

EXCELL3 INDEPENDENT SCHOOLS LIMITED
(operating as King Solomon International Business School)
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2019



Company Limited by Guarantee
Registration Number: 07654452
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND

Members

D Illingworth
 C Imafidon (resigned 03 December 2018)
 C Reid (from 11 June 2018 till 17 Sep 2018)
 Dr. B. Lindsay - (Appointed 09 September 2019)
 C Byfield (appointed 16 April 2018)

Trustees

G Brown - (Resigned 1st January 2019)
 Dr C Byfield, Chair *
 C Bailey *
 Revd P Beetham (resigned 1 October 2018)
 C Brown, Vice Chair from (13 September 2018) *
 S Lawrence *
 C Reid (resigned 13 September 2018)
 S Forde, (resigned 19 July 19)
 S McConnell (resigned 1 October 2018)
 F Orchard (appointed 22 November 2018)
 J Boora (appointed 21 November 2018)
 C. Taylor (appointed 01 September 2019)
 Dr. M. Yeadon (appointed 01 September 2019)
 S Mian (appointed 28 May 2019)

**Members of Finance, Resources and Marketing Committee*

Senior management team

G Brown, Principal Designate (resigned Apr 2019)
 H Kent, Interim Head of Primary
 D Dunkley, Head of Secondary/Vice Principal
 A Simmonds, Chief Finance Officer (resigned Oct 2018)
 N Lewis, Chief Finance Officer (appointed Apr 2019, resigned Aug 2019)
 M Yates, Head of Teaching and Learning/Vice Principal
 J Bhalsod, SENCO
 S Brookes, Business & External Relations Manager
 G Christie, Assistant Vice Principal Secondary (resigned Aug 2019)
 M Grannell, Deputy Head of Primary
 MA King, School Improvement Director
 T Lecointe, Assistant Vice Principal Secondary (resigned Dec 2018)

Company registered number 07654452

Company name Excell3 Independent Schools Limited

Principal and registered office Learning Village
 Richard Street
 Birmingham
 West Midlands
 B7 4AA

Independent auditors UHY Hacker Young (Birmingham) LLP
 9-11 Vittoria Street
 Birmingham
 B1 3ND

Bankers Lloyds Bank
 114-116 Colmore Row
 Birmingham
 B3 3BD

Solicitors Anthony Collins Solicitors LLP
 134 Edmund Street
 Birmingham
 B3 2ES

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the financial statements and auditor's report 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 free school is based in central Birmingham with six students' streams at 1 September 2018, Reception, Year 1, Year 2 and Year 7 to Year 11 totalling 534 students.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The Academy Trust is a company limited by guarantee with no share capital (Registration Number: 07654452) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of Excell3 Independent Schools Limited are also the directors of the charitable company for the purposes of company law. The charitable company's only free school is King Solomon International Business School.

Details of the trustees who served during the year except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Trustees' Indemnities

Excell3 Independent Schools Limited has in place directors and trustees liability insurance indemnity cover to a limit of £5m.

Method of Recruitment and Appointment or Election of Trustees

The Trust shall have the following Trustees, as set out in its Articles of Association and Funding Agreement:

- up to 8 Trustees who are appointed by the Members;
- up to 1 Trustee appointed by Excell3 Ltd;
- up to 1 Trustee appointed by Woodard;
- minimum of 2 Parent Trustees who are elected by the parents of registered students at the Academy Trust;
- the total number of Trustees who are employees of the Academy Trust shall not exceed one third of the total number of Trustees;
- additional individuals can be Co-opted unto the board provided that the total amount of Trustees does not exceed 15.

Trustees are appointed for a 4 year period, although this time limit does not apply to the Principal if the Principal is a Trustee. Subject to remaining eligible to be a particular type of Trustees, any Trustees can be re-appointed or re-elected at a General Meeting.

When appointing new Trustees, the Board of Trustees will give consideration to the skills and experience mix of existing Trustees, in order to ensure the Board of Trustees has the necessary skills to contribute fully to the Academy Trust's ongoing development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the School and a chance to meet staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Trustees. As there are normally only new Trustee appointments each year, inductions tend to be done informally and are tailored specifically to the individual. Advantage is taken of specific courses offered by various external organisations as appropriate.

Training courses are organised during the year to keep the Trustees updated on relevant developments impacting on their roles and responsibilities. All Trustees have access to 'The Key' which provides regular updates.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**Organisational Structure**

The Board of Trustees will meet at least four times each academic year with an additional Strategic Planning meeting. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Trustees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings and through direct reporting from the elected Chair of each Committee. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 3 Committees of the Board of Trustees as follows:

- Finance, Resources and Marketing Committee
- Standards and Ethos Committee
- Secondary School Improvement Board

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure;
- to appoint or remove the Chair and 1 or Vice Chair; and
- to appoint and/or consider the performance management of the Principal.

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

The Trustees have devolved the day-to-day management of the Academy Trust to the Principal and the Senior Leadership Team ('SLT'). The SLT comprises the Principal, Vice Principal Head of Secondary, Chief Finance Officer, Vice Principal Director of Teaching and Learning, Vice Principal Head of Primary, Deputy Head of Primary, two Assistant Principal Charter Development, SENCO and the Business and Community Liaison Manager. The Principal is the Academy Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Academy Trust. The SLT implements the policies laid down by the Trustees and reports back to them on performance.

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider the Board of Trustees as comprising part of the key management personnel of the Academy Trust as they have overall control of the Academy Trust. All Trustees, other than the Director of Strategic Development to 16 April 2018 when they ceased to be employed by the school, gives of their time freely. Details of Trustee Expenses and related party transactions are disclosed in note 10 and note 28.

Trustees are required to disclose all relevant interests and register them with the Clerk to the Governors, and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises. Any transactions which occurred during the year with related parties are detailed in note 28 respectively.

The Principal and SLT are in charge of running and operating the Academy Trust on a day to day basis. The pay of the Principal and other members of the SLT are reviewed annually and increases are benchmarked against other Principals and SLT's pay within the Academy Sector and the employment market in the Birmingham area.

