	<u>107,799</u>	<u>10,931,087</u>	<u>(11,089,545)</u>	<u>149,395</u>	<u>98,736</u>
Restricted Fixed Asset Funds					
Fixed assets used for					
Charitable purposes	15,285,984	-	(902,335)	105,688	14,489,337
Fixed asset investment	100,000	-	-	-	100,000
Devolved formula capital	-	151,535	(151,535)	-	-
Capital grants and donations	-	-	-	-	-
EFA capital maintenance fund 2019/20	-	292,484	(297,863)	7,305	1,926
EFA capital maintenance fund 2018/19	8,317	-	(8,317)	-	-
	<u>15,394,301</u>	<u>444,019</u>	<u>(1,360,050)</u>	<u>112,993</u>	<u>14,591,263</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(5,443,000)	-	(347,000)	(2,909,000)	(8,699,000)
Total Restricted Funds	<u>10,059,100</u>	<u>11,375,106</u>	<u>(12,796,595)</u>	<u>(2,646,612)</u>	<u>5,990,999</u>
Unrestricted Funds					
Unrestricted general funds	775,560	364,924	(273,182)	(163,658)	703,644
Unrestricted school funds	61,259	17,087	(16,612)	-	61,734
Catering fund	-	375,193	(364,651)	(10,542)	-
All Weather Pitch designated fund	103,077	15,250	(16,610)	(88,188)	13,529
Total Unrestricted Funds	<u>939,896</u>	<u>772,454</u>	<u>(671,055)</u>	<u>(262,388)</u>	<u>778,907</u>
Total Funds	<u>10,998,996</u>	<u>12,147,560</u>	<u>(13,467,650)</u>	<u>(2,909,000)</u>	<u>6,769,906</u>

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

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

General Annual Grant (GAG) fund

This represents the core funding for the educational activities of the schools that has been provided to the multi academy trust via the Educational & Skills Funding Agency (ESFA).

Pupil Premium

This represents funding paid by the DfE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with more advantaged students.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

LA Funds

This represents funding paid by Cumbria County Council to support a continuum of provision for students with special educational needs (SEN), learning difficulties and disabilities. This also includes the top up funding not received from the ESFA for George Hastwell school.

Teaching School Restricted

This represents grants paid from National College for Teaching and Leadership subject to specific conditions documented in individual funding offer letters.

School Funds

This represents restricted contributions to be extended on specific projects, activities and materials for the benefit of the pupils.

Educational Activities and visits

This represents mainly parental contributions. Voluntary income and educational income to be expended on specific projects, activities and materials for the benefit of the pupils.

All Weather Pitch

This represents funding paid by external users of the all weather pitch, a designated fund to be used for the replacement of the pitch.

Catering

This represents funding relating to the provision of school meals to students and staff.

Funds in Deficit

Pension Reserve Fund - this fund represents the deficit on the Local Government Pension Scheme (LGPS) at the year end.

The multi academy trust has entered into agreements effective from 01 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 01 April 2017.

Analysis of academies by fund balance

Fund balance at 31 August 2019 were allocated as follows:

	2019 £	2018 £
The Queen Katherine School	506,049	649,118
Walney School	162,028	201,477
George Hastwell	133,060	141,467
Central Services	76,506	55,633
Total before fixed assets and pension reserve	877,643	1,047,695
Restricted fixed asset fund	14,591,263	15,394,301
Pension reserve	(8,699,000)	(5,443,000)
Total	6,769,906	10,998,996

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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 dep'n)	2019	2018
	£	£	£	£	£	£
Queen Katherine School	3,885,460	1,282,370	271,290	1,363,778	6,802,898	7,143,767
Walney School	2,419,845	561,558	133,631	632,041	3,747,075	4,029,767
George Hastwell	1,168,376	192,507	52,238	182,985	1,596,106	1,849,481
Central Services	57,349	256,931	29,438	75,518	419,236	410,026
Academy Trust	7,531,030	2,293,366	486,597	2,254,322	12,565,315	13,433,041

