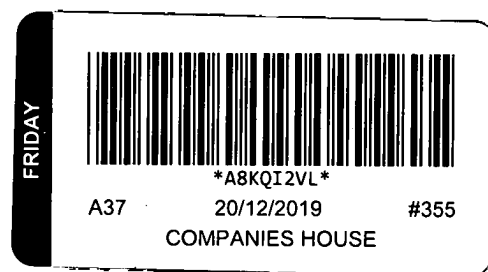


Company Registration No. 07660783 (England and Wales)

**ORTU FEDERATION LTD  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**



# ORTU FEDERATION LTD

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# ORTU FEDERATION LTD

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Trustees</b>	Mr S Nash (Chairman) Mr R Harman (Trustee) Mrs G Clark (Vice chair) Mr P Edgar (Trustee) Miss C Jacobs (Trustee) Mr A Eatherton (Trustee) (Resigned 23 April 2019) Mr P Burr (Trustee) Dr S Asong (Accounting Officer & CEO) Mr P Dale (Trustee) Mr D Green (Appointed 23 April 2019)	
<b>Secretary</b>	Mr D Shillingford	
<b>Members</b>	Mr S Nash Mr J Finnis Ms J Seymour	
<b>Senior leadership team</b>	Dr S Asong Mr D Shillingford Mrs C Reeves Ms S Weston Mr G Walker Mrs S A Feeney Mrs C Keeble Mrs N Jeffery Mr C Evans  Mr C Stokes Mr J Bunn Ms J Williams Mr G Lewis Mrs L Hamilton  Mrs M Wakeling Mrs C Smith Mrs K Hamilton Mr S Robinson Mr R Wade Mr L Porter Mr A Scott	- CEO and Accounting Officer - Finance Director - Vice Principal - OGH - Director of Sixth Form - Vice Principal - OGH - Senior Vice Principal – OGH - Vice Principal – OGH/OHA - Vice Principal – OGH - Vice Principal – OGH (acting Principal from 5 September 2018) - Principal OGH - Vice Principal – OGH - Headteacher – OHA - Deputy Headteacher – OHA - Headteacher – OCPS and Affiliate HT Trust (1 year) - Assistant Headteacher – OCPS - Assistant Headteacher – OCPS - DHT OCPS and Acting HT - AHT - left December 2018 - AHT - start April 2019 - DHT - start June 2019 - Assistant Headteacher – OHA
<b>Chief executive officer</b>	Dr S Asong	
<b>Company registration number</b>	07660783 (England and Wales)	
<b>Registered office</b>	Southend Road Corringham Stanford-Le-Hope Essex SS17 8JT	

# ORTU FEDERATION LTD

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Academies operated</b>	<b>Location</b>	<b>Principal/Headteacher</b>
ORTU Gable Hall School	Corringham	Mr C Evans
ORTU Corringham Primary School	Corringham	Mrs L Hamilton
ORTU Hassenbrook Academy	Stanford-le-Hope	Ms J Williams

<b>Independent auditor</b>	Wilkins Kennedy Audit Services 5 Yeomans Court Ware Road Hertford Hertfordshire SG13 7HJ
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<b>Bankers</b>	Lloyds Bank PLC 14-20 Town Square Basildon Essex SS14 1DU
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<b>Solicitors</b>	Palmers Solicitors 19 Town Square Basildon SS14 1BD
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# ORTU FEDERATION LTD

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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The Trustees present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

#### **Structure, governance and management**

##### Constitution

The multi academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust.

The charitable company is known as ORTU Federation Ltd.

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

##### Members' liability

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

##### Trustees' indemnities

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover of up to £5,000,000 on any one claim.

##### Method of recruitment and appointment or election of Trustees

The number of Members shall be not less than three or more than five but not four. The first Members shall be those named in the initial Memorandum. The Trust Board shall have no more than nine Trustees. Each Local Governing Body shall be made of no more than fifteen Local Governors comprising up to three Community Governors; a minimum of two and a maximum of three parent governors; up to two Staff Governors, the Headteacher/Principal, the Chief Executive Officer and any person who is appointed to be a Governor by being co-opted by the Trust Board. Trustees may not co-opt an employee of the Multi Academy Trust as a co-opted Local Governor if the number of Local Governors who are employed by any single Academy would thereby exceed three (with the Chief Executive Officer (CEO) counted in).

Members of the Company appoint the nine Trustees. The nine Trustees appoint the fifteen members of the Local Governing Body. The term of office for any Governor shall be four years, save that this time limit shall not apply to the CEO. Subject to remaining eligible to be a particular type of Local Governor, any Local Governor may be reappointed or re-elected.

ORTU Federation Ltd use multiple sources when seeking new Governors / Trustees. This may be organisations such as "Governors for Schools" or "Academy Ambassadors". We also use our local contacts such as The Port of Tilbury London, the Orsett Show, and local volunteers to introduce new talent to our Boards. We have succeeded in maintaining a strong skill based Board as a result.

##### Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Local Governors will depend on their existing experience and the changing policy landscape in education. All new Local Governors will be given a tour of the Academies, an induction of Keeping Children Safe in Education Safeguarding Training and multiple opportunities to meet with staff and students. All relevant Local Governors are given access to Trust documentation and policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Local Governors effectively. As there are normally only two or three new Governors a year, induction is tailored specifically to the individual. There are at least two centrally organised Trust Local Governors training days in a school year and several opportunities for school visits including link governor monitoring visits.

# ORTU FEDERATION LTD

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Organisational structure

The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring how the Multi Academy Trust's use of budgets and making major decisions about the direction of the Trust and significant capital expenditure. Most of these powers are delegated to the Chief Executive Officer (CEO) of the Multi Academy Trust.

The Management Team are responsible for the day to day operation of each Academy, in particular organising the teaching staff, facilities and students. They are accountable to the CEO for their performance.

#### Arrangements for setting pay and remuneration of key management personnel

The School follows National Pay Scales for all Senior Management. Enhancements to pay may be awarded for the adoption of additional roles across the Trust and this is determined by the Chief Executive Officer, in conjunction with the Trust board.

The pay of Headteacher/Principal is set by the Pay Committee of the Trust Board, after the performance management review is carried out by the CEO in conjunction with Local Governing Body Chair and with independent professional advice.

#### Trade union facility time

##### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	3
Full-time equivalent employee number	2.94

##### *Percentage of time spent on facility time*

Percentage of time	Number of employees
0%	-
1%-50%	3
51%-99%	-
100%	-

##### *Percentage of pay bill spent on facility time*

Total cost of facility time	16,900
Total pay bill	11,349,000
Percentage of the total pay bill spent on facility time	-

##### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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#### Related parties and other connected charities and organisations

Owing to the nature of the Multi Academy Trusts operations and the composition of the Trust Board 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 and Local Governors may have an interest.