Trade union facility time

During the year there were no trade union officials represented at the trust.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**Connected Organisations, including Related Party Relationships**

There are no connected organisations to Excell3 Independent Schools Limited.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

The principle objects of the Academy Trust, as set out in its Articles of Association, are 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 with a designated multi - denominational Christian faith school, offering a broad and balanced curriculum) the academy conducted in accordance with the principles, practices and tenets of the Christian faith both generally and in particular in relation to daily acts of worship; and
- promote for the benefit of the inhabitants of the areas in which the Academy is situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The aims of the Academy Trust during the year ended 31 August 2019 are summarised below:

- To embed our vision in pursuit of education excellence, to develop our student character, equip students with the skills to effectively live, work and trade in the global economy and to be successful.
- To embed our Christian ethos evident throughout the school giving due regard to students of other faith traditions and none.
- To embed the school's international business specialism in all years of the school.
- To further develop the character of our students to enable them to be confident, well rounded individuals in terms of attitude, behaviour and academic aspirations.
- To seek to remove cultural barriers through promoting high expectations of all students and the provision of educational opportunities for all.
- To exceed progress measures in national performance table for all year groups.
- To continue to embed the International Baccalaureate (IB) learner profile in the curriculum
- To maximise engagement with students, their families and the local community.
- To establish and maintain effective and dynamic partnerships with local schools and other educational establishments.

The Academy Trust's main objectives for the period ended 31 August 2019 were focused as follows:

- 1 The implementation of a robust Monitoring, Evaluation and Review system (MER) which has ensured that there is a high quality of provision across the school.
- 2 To strengthen the Governing body and the SLT.
- 3 To implement a robust CPD programme to ensure that our staff develop professionally.
- 4 To continue to recruit fully qualified teachers with the specialisations needed to ensure students are able to work towards the IB.
- 5 To establish effective partnership between all stakeholders.

Public Benefit

The Academy Trust aims to advance for the public benefit education in Birmingham and the surrounding area, offering a broad curriculum and an excellent education environment for its students.

The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

The Directors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**STRATEGIC REPORT****Achievements and Performance**

The Academy Trust is in its fourth year of operation since it opened as an Academy Trust on 1 September 2015.

The Academy Trust is committed to continual improvement which is achieved in a number of ways, including improvement in planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning.

The focus of the leadership of teaching and learning across the school this year has been to establish clear guidelines for delivering high quality lessons, clear systems that enable the school to monitor the quality of teaching and learning and implementing effective interventions and support to address any areas of concern.

The CPD calendar focussed on the content of the new Teaching and Learning Toolkit which provides guidance and strategies to improve the consistency of teaching and learning. It has given staff opportunities to reflect upon their own practice, try out new ideas and then consider their effectiveness. The staff have been encouraged to work collaboratively to support and challenge each other.

The newly appointed aspiring Heads of Faculty were supported by senior leaders and the Head of Faculty Toolkit to assist in improving standards across the school. This toolkit sets out a clear rationale for monitoring and evaluation as well as clear templates and processes to complete their role.

Although disappointing that OfSTED have graded teaching and learning as inadequate they described these toolkits as green shoots that needed time to be fully embedded. It is worth noting that teaching and learning in the primary phase was generally described as good.

For this reason in the summer term we appointed permanent Heads of Faculty in the secondary, reviewed and updated the toolkits to improve them further and focussed on recruiting high quality subject specialists to deliver and engaging and challenging curriculum. In this process most of the staff delivering consistently inadequate lessons has chosen to leave the school and a number of staff that were not yet good have been supported to improve their practice. We ended the year with a strong team (experienced and subject specialists) recruited and ready to implement our toolkits and policies in September 2019.

Key student/outcome data

- Attendance for the whole school for the academic year 2018-2019 was 93.95% (2018 - 93.6%) (Primary 94.71% (2018 94.2%), Secondary 93.55% (2018 - 93.2%).
- Fixed term exclusion is 5.56% (2018 - 7.1%) exclusions as a proportion of the school roll.
- Permanent exclusion for the school is 0.16% (2017/2018 - 0.23%).
- The Year 2 results in May 2018 were disappointing showing students achieved 'secure' or 'above secure' in reading 50.9%, writing 15.8%) and mathematics 45.6%). As a result, the school implemented intervention strategies for those pupils to raise attainments. These strategies showed positive results. When assessed at the end of the school year, students achieved 'secure' or 'above secure' in Reading 71%), Writing 70%) and Mathematics 62%. Year 2 results in 2019 were much improved showing students achieved secure or above secure in Reading 77.5%, Writing 58.3% and in Maths 77.5%.
- Year 1 phonics outcome in 2019 was 81% (2018 83%).
- EYFS Good Level of Development in 2019 is 78.4%% (2018 83.3%).
- Progress differences between disadvantaged students and all students in the core subjects in the secondary school are less than 0.017% (2018 10%)
- Male and female students in Year 7 and Year 8 are both achieving above national expected progress in English and Maths with a gender difference of 0.26% (2018 11%) in English and 0.16% (2018 4%) in Maths.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**Other key student achievements**

- The school was presented with a Commendation by the Lord Mayor of Birmingham at the Council Chamber for winning best individual performance in the competition and got commended in the 'Knight of Saint Columba' for its production of Shakespeare's 'Midsummer Night's Dream'.
- Both Year 9 and Year 8 football teams were runners up in their league.
- Year 9 and Year 10 football teams reached the Aston Cup Football competition. The school represented Aston in the Athletics event held at Alexander Stadium.
- Students ran two successful enterprise days, both of which were highly supported by parents.
- The primary phase delivered an excellent Christmas production which resulted in increasing the reception PAN in 2018/2019.
- Several Year 8 students had their poems published in Busta Rhyme Anthology.

Key Performance Indicators

Although the Academy Trust's Funding Agreement is not subject to a specific carry forward limit on the amount of GAG funding, the main financial performance indicator is the level of reserves held at the balance sheet date and, in particular, the amount of GAG funding carried forward at the balance sheet date. At 31 August 2019, the balance of the GAG restricted fund was £5,000 (2018: £9,000), which is after a transfer in of £32,000 (2018: £55,000) from the unrestricted fund and net transfer in of £41,000 (2018 : £1,000) from the restricted fixed asset fund.

Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on student numbers, student numbers is also a key performance indicator. As noted earlier in this report, student numbers at the most recent census (Autumn 2019) were 593.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to DfE grant income (GAG, Pupil Premium and Year 7 Catch Up funding) for the period was 87% (90% 2018), while the percentage of staff costs to total costs was 70% (69% 2018).

	2019	2018
Pupil numbers	534	387
Staff costs as a % of revenue income received from ESFA	87%	90%
Staff costs as a % of total revenue grant income	84%	87%
Staff costs as a % of total costs	70%	69%
Capital expenditure per pupil	£99	£1,510

Going Concern

The academy trust has made a deficit in the year of £538,000 (2018 : £592,000). At a revenue level, the academy trust has made a deficit of £5,000 (2018 - surplus £7,000) excluding defined benefit pension liability movement. This has resulted in net current assets of £29,000 (2018 - £77,000).

The Board of Trustees undertook a strategic restructuring plan to reduce staffing and overhead cost over 3 years, which will come into effect in September 2019. This plan created savings which will cover the predictive clawback and any expected future fall in pupil numbers while creating a surplus.

Capital funding received in 17/18 to build a new state of the arts Sports Hall, was completed in November 2018, and once fully working conditions are established, will generate additional income as we invite the community to use the facilities outside school hours.

The Excell3 Trust has also developed a marketing strategy, which will involve creating a new website with a self-portal to attract new funding from the community. For example, sponsorships, donations and increase letting capacity for unused areas within our main building, without affecting the learning experience of our pupils. The self-portal has been established during December 2018, it is still in the phase of full implementation.

The Trustees have concluded that there exists a material uncertainty that may cast significant doubt upon the academy's ability to continue as a going concern. However, after making enquiries, they consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustment that might arise if the going concern basis for the preparation of the financial statements was not appropriate.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**FINANCIAL REVIEW****Overview**

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure of these grants are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the ESFA and other organisations and funders, and these are shown as restricted fixed asset funds in the Statement of Financial Activities. The balance of the restricted fixed asset fund is reduced by the depreciation charges on the assets acquired using these funds.

During the year ended 31 August 2019, the total expenditure of £3,664,000 was not covered by the recurrent grant funding from the EFA, together with other incoming resources. The excess of total expenditure over income resources for the period was £5,000 (2018 : Surplus £7,000).

Land, buildings and other assets are funded by the ESFA and other organisations in the form of a capital grant and are included in the Statement of Financial Activities, at £51,000 (2018 : £139,000).

The net book values of fixed assets at 31 August 2019 were £6,802,000 (2018 : £7,134,000) which includes the value of land and buildings of £6,422,000 (2018 : £6,556,000) and depreciation charges for the period of £385,000 (2018 : £383,000). The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the students of the Academy Trust.

The balances of total funds held at 31 August 2019 were £6,264,000 (2018 : £6,937,000) which comprised the following:

	£
Restricted Funds (excluding Pension Liability)	4,000
Restricted Pension Liability Fund	(567,000)
Restricted Fixed Asset Fund	6,827,000
Unrestricted Funds	Nil

The key financial policies reviewed and adopted during the period included the Financial Procedures policies, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Directors, Principal, Managers, Budget Holders and other staff, as well as the delegated authorities for spending.

Financial and Risk Management Objectives and Policies

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

- Official budgets
- Scheme of delegation
- Financial regulations
- Risk management policy

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

Reserves Policy

The Trustees will review the reserve levels of the Academy Trust annually. This review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also take into consideration the future plans of the Academy Trust, the uncertainty over future income streams, and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves would be approximately 2% of total incoming resources. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, long term staff absences etc. The trust recognises that in the past two years the Academy Trust has not maintained sufficient working capital in line with its policy. Going forward into 2019/20 the governing body has set a surplus budget which will ensure that it adheres to the reserve policy. Each month the budget will be reviewed against achieved actual results to ensure that the policy is achieved.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**PRINCIPLE RISKS AND UNCERTAINTIES**

The Trustees have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances. They have introduced systems, including operational procedures and internal financial controls in order to minimise this risk and are agreeing a Risk Management Strategy and Risk Management Plan. Where significant financial risk still remains, the Trustees have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan will be constantly reviewed in light of any new information and formally reviewed annually.

The principle risks and uncertainties facing the Academy Trust are as follows:

Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA. In the period, approximately 98% of the Academy Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure appropriate measures are in place to mitigate these risks.

Reputational

The continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing

The success of the Academy Trust is reliant on the quality of its staff, so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds

The Academy Trust has engaged Smith Cooper Chartered Accountants to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

The Trustees examine the financial health of the Academy Trust formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees and Finance, Resources and Marketing Committee meetings.

The Trustees recognise that the Local Government Pension Scheme deficit represents a significant potential liability to the Academy Trust. However, as the Trustees consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Plans for future periods**Future developments**

We have already moved teaching and learning forward to achieve 53% of lessons being considered at least good across the school in September 2018. This is due to the newly recruited staff, clear vision and expectations of leadership (emphasising the need for greater accountability) and the continued implementation of toolkits. We will continue to work towards the targets in the Post OfSTED Action Plan (POAP) which provide a clear framework for delivering consistently challenging and engaging teaching and learning across the school. The leadership have continued their implementation of robust systems by ensuring that the CPD calendar, the MER cycle, the school calendar and the POAP all work together. This will ensure that we are moving rapidly towards further improvements in teaching and learning.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

We are strengthening our marketing strategy making sure that it is more strategic and leads to sustainable improvement. We are seeking to identify various client groups / stakeholders who we can collaborate with to share the Vision. We are looking to become a leader in the education sector influencing decision makers in that field.

The POAP has been developed to demonstrate that we have the capacity to secure the improvements required in order to ensure that our students achieve an education of the highest quality. We have recently recruited staff of high calibre with proven experience who will improve standards across the school. Our Senior Leadership Team have become the key drivers for improvement; being exemplars of good practise, having robust systems in place and holding staff to account.

Now that the building works are completed our aim is to establish the school as a hub within the community to promote cohesion and partnership on a wider scale between various stakeholders (schools, colleges, University, Churches, community groups and business).

Further enhance our programme for working with parents as co - educators. Part of that plan will be to use the Parents School Partnership more strategically.