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

	Balance at 01-Sep 2017	Incoming resources	Resources expended	Gains, Losses and Transfers	Balance at 31-Aug 2018
	£	£	£	£	£
Restricted General Funds					
General Annual Grant (GAG)	84,412	9,835,841	(10,026,723)	184,777	78,307
Pupil Premium	-	397,643	(397,643)	-	-
Other DfE/ESFA grants	-	75,030	(75,030)	-	-
LA funds	-	987,873	(987,873)	-	-
Teaching School	-	-	-	-	-
Educational activities and visits	-	292,626	(292,626)	-	-
School Funds	24,808	30,147	(25,463)	-	29,492
Other restricted general funds	-	114,804	(114,804)	-	-
	<u>109,220</u>	<u>11,733,964</u>	<u>(11,920,162)</u>	<u>184,777</u>	<u>107,799</u>
Restricted Fixed Asset Funds					
Fixed assets used for					
Charitable purposes	15,991,927	-	(962,692)	256,749	15,285,984
Fixed asset investment	100,000	-	-	-	100,000
Devolved formula capital	-	46,578	(46,578)	-	-
Capital grants and donations	-	145,000	-	(145,000)	-
EFA capital maintenance fund 2017/18	90,750	(3,581)	(87,169)	-	-
EFA capital maintenance fund 2018/19	-	327,232	(283,269)	(35,646)	8,317
	<u>16,182,677</u>	<u>515,229</u>	<u>(1,379,708)</u>	<u>76,103</u>	<u>15,394,301</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(6,333,000)	-	(458,000)	1,348,000	(5,443,000)
Total Restricted Funds	<u>9,958,897</u>	<u>12,249,193</u>	<u>(13,757,870)</u>	<u>1,608,880</u>	<u>10,059,100</u>
Unrestricted Funds					
Unrestricted general funds	827,586	369,418	(230,313)	(191,131)	775,560
Unrestricted school funds	91,114	10,859	(40,714)	-	61,259
Catering fund	-	368,613	(351,692)	(16,921)	-
All Weather Pitch designated fund	165,530	5,519	(15,144)	(52,828)	103,077
Total Unrestricted Funds	<u>1,084,230</u>	<u>754,409</u>	<u>(637,863)</u>	<u>(260,880)</u>	<u>939,896</u>
Total Funds	<u>11,043,127</u>	<u>13,003,602</u>	<u>(14,395,733)</u>	<u>1,348,000</u>	<u>10,998,996</u>

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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 £
Tangible fixed assets	-	-	14,489,337	14,489,337
Tangible fixed assets investment			100,000	100,000
Current assets	778,907	1,128,689	1,926	1,909,522
Current liabilities		(1,029,953)		(1,029,953)
Pension scheme liability	-	(8,699,000)	-	(8,699,000)
Total Net Assets	778,907	(8,600,264)	14,591,263	6,769,906

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	15,285,984	15,285,984
Tangible fixed assets investment			100,000	100,000
Current assets	939,896	1,171,120	8,317	2,119,333
Current liabilities		(1,063,321)		(1,063,321)
Pension scheme liability	-	(5,443,000)	-	(5,443,000)
Total Net Assets	939,896	(5,335,201)	15,394,301	10,998,996

21. Financial Commitments

Operating Leases

2019
£

2018
£

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

Assets other than land and buildings		
Amounts due within one year	34,416	34,541
Amounts due between two and five years inclusive	51,527	74,537
Amounts due after five years	-	-
	85,943	109,078

22. Capital Commitments

2019
£

2018
£

Contracted for, but not provided in the financial statements	1,926	69,803
	1,926	69,803

At the year end The Queen Katherine School had entered into a contract for CIF project works. The academy was committed to a further cost of £1,926 at the year end. The capital element and repairs element is £nil and £1,926 respectively.

23. 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.