# ORTU FEDERATION LTD

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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

Proximity Church Limited - Company Director Mr R P Harman also a Trustee of the Multi Academy Trust.

- The Academy used chaplaincy and alternative education services totalling £63k (2018: £98k) during the year.
- The Board have been made aware that the value of transactions and the presence of a Director from Proximity Church Limited as a Trustee is inconsistent with the principles in the Academies Financial Handbook. However, the Board have assessed that continuing with this service for students Mental Health and Wellbeing brings the greatest value for money to the Trust and have therefore sought to continue the relationship for what the Board consider to be an essential service for pupils. The Trust exposure to Proximity has diminished significantly since 2018.

Palmers Solicitors - Partner Carey Jacobs is also a Trustee of the Multi Academy Trust.

- The Academy used legal services totalling £3k (2018: £1k) during the year. There were no amounts outstanding at 31 August 2019.
- The Board have been made aware that the value of transactions and the presence of a Partner at Palmers Solicitors is inconsistent with the principles in the Academies Financial Handbook. However, the Board have assessed that continuing with this service brings the greatest value for money to the Trust and have therefore sought to continue the relationship while reducing the financial exposure of the Trust to the firm.

During the year, the step daughter of Mr S Nash, the Chair of the Board of Trustees, was co-employed by a Trust School as a qualified teacher and received remuneration in accordance with the qualified teachers main pay scale 5 (1.0 Full Time Equivalent) plus TLR 2a (0.4 Full Time Equivalent) as part Time Head of Department at OHA.

#### **Objectives and activities**

##### Objects and aims

The principal object and activity of the charitable company is the operation of ORTU Federation Ltd to provide education for pupils of different abilities between the ages of 2 and 18 with an emphasis on Performing Arts as its specialist area.

In accordance with the articles of association the charitable company has adopted a "Scheme of Delegation" approved by the Secretary of State for Children, Schools and Families. The Scheme of Delegation specifies, amongst other things, the basis for admitting students to the Academies which make up the trust, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on The Performing Arts.

##### Objectives, strategies and activities

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

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

# ORTU FEDERATION LTD

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Multi-Academy Trust's main strategy encompasses providing:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners for work experience;
- a programme of sporting, performing arts and after school leisure activities for all students;
- a system of after school clubs to allow students to explore areas of personal interest and
- a careers advisory service to help students obtain employment or move on to higher education.

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

### Disabled persons

The Trust complies fully with Disability Discrimination Act regulations and is equipped to welcome and/or teach any child or adult with a disability.

### Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that they have set.

Trust admissions arrangements can be found on the Trust and Academies' websites. Any changes to admissions criteria are subject to consultation.



# ORTU FEDERATION LTD

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Strategic report

#### Achievements, performance and key performance indicators

##### Charitable activities

Ortu Federation Ltd is made up of two Secondary Academies and one Primary Academy. In September 2019 the total number on roll within the Trust was at 2,501 pupils (2,502 in 2018, 2,452 in 2017 and 1,907 in 2016).

One out of three schools in the Trust is Good, two out of three are Requiring Improvement (with a good 6th form), with one of the two RI schools having improved from Special Measures to Requires Improvement in the last school year. Pupil attendance rates are at or above national across the Trust and exclusions are below National Averages in all Trust schools.

Key Stage 4 Attainment at Ortu Gable Hall School in 2019 was below Average at 39.6 points with a pass rate for the basics (English and Maths combined at Grade 4 or above) was 53.6 % in 2019, down from 63% in 2018. The Progress 8 figure for 2019 was -0.52 (indicating an erosion from the 2018 figure of -0.50). While the difference in attainment and progress between disadvantaged students and their peers are narrow in exclusion and attendance, they remain wide in both Progress and Attainment. This has worsened between 2018 and 2019. The NEET figure post Key Stage 4 is less than 2% (National Average 5.3%).

The above is not the case in the 6th Form where both Progress and Attainment have remained strong. The Key Stage 5 Progress figure was -0.02. Average Attainment was a C (on an A-E scale) and the average Vocational Grade was a Distinction. Both retention and attendance are high at Key Stage 4 and 5 and the figure of students not in education, employment or training is less than 1.5% overall.

After a period of turbulence (2 Principals in 2 school years), Ortu Gable Hall School now has staffing stability and challenges in the quality of teaching of Maths is being addressed by the appointment of a team of highly experience Lead Practitioners to steer the school to rapid improvement. A period of curricular overhaul has begun to show improvements in the Non-Core but these are yet to bear fruit in English and Maths which count 3 times in the current Performance Tables. The school now has a revamped and restructured leadership team with Mr C Evans as its Principal with effect from 5 September 2019 and is set fair for the year ahead with a robust Improvement Plan supported by a consistent approach to Teaching and Quality Assurance.

Key Stage 4 Attainment at Ortu Hassenbrook Academy's in 2019 while still below Average has improved markedly to 40 points in 2019 from 34 points in 2018, with a pass rate for the basics (English and Maths combined at Grade 4 or above) at 56.1% (was 61% in 2018 and 47% in 2017 a 3 year rise in trend). Progress 8 in 2019 has improved markedly to -0.29, up from -0.38 in 2018 and -0.41 in 2017 again a 3 year improving trend. The difference in attainment and progress between disadvantaged students and their peers are narrowing in attainment, progress, exclusion and attendance. The NEET figure post Key Stage 4 is 2.3% (National Average 5.3%). Attendance is now in line with National Averages and exclusions are significantly below National Averages.

Hassenbrook Academy presents a story of steady improvement since Novation into the Trust in 2016. With applications to the school being double the places available by Pupil Admission Number it is clear that Ortu Hassenbrook Academy is on the road to full Academic and Financial effectiveness. Staffing and leadership now have the stability, skill sets and drive to deliver continuous improvements in a complex admissions environment within the borough. The School's Post Ofsted improvement plan prioritises further improving student progress and diminishing differences in achievement between disadvantaged students and their peers.

Ortu Corringham Primary School is a good school with a stable roll. 2019 Key Stage 2 thresholds in Reading, Writing and Math combined were 73.3% up from 70.5% in 2018, 86% passed Grammar, Punctuation and Spelling (72% in 2018). The 2019 Key Stage 1 Reading, Writing and Math pass rate was 57.3% (down from 77.8% in 2018). 2019 Reception Good Learning Development stands at 66.1% (down from 75.5% in 2018). The Year 1 Phonics figure for 2019 is 79.6% (82% in 2018). All the above metrics show that attainment is broadly in line with national average. Progress data also places Ortu Corringham Primary at average even though for this cohort, there has been a slight weakening of progress rates compared to previous cohorts. Pupil attendance are above average and exclusions are non-existent. There are largely no differences at Ortu Corringham Primary between the progress of disadvantaged students and their peers. This is a laudable achievement.