Funds held as custodian

The Academy Trust and its Trustees do not act as Custodian Trustees of any other charity.

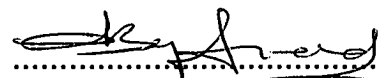
Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a strategic report was approved by the board of trustees, as the company directors on 21 November 2019 and signed on their behalf by:


.....

C Byfield

Chair of Trustees

21 November 2019

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Excell3 Independent Schools Limited has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Headteacher, Phil Kelly, 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 Excell3 Independent Schools Limited 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 board of trustees has formally met 11 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
G Brown	6	7
Dr C Byfield, Chair	10	11
C Bailey	9	11
Revd P Beetham (resigned 1 October 2018)	1	1
C Brown, Vice Chair from 13 September 2018	9	11
S Lawrence	10	11
C Reid (resigned 13 September 2018)	1	1
M King	3	3
S Forde	8	11
S McConnell (resigned 1 October 2018)	-	1
F Orchard (appointed 22 November 2018)	2	7
J Boora (appointed 21 November 2018)	3	5
S Mian (appointed 28 May 2019)	3	3

The Board of Trustees has seen some changes in the year as it has appointed additional Trustee as the Governing body recognised that additional skills and expertise were required by the board.

This has been a challenging year for the board, coping with no 'brought forward reserves' and falling pupil numbers. This Academy trust is no different from other academies across the country where finances are extremely tight. However, this challenge has been effectively managed by our Chief Finance Officer who is a Qualified Chartered Accountant and the Chair of the Finance, Resources and Marketing Committee who has a strong financial background in academy finances.

Governance Review

The Governing Body undertook a review on the effectiveness of the governance structure and was satisfied that the revised structure were more robust. It became clear in the review that the previous governance structure was cumbersome and would benefit from being streamlined. As a result the number of committees has been reduced and the new committees now have a clear structure and mandate

Within the review it also became apparent that there were weaknesses within the Governing Body and a recruitment drive was undertaken. The resultant Trustees appointments have strengthened the board and covered the missing skills gap identified in the review.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees roles are steadily being embedded which has resulted in greater levels of contribution from the Trustees as they take responsibility for specific aspects of governance. The board has nominated three governors to act as Link Governors which allows them to work strategically with the Principal and SLT in the following areas:

- Strategic Planning; Governance, Leadership and Staffing
- Teaching and Learning
- Attendance and Punctuality

The Board carried out a further skills audit to ensure that it now has all the skills required to govern the Academy Trust.

The Board of trustees has met more than 6 times this year, committing to ensuring effective oversight of the academy trust funds.

The **Finance, Resources and Marketing Committee** is a sub-Committee of the Board of Trustees . Its purpose is to provide oversight, guidance and assistance to the Board of Trustees on all matters related to Finance, Resources, Premises, Health & Safety and Marketing of the Academy Trust. This committee also acts as the Academy Trust's Audit Committee.

Trustee	Meetings attended	Out of a Possible
C Brown	4	4
C Bailey	2	4
Dr C Byfield	2	3
M King	3	3
G Brown	-	1
S Lawrence	4	4

Review of Value for Money

As accounting officer the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Renegotiated a recruitment contract at 10% less than the previous year.
- Sourcing and effectively negotiating deals with a range of suppliers for its capital fixtures and furniture budget to ensure the school obtained value for money.
- Reviewing all contracts to ensure value for money has been obtained and renegotiated i.e. cleaning.
- Sourced an energy consultant who has negotiated the cheapest energy contractors for our new building.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Excell3 Independent Schools Limited for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Capacity to Handle Risk**

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

The Risk and Control Framework

The Excell3 Independent Schools Limited 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 Resources and Premises 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. This role is undertaken by Smith Cooper Accountants as Responsible Officer (RO), to perform additional checks. The reviewer's role includes performing a range of checks on the Academy Trust's financial systems. The checks carried out in the current period included:

- review of and testing of income recognition and recording systems and procedures
- review of and testing of payroll systems and procedures
- review of and testing of procurement systems and procedures
- review of and testing of control account reconciliation procedures
- review of and testing of bank control procedures
- review of management information preparation procedures, including information prepared for and presented to the Board of Trustees

On an annual basis, the reviewer reports to the board of trustees through the finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The RO has delivered the schedule of work as planned and there were no material control issues identified. The recommendations within the report are in the process of being acted upon.

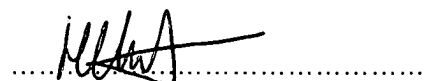
Review of Effectiveness

As Accounting Officer, of Excell3 Independent Schools Limited, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the reviewer;
- 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 Resources and Premises Committee.

Approved by order of the members of the board of trustees on 21 November 2019 and signed on its behalf by:

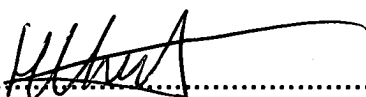
**C Byfield****Chair of Trustees****21 November 2019****H Kent****Accounting Officer****21 November 2019**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Excell3 Independent Schools Limited 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 ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the 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 the ESFA.



.....
H Kent

Accounting Officer

21 November 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who act as trustees of Excell3 Independent Schools Limited 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 issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

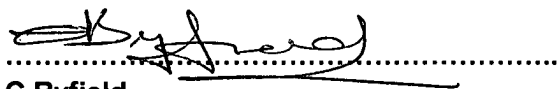
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy 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 the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 21 November 2019 and signed on its behalf by:



C Byfield

Chair of Trustees

21 November 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXCELL3 INDEPENDENT SCHOOLS LIMITED FOR THE YEAR ENDED 31 AUGUST 2019**Opinion**

We have audited the financial statements of Excell3 Independent Schools Limited (the 'academy trust') for the year ended 31 August 2019 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Statement of Accounting Policies on page 25 concerning the charitable company's ability to continue as a going concern. The charitable company is reliant on the Education and Skills Funding Agency for funding to offset the Pupil Number Adjustment recovery payment. The academy is reporting a net current asset position of £29,000 which is mainly due to a PNA creditor of £261,947.