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

24. Pension and Similar Obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Your Pension Service (YPS) for Cumbria County Council. 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 related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions payable to the schemes at 31 August and included in creditors were as follows:

	2019 £	2018 £
Teachers' Pension Scheme	98,627	103,294
Local Government Pension Scheme	48,481	50,677
	<u>147,108</u>	<u>153,971</u>

The total pension costs to the academy during the year ended 31 August and included in staff costs were as follows:

	2019 £	2018 £
Teachers' Pension Scheme	752,653	789,896
Local Government Pension Scheme	428,742	439,190
Local Government Pension Scheme deficit recovery	198,105	193,950
LGPS current service cost/contributions adjustment	190,000	294,000
	<u>1,569,500</u>	<u>1,717,036</u>

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**24. Pension and similar obligations (Continued)****Valuation of the Teachers' Pension Scheme (continued)**

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the TPS reassessed the employer contribution rate at 23.6% and will be payable from 1 September 2019..

The pension costs paid to TPS in the period amounted to £752,653 (2018: £789,896).

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

Under the definitions set out in FRS 102, the TPS is 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 (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the period were as follows:

	2019 £	2018 £
Employer's contributions	816,847	927,140
Employees' contributions	155,550	159,884
Total contributions	<u>972,397</u>	<u>1,087,024</u>

The agreed contribution rates for future years are as follows:

The Queen Katherine School - 16.1% for employers and 5.5% to 12.5% for employees.

Walney School - 16.9% for employers and 5.5% to 12.5% for employees.

George Hastwell School - 17.0% for employers and 5.5% to 12.5% for employees.

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

At the balance sheet date the scheme is in deficit. The Academy has entered into an agreement effective from 1 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 1 April 2017, including £192,200 in the year ended 31 March 2018, £196,400 in 2018-19 and £200,700 in 2019-20.

Impact of McCloud judgement

In 2015, the government introduced reforms to public sector pensions, meaning many public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to members in these schemes amounted to unlawful discrimination. This case is known as McCloud.

The Supreme Court decision in June 2019 not to allow the government leave to appeal, means the difference in treatment needs to be remedied across all relevant schemes, including the Local Government Pension Scheme (LGPS).

At the present time the academy has not considered the impact of McCloud on pension liabilities and no additional annual FRS102 actuarial valuation has been obtained for disclosed in the trust's 2018/19 financial statements. The implications will be considered in the next scheme valuation for 31 August 2020.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24. Pension and similar obligations (Continued)

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
<i>Average across the academies in the MAT</i>		
Inflation assumption (CPI)	2.03%	2.10%
Rate of increase in salaries	3.53%	3.60%
Rate of increase for pensions in payment / inflation	2.13%	2.20%
Discount rate for scheme liabilities	1.80%	2.80%

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	23.3	23.2
Females	25.9	25.8
<i>Retiring in 20 years</i>		
Males	25.6	25.5
Females	28.6	28.5

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	4,282,000	3,686,000
Government bonds	1,595,000	1,324,000
Other bonds	541,000	477,000
Property	505,000	688,000
Cash / liquidity	408,000	447,000
Other	1,533,000	947,000
Total market value of assets	8,864,000	7,569,000
Present value of scheme liabilities		
- Funded	(17,563,000)	(13,012,000)
- Unfunded	-	-
Surplus/(deficit) in the scheme	(8,699,000)	(5,443,000)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The actual return on scheme assets in the period was £630,000 (2018: £338,000).

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24. Pension and similar obligations (Continued)

Sensitivity analysis

The table below, as produced by Mercer sets out the impact of a small change in assumptions on the defined benefit obligation.