# ORTU FEDERATION LTD

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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The Trust Improvement Plan indicates leadership and staff acute awareness of the strengths and challenges and shows how the resources of the Trust are skilfully deployed to tackle challenges as a matter of urgency, while shoring up gains made.

The improvement priorities of the three Ortu Trust schools are as follows:

#### Ortu Corringham Primary

- To improve Teaching and Learning through the use of ARC;
- To increase the number of children achieving greater depth in all year groups;
- To improve upper pay scale teachers and subject leaders impact on outcomes for children;
- To enable the new Connerstone curriculum with a focus on engagement and challenge; and
- To improve outcomes in Reading and Grammar.

#### Ortu Gable Hall

- To change the way we teach so as to improve challenge and outcomes through the Big 5;
- To ensure that all groups at least make progress in all subjects overall from their KS2 starting points;
- To develop leadership at all levels and urgently improve parental and community engagement; and
- To develop a culture of graft and positive attitudes to learning in all our students.

#### Ortu 6th Form Centre

- To improve Teaching and Learning in all subject areas via the Big 5;
- To improve attendance, punctuality, roll and retention;
- To raise the profile of the Ortu 6th Form in the local community and boost recruitment from within Ortu Schools; and
- To review, refine and improve the curriculum offer.

#### Ortu Hassenbrook Academy

- To change the way we teach so that we improve challenge and outcomes for all students through implementation of the Big 5;
- To ensure that all groups of students at Ortu Hassenbrook at least make progress in all subjects from their KS2 starting points;
- To diminish differences in the inclusion and outcomes of groups including vulnerable students; and
- To develop leadership at all levels including student leadership and parental engagement.

Over and above the wider leadership team within the Trust (the Trust Executive Group, Lead Practitioners, Middle Leaders) each school within the Trust has been allocated an Independent School Improvement Partner to support curriculum change, performance management validation, assessment quality assurance and impact evaluation as the Trust works to ensure that all schools within it are at least Good.

#### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Multi academy trust has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason the board of trustees continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies

# ORTU FEDERATION LTD

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Financial review**

Most of the Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants, some of which is restricted to particular purposes. The grants received from the DfE during the year ended 31st August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the Education Funding Agency (ESFA). In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities (SORP 2015)', such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ending 31 August 2019 the Trust ended with a deficit of £1,523k. The significant part of this deficit is because of the actuarial losses on the defined benefit pension scheme. In addition it should be noted that the Trust continues to manage with the legacy losses from Hassenbrook Academy which to date has a roll significantly below that required to balance its budget.

The Academy's financial position demonstrates total income of £14,624k (2018: £14,268k as restated) with a net decrease in funds of £1,523k (2018: decrease of £153k).

At 31st August 2019 the net book value of fixed assets was £25,437k (2018: £25,051k). Movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The Essex County Council Pension Fund, in which the Trust participates, showed a deficit of £7,736k (2018: £6,136k) at 31 August 2019. Of this sum, £1,839k was inherited by ORTU Federation Ltd from the Essex County Council on 1 July 2011 (Gable Hall School £1,090k), 1 October 2013 (Corringham Primary School £749k), 1 September 2016 (Hassenbrook Academy £2,198k), the dates on which the local authority staff transferred to employment with the Trust.

### Reserves policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be equivalent to five weeks' expenditure, approximately £1,500k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves is £1,578k (total funds less the amount held in fixed assets and restricted funds).

The Trust held fund balances at 31 August 2019 of £19,279k (2018: £20,802k) comprising £17,701k (2018: £19,039k) of restricted funds and £1,578k (2018: £1,763k) of unrestricted general funds. Of the restricted funds, £25,437k (2018: £25,175k) is represented by tangible fixed assets.

The Pension reserve which is considered part of restricted funds was £7,736k (2018: £6,136k) in deficit.

### Investment policy

Under the Memorandum and Articles of Association, the Trust has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

# ORTU FEDERATION LTD

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances.

The Trustees have implemented a number of systems to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds, staff training and the quality control of teaching) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

As Trustees, we acknowledge we have overall responsibility for ensuring that ORTU Federation Ltd has effective and appropriate systems of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Multi-Academy Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the Multi-Academy Trust is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used within the Multi-Academy Trust or for publication is reliable; and
- the Multi-Academy Trust complies with relevant laws and regulations.

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

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

The Trust Board has considered the need for a specific internal audit function and has continued to appoint a Trustee as internal auditor who reports annually to the Board of Directors. The IA's role includes giving recommendations on financial matters and performing a range of checks on the academy Trust's financial systems.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

This process of rigorous monitoring also helps the Trust to continuously improve value for money.

# ORTU FEDERATION LTD

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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The principal risks and uncertainties that ORTU Federation Ltd faces are:

- Carrying and managing the inherited deficit from Ortu Hassenbrook Academy of £900k
- Financial pressures arising from:
  - Falling pupil numbers
  - Slow roll growth in size at Ortu Hassenbrook Academy
- Increased competition from other schools/academies with similar objectives, competing for a small pool of new pupils
- The opening of a new free school within the admission area of Ortu Hassenbrook Academy
- Key person loss/succession
- A long wait for the change in Ofsted categorisation at Ortu Gable Hall to Good
- Parents/other stakeholders' withdrawal of support
- The small size of the Trust exacerbated by continued partly funded government pay, local pressures on support staff pay, a hike in pension contributions, a local authority SEND deficit clawback and 8 years of austerity in an illiquid recruitment climate increase the risk to the long term viability of this small Trust.
- Risk of an uncontrollable event, for instance a fire or flood

The following steps are being taken to mitigate these risks:

- Currently both Ortu Corringham Primary School & Ortu Gable Hall School are oversubscribed, but it is important that performance is improved rapidly at Gable Hall and maintained at Corringham Primary at a level that continues to inspire parental confidence
- A Rapid Improvement Plan has been established and implemented at Ortu Hassenbrook Academy and at Ortu Gable Hall School in order to raise attainment, thus attracting increased pupil numbers
- Successfully implementing deficit reduction and fund raising activities
- The Leadership of Gable Hall have undergone a role review to reflect the root and branch curriculum review, required to meet the requirements of the new curriculum and the learning preferences of its students.
- The Trust has replaced its drive for MAT expansion with the urgent need for outcomes to improve at Ortu Gable Hall
- Each School in the Trust has been re-engineered to provide support to other schools within the Trust. An executive group has been set up with each School Head teacher having a Trust Improvement role as well. Each school now also has Ofsted trained School Improvement Partners who advise, bench mark and quality assure the school's improvement journeys
- A change of culture towards financial discipline, efficiency savings and a value for money focus
- Apart from striving for excellent outcomes against national benchmarks, we communicate clearly with parents via social media, email and school magazines. We have engaged the function of a communications team which includes a marketing specialist with the aim of ultimately improving the PAN at Ortu Hassenbrook Academy, while preventing that of Ortu Gable Hall from falling
- Schools within the Trust undertake Crisis Management training across a range of scenarios, as well as ensuring we always carry adequate levels of insurance
- Business continuity is reviewed regularly and opportunities created and seized to generate corporate efficiencies in staffing between the three schools which make up the Trust. This accounted for an in year saving of £400k in the year ending August 2019
- Parental engagement is at the core of the Trust Improvement Plan

A risk also arises in relation to the Local Government defined benefit Pension Scheme (LGPS), due to the fact that there is a deficit of £7,736k, albeit central government has made a statement that they would not allow a Trust to fail as a result of the pension deficit.

# ORTU FEDERATION LTD

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Fundraising

The Trust undertakes fundraising via our lettings programme, whereby various Trust facilities are made available to the community at market rates. On occasion, the Trust raises funds on behalf of third party charities via collections. The Trust follows UKGOV guidance laid out in Charity fundraising: a guide to trustee duties.

Any charity collections organised within the Trust, are supervised by staff ensure that all funds collected are re issued to the principal charity promptly. It is not compulsory for students to participate in fundraising for charitable organisations and causes.

Any complaints about fundraising, will at first instance be managed by the Trust Finance Director and by the Chief Executive Officer on appeal. No fundraising takes place with the public at large involving door-to-door collections or the use of Direct Debits.

### Plans for future periods

The Trust will continue striving to improve the levels of performance of its pupils at all Key Stage and will continue its efforts to ensure its pupils secure apprenticeships, employment, or a place in higher education once they leave secondary school or the 6th Form. The Trust will also ensure that all primary school pupils are ready for secondary school. The Trust will continue to provide opportunities for a technological and character education to all pupils. The Trust is establishing links with the local and wider community and enabling direct access to the Trust's facilities, curricular materials and the expertise of Trust staff for the furtherance of raising aspirations in the Stanford and Corringham area, and beyond. There is a huge emphasis on character education, cultural capital, resilience and mental wellbeing. All schools within the Trust are modifying their curriculum in order to enable students to pursue their passions and achieve. It is an ambition of the Trust to work systematically to improve education in Thurrock and beyond.

### Auditor

In so far as the Trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ...12/12/19... and signed on its behalf by:

12/12/19 S-Nash  
.....  
Mr S Nash  
Chairman

# ORTU FEDERATION LTD

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that ORTU Federation Ltd 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 Trust Board has delegated the day-to-day responsibility to the Chief Executive Officer, 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 ORTU Federation Ltd 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 nine times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr S Nash (Chairman)	9	9
Mr R Harman (Trustee)	8	9
Mrs G Clark (Vice chair)	8	9
Mr P Edgar (Trustee)	8	9
Miss C Jacobs (Trustee)	5	9
Mr A Eatherton (Trustee) (Resigned 23 April 2019)	2	6
Mr P Burr (Trustee)	6	9
Dr S Asong (Accounting Officer & CEO)	9	9
Mr P Dale (Trustee)	6	9
Mr D Green (Appointed 23 April 2019)	1	3

### Key changes in the composition of the board of trustees

Since August 2018, the only change in the composition of the Board is the appointment of Mr. Dominic Green as a Director of the Board (Appointed 02/05/2019). Mr Green is Chair of the Ortu Corringham Primary School Advisory Board. Mr. Green's tenure is 4 years.

### The coverage of its work

Since August 2018, over and above the Boards statutory duties as described in the Academies Financial Handbook 2018, the Board has been involved in:

- Commissioning & scrutinising an EFA backed Integrated Curriculum Financial Planning (ICFP) report.
- Scrutinising and making decisions on Trust wide "no silo" budgeting in a situation in which one school out of three carries legacy budget deficits.
- Review and maintenance of top slicing at Zero percentage so that all Trust schools support each other financially and in school improvement terms.
- Visiting & learning from other MATs such as CAT, NET & and LEGRA in order to acquire and benchmark their knowledge and expertise with a view to improving their own performance.
- Taking part in nationally and locally organised professional development training (in MAT governance, finance, compliance and data improvement etc).

# ORTU FEDERATION LTD

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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The board's performance, including assessment of its own effectiveness and any particular challenges that have arisen for the board

During the year the Board has scrutinised and RAG rated its own Five-point action plan whose main priorities are to:

- Raise aspirations and achievement for all young people including SEN and disadvantaged pupils.
- Ensure that quality of Education is at least Good in all Trust schools.
- Strengthen the quality of Leadership & Governance including stakeholder engagement.
- Ensure that compliance to statutory and legal obligations are effective and fit for purpose.
- The Board has scrutinised and reclassified its effectiveness in relation to the Regional Schools Commissioners tool for MAT self-evaluation and acted on those where it has scored a 3 or less. As a result the Board has identified its strength to be Strategy, Supporting Improvement, Accountability, Risk Management, Corporate Professional Development, Sustainability and achievements in the Primary & 6th Form sectors. It has identified and is acting on key weaknesses in Progress, in 2 out of 3 schools and Attainment in 1 out of 3 schools as well as closing the gap between disadvantaged pupils and their peers. The Trust is also tackling challenges arising from an absence of expansion during the year 2018/2019.

In order to arrive at informed positions the ORTU Board scrutinises a) Financial Data b) Academic & school related data. In order to ensure that these are of the highest quality the Board has opted for a Dashboard approach which enables it to look at the same metrics across all school settings. For Finance, the ORTU Board favours PS Financials which generates monthly reports and provides infrastructure for gatekeeping & compliance. This is a platform, which is being increasingly used nationally by Multi Academy Trust's and enjoys positive reviews. For Academic data the Trust relies on data from 4 Matrix (Secondary & Post-Secondary) and Insight (Primary). These platforms have the advantage on interpreting student performance in a manner germane to DFE performance tables at school level. These are supplemented by Headteacher / Principal reports at the level of the School Advisory Board and by a CEO Report at Trust Board meetings.

The following are methods by which the Board assesses the suitability of the above data.