This condition, together with the other matters set out in the Statement of Accounting Policies, indicates the existence of a material uncertainty which may cast significant doubt on the charitable company's ability to continue as a going concern in the longer term. The financial statements do not include the adjustments that would result if the charitable company was unable to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXCELL3 INDEPENDENT SCHOOLS LIMITED FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, governance statement, statement on regularity, propriety and compliance and statement of trustees responsibilities other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

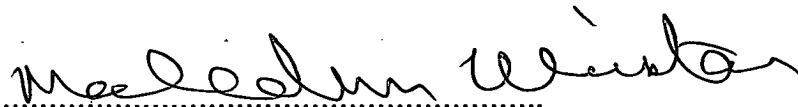
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXCELL3 INDEPENDENT SCHOOLS LIMITED FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

21 November 2019

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO EXCELL3 INDEPENDENT SCHOOLS LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2019

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

This report is made solely to the Excell3 Independent Schools Limited and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it 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 Excell3 Independent Schools Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Excell3 Independent Schools Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Excell3 Independent Schools Limited funding agreement with the Secretary of State for Education dated 9 December 2011, and the Academies Financial Handbook extant from 1 September 2018 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON
REGULARITY TO EXCELL3 INDEPENDENT SCHOOLS LIMITED AND THE EDUCATION AND
SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**

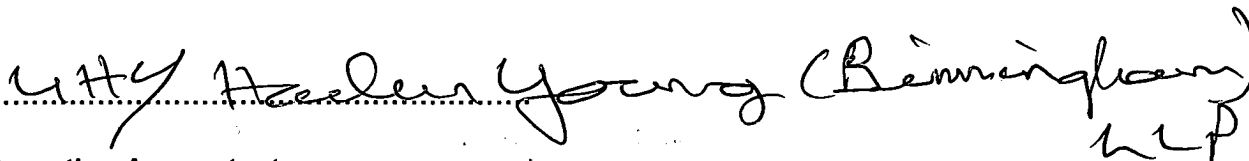
Approach (con't)

Summary of the work undertaken was as follows:

- Analytical review of the Academy Trust's general activities are within the Academy Trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the Academy Trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the Academy Trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy Trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the Academy Trust's charitable objectives.

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 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


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Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND
21 November 2019

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019
(Including Income and Expenditure Account)


		Unrestricted	Restricted	Restricted		
	Note	Funds	General	Fixed	Total	Total
		£'000	Funds	Asset	2019	2018
		£'000	£'000	Funds	£'000	£'000
Income from:						
Donations and capital grants	3	1	-	51	52	139
Charitable activities:						
- Funding for the Academy Trust's educational operations	4	69	2,984	-	3,053	2,745
Other trading activities	5	21	-	-	21	15
Investment income	6	-	-	-	-	-
Total		91	2,984	51	3,126	2,899
Expenditure on:						
Raising funds	7	59	-	-	59	86
Charitable activities:						
- Academy Trust's educational operations	7 & 8	-	3,220	385	3,605	3,405
Other	9	-	-	-	-	-
Total	7	59	3,220	385	3,664	3,491
Net income/(expenditure)		32	(236)	(334)	(538)	(592)
Transfers between funds	16	(32)	73	(41)	-	-
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension schemes	26	-	(135)	-	(135)	113
Net movement in funds		-	(298)	(375)	(673)	(479)
Reconciliation of funds						
Total funds brought forward		-	(265)	7,202	6,937	7,416
Total funds carried forward	16	-	(563)	6,827	6,264	6,937

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

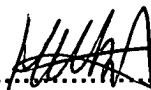
BALANCE SHEET AS AT 31 AUGUST 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	12	<u>6,802</u>	<u>7,134</u>
		<u>6,802</u>	<u>7,134</u>
Current assets			
Debtors	13	111	309
Cash at bank and in hand		<u>358</u>	<u>238</u>
		<u>469</u>	<u>547</u>
Current liabilities			
Creditors: Amounts falling due within one year	14	<u>(440)</u>	<u>(470)</u>
Net current assets		29	77
Total assets less current liabilities		6,831	7,211
Creditors: Amounts falling due after more than one year	15	-	-
Net assets excluding pension liability		6,831	7,211
Defined benefit pension scheme liability	26	(567)	(274)
Total Net Assets		<u>6,264</u>	<u>6,937</u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	6,827	7,202
- Restricted income fund	16	4	9
- Pension reserve	16	<u>(567)</u>	<u>(274)</u>
Total restricted funds		<u>6,264</u>	<u>6,937</u>
Unrestricted income fund	16	-	-
Total unrestricted funds		<u>-</u>	<u>-</u>
Total Funds		<u>6,264</u>	<u>6,937</u>

The financial statements on pages 22 to 43 were approved by the trustees and authorised for issue on 21 November 2019 and signed on their behalf by:



C Byfield
 Chair of Trustees



H Kent
 Accounting Officer

21 November 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by operating activities	20	122	614
Cash flows from investing activities	21	(2)	(445)
Cash flows from financing activities	22	-	-
Change in cash and cash equivalents in the reporting period		<u>120</u>	<u>169</u>
 Cash and cash equivalents at 1 September	23	238	69
Cash and cash equivalents at 31 August	23	<u>358</u>	<u>238</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019**1 Statement of Accounting Policies**

A summary of 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.

Excell3 Independent Schools Limited meets the definition of a public benefit entity under FRS 102.

Going Concern

The academy trust has made a deficit in the year of £538,000 (2018 - £592,000). At a revenue level, the academy trust has made a deficit of £5,000 (surplus 2018 - £7,000). This has resulted in net current assets of £29,000 (2018 - £77,000).

The Board of Trustees undertook a strategic restructuring plan to reduce staffing and overhead cost over 3 years, which will come into effect in September 2019. This plan created savings which will cover the predictive clawback and any expected future fall in pupil numbers while creating a surplus.

Capital funding received in 17/18 to build a new state of the arts Sports Hall, was completed in November 2018, and once fully working conditions are established, will generate additional income as we invite the community to use the facilities outside school hours.

The Excell3 Trust has also developed a marketing strategy, which will involve creating a new website with a self-portal to attract new funding from the community. For example, sponsorships, donations and increase letting capacity for unused areas within our main building, without affecting the learning experience of our pupils. The self-portal has been established during December 2018, it is still in the phase of full implementation.