	At 31 August 2019		At 31 August 2018	
	Deficit	Change	Deficit	Change
Discount rate + 0.1%	8,317,000	(382,000)	5,160,000	(283,000)
Discount rate - 0.1%		390,000		
Mortality assumption - 1 year increase	9,008,000	309,000	5,672,000	229,000
Mortality assumption - 1 year decrease		(304,000)		
CPI rate + 0.1%	9,090,000	391,000	5,733,000	290,000
CPI rate - 0.1%		(383,000)		
Pay growth + 0.1%	8,773,000	74,000	5,501,000	58,000

Amounts recognised in the Statement of Financial Activities are as follows:

	2019	2018
	£	£
Current service cost (net of employee contributions)	(808,000)	(926,000)
Administrative expenses	(15,000)	(16,000)
Net Interest cost	(142,000)	(148,000)
Effect of curtailments	(29,000)	-
Total operating charge	<u>(994,000)</u>	<u>(1,090,000)</u>

Analysis of other recognised gains and (losses)

Remeasurements (liabilities)	(3,317,000)	1,178,000
Remeasurements (assets)	408,000	170,000
Total charge	<u>(2,909,000)</u>	<u>1,348,000</u>

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24. Pension and similar obligations (Continued)

Changes in the present value of defined benefit obligations were as follows:	2019 £	2018 £
At 01 September 2018	13,012,000	12,906,000
Current service cost	808,000	926,000
Interest cost	364,000	318,000
Employee contribution	157,000	159,000
Actuarial (gains)/losses - remeasurements	3,317,000	(1,178,000)
Curtailments	29,000	-
Benefits/transfers paid	(124,000)	(119,000)
Business combinations	-	-
Benefit obligation at 31 August 2019	17,563,000	13,012,000

Changes in the fair value of Academy's share of scheme assets:	2019 £	2018 £
At 01 September 2018	7,569,000	6,573,000
Return on plan assets	222,000	170,000
Administrative expenses	(15,000)	(16,000)
Actuarial gain/(losses) - remeasurements	408,000	170,000
Employer contributions	647,000	632,000
Employee contribution	157,000	159,000
Benefits/transfers paid	(124,000)	(119,000)
Business combinations	-	-
Closing fair value of scheme assets at 31 August 2019	8,864,000	7,569,000

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25. Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place within organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transactions

The following related party transactions took place in the period of account:

The academy trust paid £2,800 (2018: £610) for professional advice to Burnetts Solicitors for whom, the company secretary Michael James Walby, has a close connection.

- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook.

26. Subsidiary

QKS Meadowview Nursery Limited is a wholly owned subsidiary of the academy as it owns 100% of the ordinary share capital. The directors of QKS Meadowview Nursery Limited are S Wilkinson, S Pooley and P Townley.

Section 404 Companies Act 2006 requires group accounts to include a consolidated balance sheet and consolidated profit and loss account. The Queen Katherine School Multi Academy Trust has a subsidiary, QKS Meadowview Nursery Limited, which has been excluded from these accounts under section 405 Companies Act 2006 on the grounds that its inclusion is not material for the purpose of giving a true and fair view.

- The academy received rental income totalling £nil (2018: £12,000), recharged expenses totalling £nil (2018: £3,162), services totalling £3,698 (2018: £5,241) to the nursery on a cost basis and received a donation from the Nursery in the sum of £3,017 (2018: £60,000) in the year. At the year end sales invoices totalling £1,197 (2018: £1,203) were outstanding.
- The rent payable is at arms length, the rental value was calculated by an independent valuer (Hyde Harrington). None of the trustees participated in, nor influenced this valuation. On the 01 September 2018 a new nursery provider entered into a 5 year lease as described in note 14. This replaces the previous income line from meadowview nursery.
- In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

27. Agency Arrangements

The academy acts as an intermediary for the following agency arrangements, but has no responsibility for them. The receipts and payments during the year have been excluded from the statement of financial activities. An amount is included in other creditors relating to undistributed funds that is repayable as shown below:

	16-19 Bursary
Fund balance at 31 August 2018	44,107
Receipts from ESFA during the year	16,591
Distributions during the year	(31,924)
Fund balance at 31 August 2019	<u>28,774</u>

16-19 Bursary Fund

The academy trust distributes the 16-19 bursary funds to students as an agent for the ESFA