- Scrutiny of DFE performance data (IDSR, ASL, GIAS etc)
- Questions & responses at Board & Advisory Board meetings.
- The Performance Management of the Chief Executive Officer, which follows that of the respective Headteacher and Principals.
- Visits by Directors to individual schools and stakeholder engagement.
- Safeguarding, PPG and SENCO review of findings.
- The engagement of OFSTED trained school Improvement advisers to challenge & validate information and data. Each School has a different school Improvement adviser attached to them.
- Last year the Trust conducted an Integrated Curriculum Financial Planning exercise and has plans for a mid-year independent Internal Audit, to supplement the services of the Responsible Officer.

#### Review of value for money

As accounting officer the Chief Executive Officer has responsibility for ensuring that the 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.



# ORTU FEDERATION LTD

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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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 available. The accounting officer for the Trust has delivered improved value for money during the year by ensuring:

1. All contracts over £5,000 require three competitive quotations.
2. Projects are assessed not just on the cost but the benefit they will bring to the students education.
3. All expenditure is authorised by a member of the Senior Executive Team.
4. Responsible Officer undertakes tests to ensure that the authorisation limits and our internal control procedures have been followed. This includes compliance with the Financial Handbook.
5. The statutory accounts of the Trust are subject to external audit

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of multi academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in ORTU Federation Ltd for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the multi 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 multi academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes 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 year. However, the trustees have appointed Mr Phil Edgar, a trustee, to carry out a programme of internal checks

# ORTU FEDERATION LTD

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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

- Review of payroll data
- Review of purchase data
- Review of bank reconciliations
- Review of funding streams
- Review of credit card statements
- Review of Petty Cash

The reviewer reports to the Board of Directors, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

### Review of effectiveness

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

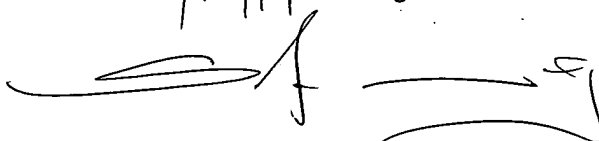
- the work of the reviewer
- the use of the DfE Integrated Curriculum Financial Planning Tool to benchmark the efficiency of the curriculum offered combined with the rigorous systems of performance management
- the work of the external auditor
- the financial management and governance self-assessment 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 reviewer and issues are addressed as they arise.

Approved by order of the board of trustees on 12/12/19 and signed on its behalf by:



Mr S Nash  
Chairman



Dr S Asong  
Accounting Officer & CEO

# ORTU FEDERATION LTD

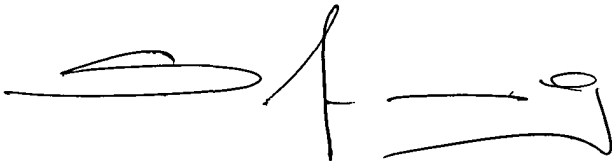
## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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



Dr S Asong  
Accounting Officer

12/12/19

# ORTU FEDERATION LTD

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2019**

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

Company law requires the 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 12/12/19 and signed on its behalf by:



Mr S Nash  
Chairman

# ORTU FEDERATION LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORTU FEDERATION LTD

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### Opinion

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

In our opinion the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

# ORTU FEDERATION LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORTU FEDERATION LTD (CONTINUED)

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### 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 including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, the Trustees 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 multi 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 charitable company, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the accounts

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

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

# ORTU FEDERATION LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORTU FEDERATION LTD (CONTINUED)

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### Use of our report

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

*Wilkins Kennedy Audit Services*

Mandy Wilson FCA (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy Audit Services

*19 December 2019*

Statutory Auditor

5 Yeomans Court  
Ware Road  
Hertford  
Hertfordshire  
SG13 7HJ

# ORTU FEDERATION LTD

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ORTU FEDERATION LTD AND THE EDUCATION AND SKILLS FUNDING AGENCY

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In accordance with the terms of our engagement letter dated 20 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by ORTU Federation Ltd 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 ORTU Federation Ltd and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the ORTU Federation Ltd and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ORTU Federation Ltd and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of ORTU Federation Ltd's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of ORTU Federation Ltd's funding agreement with the Secretary of State for Education dated 24 January 2013 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 or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.



# ORTU FEDERATION LTD

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ORTU FEDERATION LTD AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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### 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.

*Wilkins Kennedy Audit Services*

### Reporting Accountant

Wilkins Kennedy Audit Services  
5 Yeomans Court  
Hertford  
Hertfordshire  
SG13 7HJ

Dated: *19 December 2019*

# ORTU FEDERATION LTD

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2019 £000	Total 2018 £000
<b>Income and endowments from:</b>						
Donations and capital grants	3	24	323	785	1,132	974
Charitable activities:						
- Funding for educational operations	4	-	12,762	-	12,762	12,513
Other trading activities	5	729	-	-	729	779
Investments	6	1	-	-	1	2
<b>Total</b>		<u>754</u>	<u>13,085</u>	<u>785</u>	<u>14,624</u>	<u>14,268</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	45	14,405	744	15,194	15,492
<b>Total</b>	7	<u>45</u>	<u>14,405</u>	<u>744</u>	<u>15,194</u>	<u>15,492</u>
<b>Net income/(expenditure)</b>		709	(1,320)	41	(570)	(1,224)
Transfers between funds	18	(894)	673	221	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(953)	-	(953)	1,377
<b>Net movement in funds</b>		<u>(185)</u>	<u>(1,600)</u>	<u>262</u>	<u>(1,523)</u>	<u>153</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		1,763	(6,136)	25,175	20,802	20,649
Total funds carried forward		<u>1,578</u>	<u>(7,736)</u>	<u>25,437</u>	<u>19,279</u>	<u>20,802</u>

# ORTU FEDERATION LTD

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £000	Restricted funds: General	Fixed asset £000	Total 2018 £000
<b>Income and endowments from:</b>					
Donations and capital grants	3	397	-	577	974
Charitable activities:					
- Funding for educational operations	4	-	12,513	-	12,513
Other trading activities	5	779	-	-	779
Investments	6	2	-	-	2
<b>Total</b>		<u>1,178</u>	<u>12,513</u>	<u>577</u>	<u>14,268</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	9	385	14,551	556	15,492
<b>Total</b>	7	<u>385</u>	<u>14,551</u>	<u>556</u>	<u>15,492</u>
<b>Net income/(expenditure)</b>		793	(2,038)	21	(1,224)
Transfers between funds	18	(2,372)	1,359	1,013	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	20	-	1,377	-	1,377
<b>Net movement in funds</b>		<u>(1,579)</u>	<u>698</u>	<u>1,034</u>	<u>153</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		3,342	(6,834)	24,141	20,649
Total funds carried forward		<u>1,763</u>	<u>(6,136)</u>	<u>25,175</u>	<u>20,802</u>