The Trustees have concluded that there exists a material uncertainty that may cast significant doubt upon the academy's ability to continue as a going concern. However, after making enquiries, they consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustment that might arise if the going concern basis for the preparation of the financial statements was not appropriate.

Income

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

- **Grants**

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

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

- **Sponsorship income**

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

- **Donations**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

- **Other income**

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

- **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'.

- **Donated goods, facilities and services (continued)**

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.

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

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 inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

Tangible Fixed Assets (continued)

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Freehold buildings	2%
Furniture and equipment	25%
Computer equipment and software	33.33%

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

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

Leased assets

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instrument, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is a 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 multi funded 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 the scheme introductions, benefit changes, settlements and curtailments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

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.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

2 GENERAL ANNUAL GRANT (GAG)

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 (See note 16).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Devolved formula capital grant	-	25	25	8
Academy capital maintenance grant	-	26	26	131
Voluntary donations	1	-	1	-
School fund	-	-	-	-
	<u>1</u>	<u>51</u>	<u>52</u>	<u>139</u>

The income from donations and capital grants was £52,000 (2018 : £139,000) of which £1,000 (2018 : £Nil) was unrestricted, £Nil (2018 : £Nil) restricted and £51,000 (2018 : £139,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	2,527	2,527	2,129
Start up grant	-	88	88	185
Pupil premium grant	-	274	274	242
Teachers pay grant	-	19	19	-
Other grants	-	69	69	90
	<u>-</u>	<u>2,977</u>	<u>2,977</u>	<u>2,646</u>
Other Government grants				
Special educational needs grant (BCC)	-	5	5	19
Other grants	-	2	2	-
	<u>-</u>	<u>7</u>	<u>7</u>	<u>19</u>
Other income from the academy trust's educational operations				
	69	-	69	80
	<u>69</u>	<u>-</u>	<u>69</u>	<u>80</u>
	<u>69</u>	<u>2,984</u>	<u>3,053</u>	<u>2,745</u>

The income from the Academy Trusts's educational operations was £3,053,000 (2018 : £2,745,345) of which £69,000 (2018 : £79,739) was unrestricted and £2,984,000 (2018 : £2,665,606) was restricted.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Lettings	20	-	20	14
Other Income	1	-	1	1
	<u>21</u>	<u>-</u>	<u>21</u>	<u>15</u>

The income from the Academy Trusts's other trading activities was unrestricted for both 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
6 INVESTMENT INCOME				
Bank interest received	-	-	-	-
	-	-	-	-

The income from the Academy Trusts's investment income was unrestricted for both 2019 and 2018.

7 EXPENDITURE

	Non Pay Expenditure			Total 2019 £'000	Total 2018 £'000
	Staff Costs £'000	Premises £'000	Other Costs £'000		
Expenditure on raising funds					
- Direct costs	-	-	-	-	-
- Allocated support costs	45	-	14	59	86
Academy's educational operations					
- Direct costs	1,960	-	104	2,064	1,864
- Allocated support costs	574	620	347	1,541	1,541
	<u>2,534</u>	<u>620</u>	<u>451</u>	<u>3,605</u>	<u>3,491</u>
	<u>2,579</u>	<u>620</u>	<u>465</u>	<u>3,664</u>	<u>3,491</u>

The expenditure was £3,664,000 (2018 : £3,490,856) of which £59,000 (2018 : £40,264) was unrestricted, £3,220,000 (2018 : £2,995,825) restricted and £385,000 (2018 : £554,763) restricted fixed assets.

	2019 £'000	2018 £'000
Net income/(expenditure) for the year includes:		
Depreciation	385	383
Fees payable to auditor for:		
- audit	6	6
- other services	2	-

8 CHARITABLE ACTIVITIES

	Total 2019 £'000	Total 2018 £'000
Direct costs - educational operations	2,064	1,864
Support costs - educational operations	1,541	1,541
	<u>3,605</u>	<u>3,405</u>
Analysis of Support Costs		
	Total 2019 £'000	Total 2018 £'000
Support staff costs	574	622
Depreciation	385	383
Technology costs	17	24
Premises costs	235	319
Other support costs	205	172
Governance	125	21
	<u>1,541</u>	<u>1,541</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

9 STAFF COSTS

	2019	2018
	£'000	£'000
a Staff costs during the year were:		
Wages and salaries	1,781	1,610
Social security costs	160	153
Pension costs	408	426
	<u>2,349</u>	<u>2,189</u>
Agency staff costs	227	204
Staff restructuring costs	3	-
	<u>2,579</u>	<u>2,393</u>
Staff restructuring costs comprise:		
Redundancy payments	3	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>3</u>	<u>-</u>

b Staff severance payments

Included in staff restructuring costs is £3,048 (2018 : £Nil) of non-statutory/non-contractual severance payments. Individually the payments were £1,524 on 28 November 2018 and £1,524 on 28 March 2019 (2018 : £Nil).

c Staff numbers

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2019 expressed as whole persons was as follows:

	2019	2018
	No	No
Charitable Activities		
Teachers	25	22
Administration and support	44	40
Management	7	2
	<u>76</u>	<u>64</u>

d Higher paid staff

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

	No	No
£60,001 - £70,000	<u>2</u>	<u>2</u>

e Key management personnel

The key management of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £487,265 (2018 : £467,922).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The headteacher and other staff trustees receive remuneration in respect of their contracts of employment as headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

C Byfield (Chief Executive Officer and Trustee)		
Remuneration	£Nil	(2018:£30,000 - £35,000)
Employers pension contribution	£Nil	(2018:£0 - £5,000)
G Brown (Accounting Officer and Trustee)		
Remuneration	£25,000 - £30,000	£Nil
Employers pension contribution	£0 - £5,000	£Nil
MA King (Accounting Officer and Trustee)		
Remuneration	£25,000 - £30,000	£Nil
Employers pension contribution	£0 - £5,000	£Nil

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

During the year ended 31 August 2019, expenses totalling £647 (2018 - £947) were reimbursed to 3 Trustees (2018 - 4).

Other related party transactions including trustees are set out in note 27.

11 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 on any one claim. It is not possible to quantify the trustees and officers element from the overall cost of the RPA scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

12 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2018	6,996	277	850	8,123
Additions	-	48	5	53
Disposals	-	-	-	-
At 31 August 2019	<u>6,996</u>	<u>325</u>	<u>855</u>	<u>8,176</u>
Depreciation				
At 1 September 2018	440	90	459	989
Charged in year	134	72	179	385
Disposals	-	-	-	-
At 31 August 2019	<u>574</u>	<u>162</u>	<u>638</u>	<u>1,374</u>
Net book value				
At 31 August 2019	<u>6,422</u>	<u>163</u>	<u>217</u>	<u>6,802</u>
At 31 August 2018	<u>6,556</u>	<u>187</u>	<u>391</u>	<u>7,134</u>

Included in freehold property is land at a valuation of £300,000 (2018 - £300,000) which is not depreciated.

Freehold property consists of Waterlinks House which has been renovated throughout the current and prior years. The building is currently recognised at historical cost, however following the year end a valuation has taken place which will be included in the accounts to 31 August 2020.

	2019 £'000	2018 £'000
13 DEBTORS		
Trade debtors	6	3
VAT recoverable	13	91
Other debtors	72	153
Prepayments and accrued income	20	62
	<u>111</u>	<u>309</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	53	109
Other taxation and social security	42	38
Other creditors	32	27
ESFA creditor: abatement of GAG	262	242
Accruals	33	15
Deferred income	18	39
	<u>440</u>	<u>470</u>

Deferred Income

	2019 £'000	2018 £'000
Deferred income at 1 September 2018	39	55
Resources deferred in the year	18	39
Amounts released from previous years	(39)	(55)
Deferred income at 31 August 2019	<u>18</u>	<u>39</u>

Deferred income relates to universal infant free school meals grant 18,100 (2018: £26,512), special education needs grant £Nil (2018: £6,000), and other income £Nil (2018: £6,458) received in the year but which will be utilised in the year ended 31 August 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General annual grant (GAG) (note i)	9	2,527	(2,605)	73	4
Start up grant (note v)	-	88	(88)	-	-
Pupil premium grant (note ii)	-	274	(274)	-	-
Year 7 catch up grant (note iii)	-	8	(8)	-	-
Other DFE/ESFA grants (vii)	-	80	(80)	-	-
Special needs grant - WCC (note iv)	-	5	(5)	-	-
Other grants - (note vi)	-	2	(2)	-	-
	<u>9</u>	<u>2,984</u>	<u>(3,062)</u>	<u>73</u>	<u>4</u>
Restricted fixed asset funds					
Fixed assets donation (note ix)	4,313	-	(87)	-	4,226
Academy capital maintenance grant (note viii)	2,878	26	(294)	(41)	2,569
Capital expenditure from GAG (note x)	5	-	(2)	-	3
Big Lottery	6	-	(2)	-	4
Devolved formula capital grant (note viii)	-	25	-	-	25
	<u>7,202</u>	<u>51</u>	<u>(385)</u>	<u>(41)</u>	<u>6,827</u>
Restricted pension scheme liability					
Pension reserve (note xii)	(274)	-	(158)	(135)	(567)
	<u>(274)</u>	<u>-</u>	<u>(158)</u>	<u>(135)</u>	<u>(567)</u>
Total restricted funds					
Unrestricted funds					
Unrestricted funds (notes xi)	-	91	(59)	(32)	-
Total unrestricted funds	<u>-</u>	<u>91</u>	<u>(59)</u>	<u>(32)</u>	<u>-</u>
Total funds	<u>6,937</u>	<u>3,126</u>	<u>(3,664)</u>	<u>(135)</u>	<u>6,264</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

16 FUNDS (cont'd)

Notes

- i) General Annual Grant must be used for the normal running costs of the School. 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 would carry forward at 31 August 2019. (see note 2)
- ii) Pupil Premium grant has been used to support children from low income families placed at the School.
- iii) Pupil Premium catch-up money was used for individual and small-group tuition for year 7 pupils to promote improvements with literacy and numeracy.
- iv) Special needs grant from BCC has been used to support pupils with learning or behavioural issues by providing teaching and teaching assistant support.
- v) Start Up grants from the ESFA have been used for the initial establishment costs of the school.
- vi) Other grants, mainly from BCC, has been used to improve skills for employment and behaviour in school.
- vii) Other DFE/ESFA grants have supported teacher pay rises, free school meals and sporting activities.
- viii) Devolved formula capital and Academy capital maintenance grant has been used for computer equipment and furniture during the year.
- ix) Restricted fixed assets were donated from BCC and recognised as freehold land and buildings.
- x) The gross transfer from the restricted general fund to the restricted fixed asset fund of £Nil (2018: £237,000) represents the total capital expenditure from GAG during the year.
- xi) A gross transfer from the unrestricted fund to GAG of £32,000 (2018: £54,438) has been used to contribute to the finances of the trust.
- xii) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 26).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

16 FUNDS (cont'd)

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

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	2	2,129	(2,178)	56	9
Start up grant	-	185	(185)	-	-
Pupil premium grant (note ii)	-	241	(241)	-	-
Year 7 catch up grant (note iii)	-	-	-	-	-
Special needs grant - BCC (note iv)	-	20	(20)	-	-
School fund (note v)	-	-	-	-	-
Other grants - (note vi)	-	90	(90)	-	-
	<u>2</u>	<u>2,665</u>	<u>(2,714)</u>	<u>56</u>	<u>9</u>
Restricted fixed asset funds					
Devolved formula capital grant (note viii)	-	8	-	(8)	-
Fixed assets donation (note ix)	4,403	-	(90)	-	4,313
Academy capital maintenance grant (note viii)	3,207	131	(460)	-	2,878
Capital expenditure from GAG (note x)	1	-	(3)	7	5
Big lottery grant	8	-	(2)	-	6
	<u>7,619</u>	<u>139</u>	<u>(555)</u>	<u>(1)</u>	<u>7,202</u>
Restricted pension scheme liability					
Pension reserve (note xii)	(205)	-	(182)	113	(274)
	<u>(205)</u>	<u>-</u>	<u>(182)</u>	<u>113</u>	<u>(274)</u>
Total restricted funds	7,416	2,804	(3,451)	168	6,937
Unrestricted funds					
Unrestricted funds (notes xi)	-	95	(40)	(55)	-
Total unrestricted funds	-	95	(40)	(55)	-
Total funds	7,416	2,899	(3,491)	113	6,937