# ORTU FEDERATION LTD

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	13	25,437	25,051
<b>Current assets</b>			
Debtors	14	403	876
Cash at bank and in hand		2,199	2,388
		<u>2,602</u>	<u>3,264</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	(856)	(1,223)
<b>Net current assets</b>		<u>1,746</u>	<u>2,041</u>
<b>Total assets less current liabilities</b>		<u>27,183</u>	<u>27,092</u>
Creditors: amounts falling due after more than one year	17	(168)	(154)
<b>Net assets before defined benefit pension scheme liability</b>		<u>27,015</u>	<u>26,938</u>
Defined benefit pension scheme liability	20	(7,736)	(6,136)
<b>Total net assets</b>		<u>19,279</u>	<u>20,802</u>
<b>Funds of the multi academy trust:</b>			
<b>Restricted funds</b>	18		
- Fixed asset funds		25,437	25,175
- Pension reserve		(7,736)	(6,136)
<b>Total restricted funds</b>		<u>17,701</u>	<u>19,039</u>
<b>Unrestricted income funds</b>	18	1,578	1,763
<b>Total funds</b>		<u>19,279</u>	<u>20,802</u>

The financial statements on pages 24 to 47 were approved by the Trustees and authorised for issue on 12/12/19 and are signed on their behalf by:

*S. Nash*

Mr S Nash  
Chairman

Company Number 07660783

# ORTU FEDERATION LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	139	800
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		1	2
Capital grants from DfE and EFA		785	577
Payments to acquire tangible fixed assets		(1,130)	(3,437)
		(344)	(2,858)
<b>Cash flows from financing activities</b>			
Repayment of other loan		16	1
		16	1
<b>Change in cash and cash equivalents in the reporting period</b>		(189)	(2,057)
Cash and cash equivalents at 1 September 2018		2,388	4,445
<b>Cash and cash equivalents at 31 August 2019</b>		<u>2,199</u>	<u>2,388</u>

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

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

##### 1.1 Basis of preparation

The financial statements of the multi 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 financial statements 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.

ORTU Federation Ltd meets the definition of a public benefit entity under FRS 102.

##### 1.2 Going concern

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

##### 1.3 Income

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

###### Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

###### Donations

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

###### Other income

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

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### 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 fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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 multi academy trust's accounting policies.

#### Transfer of assets from existing academies

Where assets and liabilities are received on the transfer of an existing academy into the multi academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the multi academy trust. Income equal to the net assets transferred is recognised within donations and capital grant income.

#### Interest receivable

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

#### Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds.

The academy also acts as agent for Aspirations Dance School (ADS). The Trust holds ADS funds in its bank account and assists with maintaining ADS's financial records. The trust does not have control over the funds.

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

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

#### Expenditure on raising funds

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

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

#### Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

### 1.5 Tangible fixed assets and depreciation

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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and building	2% straight line
Computer equipment	20% straight line
Furniture and fittings	20% straight line
Motor vehicles	20% straight line

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

### 1.6 Liabilities

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

### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

### 1.8 Financial instruments

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



# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

##### Cash at bank

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

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 Taxation

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

#### 1.10 Pensions benefits

Retirement benefits to employees of the multi academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the multi academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the multi 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

#### 1.11 Fund accounting

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

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

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 and include grants from the ESFA and DfE.

### 2 Critical accounting estimates and areas of judgement

Accounting 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 multi 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.

#### Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

#### LGPS

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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

There are no critical areas of judgement.

### 3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Trips/Drama	-	323	323	337
Capital grants	-	785	785	577
Donations	24	-	24	60
	<u>24</u>	<u>1,108</u>	<u>1,132</u>	<u>974</u>

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 4 Funding for the multi academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	11,257	11,257	11,133
Other DfE group grants	-	869	869	729
	<u>-</u>	<u>12,126</u>	<u>12,126</u>	<u>11,862</u>
<b>Other government grants</b>				
Local authority grants	-	636	636	651
	<u>-</u>	<u>636</u>	<u>636</u>	<u>651</u>
<b>Total funding</b>	<u>-</u>	<u>12,762</u>	<u>12,762</u>	<u>12,513</u>

### 5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Unrestricted hire - premises and equipment	107	-	107	88
Catering income	473	-	473	538
Sale of goods and services	146	-	146	147
Other income	3	-	3	6
	<u>729</u>	<u>-</u>	<u>729</u>	<u>779</u>

### 6 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	1	-	1	2
	<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>

### 7 Expenditure

	Staff costs £000	Non Pay Expenditure Premises £000	Other £000	Total 2019 £000	Total 2018 £000
Academy's educational operations					
- Direct costs	8,401	744	1,335	10,480	10,576
- Allocated support costs	3,135	601	978	4,714	4,916
	<u>11,536</u>	<u>1,345</u>	<u>2,313</u>	<u>15,194</u>	<u>15,492</u>

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7	<b>Expenditure</b>	<b>(Continued)</b>		
	<b>Net income/(expenditure) for the year includes:</b>	<b>2019</b>	<b>2018</b>	
		<b>£000</b>	<b>£000</b>	
	Fees payable to auditor for:			
	- Audit	27	17	
	- Other services	4	2	
	Depreciation of tangible fixed assets	744	556	
	Net interest on defined benefit pension liability	157	171	
8	<b>Central services</b>			
	No central services were provided by the multi academy trust to its academies during the year and no central charges arose.			
9	<b>Charitable activities</b>			
		<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>
		<b>£000</b>	<b>£000</b>	<b>2019</b>
				<b>£000</b>
	<b>Direct costs</b>			
	Educational operations	-	10,480	10,480
	<b>Support costs</b>			
	Educational operations	45	4,669	4,714
		45	15,149	15,194
	<b>Analysis of costs</b>			<b>2019</b>
				<b>£000</b>
	<b>Direct costs</b>			
	Teaching and educational support staff costs			8,428
	Staff development			36
	Depreciation			744
	Technology costs			166
	Educational supplies and services			376
	Examination fees			181
	Other direct costs			549
				10,480
	<b>Support costs</b>			
	Support staff costs			3,135
	Recruitment and support			25
	Maintenance of premises and equipment			375
	Rent, rates and other occupancy costs			226
	Catering			368
	Finance costs			157
	Other support costs			394
	Governance costs			34
				4,714

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2019 £000	2018 £000
Wages and salaries	8,679	8,819
Social security costs	771	829
Pension costs	1,892	1,916
	<hr/>	<hr/>
Amounts paid to employees	11,342	11,564
Agency staff costs	149	86
Staff restructuring costs	45	10
	<hr/>	<hr/>
Amounts paid to staff	11,536	11,660
Staff development and other staff costs	63	70
	<hr/>	<hr/>
Total staff expenditure	<u>11,599</u>	<u>11,730</u>

Staff restructuring costs comprise:

Redundancy payments	<u>45</u>	<u>10</u>
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#### Staff numbers

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

	2019 Number	2018 Number
Teachers	141	140
Administration and support	192	187
Management	18	22
	<hr/>	<hr/>
	<u>351</u>	<u>349</u>

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

(Continued)

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	3	8
£70,001 - £80,000	6	1
£80,001 - £90,000	3	1
£90,001 - £100,000	-	1
£110,001 - £120,000	1	-
£140,001 - £150,000	1	1
	<u>1</u>	<u>1</u>

#### Key management personnel

The key management personnel of the multi academy trust comprise the Trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the multi academy trust was £1,258,396 (2018: £1,751,519).