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	6,802	6,802
Current assets	-	-	444	25	469
Current liabilities	-	-	(440)	-	(440)
Non current liabilities	-	-	-	-	-
Pension scheme liability	-	(567)	-	-	(567)
	<u>-</u>	<u>(567)</u>	<u>4</u>	<u>6,827</u>	<u>6,264</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

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

Fund balances at 31 August 2018 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	
	£'000	Funds	Funds	Restricted	Total
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	7,134	7,134
Current assets	95	-	369	83	547
Current liabilities	(95)	-	(360)	(15)	(470)
Non current liabilities					
Pension scheme liability	-	(274)	-	-	(274)
	<u>-</u>	<u>(274)</u>	<u>9</u>	<u>7,202</u>	<u>6,937</u>

18 CAPITAL COMMITMENTS

Contracted for, but not provided in the financial statements

Authorised by trustees, but not yet contracted

2019	2018
£'000	£'000
Nil	Nil
<u>Nil</u>	<u>Nil</u>

19 COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2019	2018
	Other	Other
	£'000	£'000
Operating leases which expire:		
- Within one year	-	-
- Within two to five years	-	-
- After five years	-	-
	<u>-</u>	<u>-</u>

20 RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£'000	£'000
Net expenditure for the reporting period (as per the statement of financial	(538)	(592)
Adjusted for:		
Depreciation (note 12)	385	383
Capital grants from DfE and other capital income	(51)	(139)
Capital funding received from sponsors and others	-	-
Interest receivable (note 6)	-	-
Interest payable	-	-
Defined benefit pension scheme cost less contributions payable (note 26)	152	169
Defined benefit pension scheme finance cost (note 26)	6	13
Decrease in debtors	198	566
(Decrease)/increase in creditors	(30)	214
Net cash provided by operating activities	<u>122</u>	<u>614</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

21 CASH FLOWS FROM INVESTING ACTIVITIES

	2019 £'000	2018 £'000
Interest received	-	-
Purchase of tangible fixed assets	(53)	(584)
Capital grants from DfE/ESFA	51	139
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	(2)	(445)

22 CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by financing activities	-	-

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug 2019 £'000	At 31 Aug 2018 £'000
Cash in hand and at bank	358	238
Total cash and cash equivalents	358	238

24 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to :

- the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

A claim for unfair dismissal has been lodged against the academy trust in 2018/19. It is not possible to estimate the potential effect of this claim and therefore no provision has been included within the financial statements.

25 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.

26 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 Warwickshire County Council Pension Fund. Both are defined multi employer benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2019 was £408,119 (2018: £426,010) of which £156,479 (2018 : £147,010) relates to the TPS and £251,640 (2018: £279,000) relates to LGPS.

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

Contributions amounting to £32,387 were payable to the schemes at 31 August 2019 (2018: £23,815) and are included within creditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)**Teachers' Pension Scheme****Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Changes

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

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

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

The employers pension costs paid to TPS in the period amounted to £156,479 (2018: £147,010).

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the year ended 31 August 2019 was £289,000 (2018: £319,000) of which employers contributions totalled £252,000 (2018: £279,000) and employees contributions totalled £37,000 (2018: £40,000). The agreed contributions for future years are 20.4% (2018: 17.6%) for employers and 5.5% to 12.5% (2018: 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 academy closure, outstanding local government pension liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2019	At 31 August 2018
	% per annum	% per annum
Discount rate	1.9%	2.7%
Salary increases	3.7%	3.8%
Pension increase	2.2%	2.3%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2019	At 31 August 2019
	Approx % Increase to Employers Liability	Approx £'000
Discount rate reduced by 0.1% per annum	3%	36
Assumed pension increased by 0.1% per annum	3%	35
Salary growth increased by 0.1% per annum	0%	1

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

	2019 years	2018 years
Longevity at age 65 retiring today		
- Men	20.9	21.9
- Women	23.2	24.4
Longevity at age 65 retiring in 20 years		
- Men	22.6	24.1
- Women	25.1	26.7

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

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

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equity instruments	341	259
Debt instruments	76	44
Property	47	33
Cash	21	15
Other	85	57
Total market value of assets	570	408
Present value of scheme liabilities		
- Funded	(570)	(408)
- Unfunded	(567)	(274)
Total liabilities	(1,137)	(682)
Deficit in the scheme	(567)	(274)

The actual return on the scheme assets in the year was £31,000 (2018: £4,000).

Amounts recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	222	275
Past service cost	24	-
Interest income	(13)	(9)
Interest cost	19	13
Total operating charge	252	279

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (Continued)

	2019 £'000	2018 £'000
Movement in deficit during the period		
Deficit in the scheme at 1 September 2018	274	205
Movement in year:		
- Employer service cost (net of employee contributions)	222	275
- Past service costs	24	-
- Employer contributions	(94)	(97)
- Expected return on scheme assets	(13)	(9)
- Interest cost	19	13
- Actuarial losses/(gains)	135	(113)
Deficit in the scheme at 31 August 2019	567	274

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

	2019 £'000	2018 £'000
Scheme liabilities at 1 September 2018	682	472
Current service cost	222	275
Interest cost	19	13
Contributions by scheme participants	37	40
Past service costs	24	-
Benefits paid	-	-
Actuarial losses/(gains)	153	(118)
Scheme liabilities at 31 August 2019	1,137	682

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

	2019 £'000	2018 £'000
Fair value of scheme assets at 1 September 2018	408	267
Expected return on scheme assets	13	9
Actuarial gains/(losses)	18	(5)
Contributions by employer	94	97
Benefits paid	-	-
Contributions by scheme participants	37	40
Fair value of scheme assets at 31 August 2019	570	408

The estimated value of employers contributions for the year ended 31 August 2020 is £105,000
(2019 : £94,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**27 RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transaction took place in the period of account:

In entering into the transactions the trust has complied with the requirements of the Academies Financial Handbook 2018.

No related party transactions took place in the period of account, other than certain trustee's remuneration and expenses already disclosed in note 10.

28 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.