### 11 Trustees' remuneration and expenses

The CEO and staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments. The Trustees who received remuneration are:

Dr S Asong (CEO of ORTU Federation Ltd)

Remuneration £140,000 - £145,000 (2018: £140,000 - £145,000)

Employers pension contributions £20,000 - £25,000 (2018: £20,000 - £25,000)

#### Governors' expenses

During the period ended 31 August 2019, sundry expenses totalling £nil were reimbursed to Governors (2018: £103).

### 12 Trustees and officers insurance

In accordance with normal commercial practice, the multi academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on multi academy trust business. The insurance provides cover up to £5m on any one claim and the cost is included in the total insurance and cannot be separated out.

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Tangible fixed assets

	Land and building £000	Computer equipment £000	Furniture and fittings £000	Motor vehicles £000	Total £000
<b>Cost</b>					
At 1 September 2018	26,277	375	1,047	6	27,705
Additions	1,114	-	16	-	1,130
At 31 August 2019	27,391	375	1,063	6	28,835
<b>Depreciation</b>					
At 1 September 2018	1,740	149	763	1	2,653
Charge for the year	558	59	127	1	745
At 31 August 2019	2,298	208	890	2	3,398
<b>Net book value</b>					
At 31 August 2019	25,093	167	173	4	25,437
At 31 August 2018	24,537	226	284	5	25,052

Included within land and buildings is land of £4,136k which is not depreciated.

### 14 Debtors

	2019 £000	2018 £000
Trade debtors	9	18
VAT recoverable	136	386
Other debtors	258	472
	403	876

### 15 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Other loans	24	22
Trade creditors	121	293
Other taxation and social security	213	210
Other creditors	218	304
Accruals and deferred income	280	394
	856	1,223

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16	Deferred income	2019 £000	2018 £000
	Deferred income is included within:		
	Creditors due within one year	130	124
		<u>          </u>	<u>          </u>
	Deferred income brought forward	124	87
	Released from previous years	(124)	(87)
	Amounts deferred in the year	130	124
		<u>          </u>	<u>          </u>
	<b>Deferred income carried forward</b>	<b>130</b>	<b>124</b>
		<u>          </u>	<u>          </u>

At the balance sheet date the Multi-Academy Trust was holding funds received in advance for UIFSM income, and other LEA Income.

17	Creditors: amounts falling due after more than one year	2019 £000	2018 £000
	Other loans	168	154
		<u>          </u>	<u>          </u>
	<b>Analysis of loans</b>		
	Wholly repayable within five years	192	176
	Less: included in current liabilities	(24)	(22)
		<u>          </u>	<u>          </u>
	Amounts included above	168	154
		<u>          </u>	<u>          </u>
	<b>Loan maturity</b>		
	Debt due in one year or less	24	22
	Due in more than one year but not more than two years	24	22
	Due in more than two years but not more than five years	72	65
	Due in more than five years	72	67
		<u>          </u>	<u>          </u>
		<b>192</b>	<b>176</b>
		<u>          </u>	<u>          </u>

Included within creditors are loans of £192k from Salix which are repayable over 8 years and which are interest free.



# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	11,257	(11,930)	673	-
Other DfE / ESFA grants	-	869	(869)	-	-
Other government grants	-	636	(636)	-	-
Other restricted funds	-	323	(323)	-	-
Pension reserve	(6,136)	-	(647)	(953)	(7,736)
	<u>(6,136)</u>	<u>13,085</u>	<u>(14,405)</u>	<u>(280)</u>	<u>(7,736)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	25,175	785	(744)	221	25,437
	<u>25,175</u>	<u>785</u>	<u>(744)</u>	<u>221</u>	<u>25,437</u>
<b>Total restricted funds</b>	<u>19,039</u>	<u>13,870</u>	<u>(15,149)</u>	<u>(59)</u>	<u>17,701</u>
<b>Unrestricted funds</b>					
General funds	1,763	754	(45)	(894)	1,578
	<u>1,763</u>	<u>754</u>	<u>(45)</u>	<u>(894)</u>	<u>1,578</u>
<b>Total funds</b>	<u>20,802</u>	<u>14,624</u>	<u>(15,194)</u>	<u>(953)</u>	<u>19,279</u>

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy. 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.

Other DfE/ESFA grants: This includes the pupil premium and rates relief.

Other government grants: This includes local authority grants .

The transfer of funds to the fixed asset funds relates to the purchase of fixed assets during the year.

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

(Continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	11,133	(12,492)	1,359	-
Other DfE / ESFA grants	-	729	(729)	-	-
Other government grants	-	651	(651)	-	-
Pension reserve	(6,834)	-	(679)	1,377	(6,136)
	<u>(6,834)</u>	<u>12,513</u>	<u>(14,551)</u>	<u>2,736</u>	<u>(6,136)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	6,943	-	-	-	6,943
DfE group capital grants	17,198	577	(556)	1,013	18,232
	<u>24,141</u>	<u>577</u>	<u>(556)</u>	<u>1,013</u>	<u>25,175</u>
<b>Total restricted funds</b>	<u>17,307</u>	<u>13,090</u>	<u>(15,107)</u>	<u>3,749</u>	<u>19,039</u>
<b>Unrestricted funds</b>					
General funds	<u>3,342</u>	<u>1,178</u>	<u>(385)</u>	<u>(2,372)</u>	<u>1,763</u>
<b>Total funds</b>	<u>20,649</u>	<u>14,268</u>	<u>(15,492)</u>	<u>1,377</u>	<u>20,802</u>

#### Total funds analysis by academy

	2019 £000	2018 £000
Fund balances at 31 August 2019 were allocated as follows:		
ORTU Gable Hall School	1,118	1,116
ORTU Corringham Primary School	1,079	759
ORTU Hassenbrook Academy	(619)	(112)
Total before fixed assets fund and pension reserve	<u>1,578</u>	<u>1,763</u>
Restricted fixed asset fund	25,437	25,175
Pension reserve	(7,736)	(6,136)
Total funds	<u>19,279</u>	<u>20,802</u>

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

(Continued)

#### Total cost analysis by academy

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

	Teaching and educational support staff £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
ORTU Gable Hall School	4,958	1,787	217	1,590	8,552	8,957
ORTU Corringham Primary School	1,695	361	34	322	2,412	2,331
ORTU Hassenbrook Academy	1,805	867	126	688	3,486	3,649
	<u>8,458</u>	<u>3,015</u>	<u>377</u>	<u>2,600</u>	<u>14,450</u>	<u>14,937</u>

### 19 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total Funds £000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	25,437	25,437
Current assets	2,602	-	-	2,602
Creditors falling due within one year	(856)	-	-	(856)
Creditors falling due after one year	(168)	-	-	(168)
Defined benefit pension liability	-	(7,736)	-	(7,736)
<b>Total net assets</b>	<u>1,578</u>	<u>(7,736)</u>	<u>25,437</u>	<u>19,279</u>

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total Funds £000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	25,051	25,051
Current assets	2,966	-	298	3,264
Creditors falling due within one year	(1,202)	-	(21)	(1,223)
Creditors falling due after one year	-	-	(154)	(154)
Defined benefit pension liability	-	(6,136)	-	(6,136)
<b>Total net assets</b>	<u>1,763</u>	<u>(6,136)</u>	<u>25,175</u>	<u>20,802</u>

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 20 Pensions and similar obligations

The multi 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 Essex County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £158,785 (2018: £169,718) were payable to the schemes at 31 August 2019 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

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

##### Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to the TPS in the period amounted to £885k (2018: £927k).

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pensions and similar obligations

(Continued)

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

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 26.4% for employers and 5.5% to 12.5% for employees.

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

Total contributions made	2019 £000	2018 £000
Employer's contributions	494	482
Employees' contributions	140	142
Total contributions	634	624
Principal actuarial assumptions	2019 %	2018 %
Rate of increases in salaries	3.7	3.8
Rate of increase for pensions in payment	2.2	2.3
Discount rate	1.9	2.7
Inflation assumption (CPI)	1.2	1.3
Commutation of pension to lump sums	50	50

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 20 Pensions and similar obligations

(Continued)

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
Retiring today		
- Males	21.3	22.3
- Females	23.6	24.5
Retiring in 20 years		
- Males	23.0	24.8
- Females	25.4	27.1

	2019 £'000	2018 £'000
Discount rate + 0.1%	318	285
Discount rate - 0.1%	333	299
Mortality assumption + 1 year	337	302
Mortality assumption - 1 year	314	283
CPI rate + 0.1%	325	292
CPI rate - 0.1%	325	292

#### The multi academy trust's share of the assets in the scheme

	2019 Fair value £000	2018 Fair value £000
Equities	3,881	3,330
Bonds	339	306
Gilts	346	279
Cash	492	179
Property	179	466
Other assets	919	671
Total market value of assets	6,156	5,231
Actual return on scheme assets - gain/(loss)	453	293

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pensions and similar obligations

(Continued)

Amounts recognised in the statement of financial activities	2019 £000	2018 £000
Current service cost	857	990
Past service cost	127	-
Interest income	(144)	(122)
Interest cost	301	293
Total operating charge	1,141	1,161

Changes in the present value of defined benefit obligations	2019 £000	2018 £000
Obligations at 1 September 2018	11,367	7,975
Obligations acquired on conversion	-	3,353
Current service cost	857	990
Interest cost	301	293
Employee contributions	140	142
Actuarial loss/(gain)	1,262	(1,206)
Benefits paid	(162)	(180)
Past service cost	127	-
At 31 August 2019	13,892	11,367

### Changes in the fair value of the multi academy trust's share of scheme assets

	2019 £000	2018 £000
Assets at 1 September 2018	5,231	3,339
Assets acquired on conversion	-	1,155
Interest income	144	122
Actuarial gain	309	171
Employer contributions	494	482
Employee contributions	140	142
Benefits paid	(162)	(180)
At 31 August 2019	6,156	5,231

# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 21 Reconciliation of net expenditure to net cash flows from operating activities

	2019 £000	2018 £000
Net expenditure for the reporting period	(570)	(1,224)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(785)	(577)
Investment income receivable	(1)	(2)
Defined benefit pension costs less contributions payable	490	508
Defined benefit pension net finance cost	157	171
Depreciation of tangible fixed assets	744	556
Decrease in debtors	473	1,421
(Decrease) in creditors	(369)	(54)
<b>Net cash provided by operating activities</b>	<b>139</b>	<b>800</b>

### 22 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 Children, Schools and Families 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.

As no such events have occurred during the year nor are likely to occur in the foreseeable future, the accounts do not contain any provision against contingent liabilities.



# ORTU FEDERATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **23 Related party transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest.

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

24-7 Prayer Stanford Limited -Company Director Mr R P Harman also a Director (governor) of the Multi Academy Trust.

- The Academy used chaplaincy and alternative education services totalling £63k (2018: £98k) during the year.

The Board have been made aware that the value of transactions and the presence of a Director from 24-7 Prayer Stanford Limited as a Governor is inconsistent with the principles in the Academies Financial Handbook. However the Board have assessed that continuing with this service brings the greatest value for money to the Trust and have therefore sought to continue the relationship.

Palmers Solicitors - Partner Carey Jacobs is also a Director (governor) of the Multi Academy Trust.

- The Academy used legal services totalling £3k (2018: £1k) during the year. There were no amounts outstanding at 31 August 2019.
- The Board have been made aware that the value of transactions and the presence of a Partner at Palmers Solicitors is inconsistent with the principles in the Academies Financial Handbook. However the Board have assessed that continuing with this service brings the greatest value for money to the Trust and have therefore sought to continue the relationship.

During the year, the step daughter of Mr S Nash, the Chair of the Board of Trustees, was co-employed by a Trust School as a qualified teacher and received remuneration in accordance with the qualified teachers main pay scale 5 (1.0 Full Time Equivalent) plus TLR 2a (0.4 Full Time Equivalent) as part Time Head of Department at OHA.

### **24 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

### **25 Agency arrangements**

During the year the school acted as agent for Aspirations Dance School (ADS). The academy had a brought forward balance of £64k relating to undistributed funds. During the year the academy received an additional £21k which was added to the funds balance and distributed £28k from the fund. An amount of £57k is included in other creditors relating to the undistributed funds.

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2019 the trust received £18k and distributed £8k from the fund with £7k of funds brought forward from prior years. An amount of £17k is included in other creditors relating to undistributed funds that are repayable to the ESFA.