Company Registration No. 07726568 (England and Wales)

BELIEVE ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019

BELIEVE ACADEMY TRUST

CONTENTS

REFERENCE AND ADMINISTRATIVE DETAILS

Members	
	P Milner
	Rev R Shaw
	H Robinson
	M Saunders
	J Day (Resigned 14 June 2019)
Trustees	R Lambert (Staff)
	M Coleman (Resigned 29 November 2018)
	H Robinson
	G Boyd (Chief Executive Officer) (Resigned 10 October 2019)
	A Hurt (Chair)
	D Harvey (Resigned 19 March 2019)
	A Rogers
	K Sheppard
	L Senior (Resigned 29 November 2018)
	A Shaw (Appointed 23 May 2019)
	L Sharkey (Appointed 20 June 2019)
	J Freeman (Appointed 5 December 2018)
	A W J Paulson (Appointed 10 October 2019)
Senior management team	
- Chief Executive Officer and accounting Officer	G Boyd
- Teaching and Learning Director	M Thompson
- Facilities and Operations Director	R Lambert
- Head of HR	J Clifton
- Head of Finance	J Knight
- Headteacher - Southwark	B Skirton
- Headteacher - Arnbrook	P Fowlie
- Headteacher - Derwent	J Housden
Company registration number	07726568 (England and Wales)
Registered office	Park Lane Old Basford Nottingham NG6 0DT
Independent auditor	UHY Hacker Young 14 Park Row Nottingham NG1 6GR

Bankers	Lloyds Bank 12-16 Lower Parliament Street Nottingham NG1 3DA
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 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.

The Trust's principal objective and activity has been to manage the provision of education to primary school pupils in Nottingham and Derby. The academy trust operates three academies; Southwark Primary School, Arnbrook Primary School and Derwent Primary School. As at the census on 16th May 2019, there are 1099 pupils on roll compared to a Trust capacity of 1245 pupils.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Believe Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Believe Academy Trust. Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Academy Trust maintains liability insurance which gives appropriate cover for any legal action brought against its officers. The Academy Trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as Board members or officers of the Academy Trust.

Method of recruitment and appointment or election of trustees

The total number of Trustees, including the Chief Executive Officer, who are employees of the Trust shall not exceed one third of the total number of Trustees. Future Trustees shall be appointed or elected, as the case may be, under the Articles of Association. The Members shall appoint up to 6 Trustees. A Trustee shall cease to hold office if he/she resigns their office by notice to the Academy Trust (but only if at least three Trustees will remain in office when the notice of resignation is to take effect). A Trustee may also cease to hold office if they are removed by the person or persons who appointed or elected them, or otherwise by ordinary resolution of the Members in accordance with the Companies Act 2006.

Policies and procedures adopted for the induction and training of trustees

All trustees are recruited with transferable skills that will benefit the Trust and support and challenge the senior executive. All new trustees complete an induction program, are provided with previous minutes and face to face inductions with the Accounting Officer, plus provided with copies of documents/access to secure portals that they will need to undertake their role as Trustees. Four new trustees have been appointed to the board this year. This has increased the professional knowledge of the board within the following areas:

- Information Technology
- Teaching and standards

Organisational structure

The organisational structure at a Trust level consist of the Trustees (the Board) and the Trust Executive Team. Specialists within the Trust support in key areas. The Academies, which form part of the Trust, have a Local Governing Body or Academy Council (dependent on the Academy's Ofsted judgement), a Headteacher and a Senior Leadership Team for each academy. 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 the Trust's vision, setting organisational policies, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major strategic decisions about the direction of the Trust, capital expenditure, senior staff appointments and performance management of the Chief Executive Officer.

The Trust's Executive Team are responsible for implementation of strategy and delivery against the annual plan and budget. They make recommendations to the Board on the operational, procedural and educational activities that operate across the Trust. The Executive Team provide central services for the academies, which include: school improvement, human resources, finance, operations and premises management. The Executive Team ensure all schools in the Trust are delivering improving school standards at a rate agreed by the Trust Board.

The Academy's Local Governing Body and Senior Leadership Teams are delegated authorities to govern/ manage each academy, implementing the policies adopted by Trust and at local level. As a group the Leadership teams are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and for appointments of staff to a certain level. Trust Schemes of Delegation define required representation from the Trust and Governance for senior appointments, such as the Headteacher. The Academy Senior Leadership Teams are accountable for the day-to-day operation of the Academy, such as organising teaching staff, facilities, children and safeguarding processes.

Arrangements for setting pay and remuneration of key management personnel

The Remuneration Policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board, after taking advice from external consultants (EPM) and following guidance from the relevant professional pay review bodies.

The Trust has a recognised pay model whereby all senior leaders are paid from the same pay matrix. This ensures consistency and fairness across the Trust in line with the Equalities Act 2010. This is approved by the Board on an annual basis.

Only staff Trustees, including the Chief Executive Officer (G Boyd) and the Facilities and Operations Director (R Lambert), are remunerated, and these individuals only receive remuneration in respect of services they provide under their contracts of employment, not in respect of their role as Trustees. Staff Trustees carry no vote and do not partake in sections of meetings linked to matters of their own remuneration.

Remuneration of key management personnel is set at an individual level, and where possible the Trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to national pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such, salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

Trade union facility time
During the period ended 31 August 2019 the Trust had no official trade union representatives.

Related parties and other connected charities and organisations
The Trust prides itself in forming collaborative relationships with other Trusts to share best practice in areas of teaching and learning and back office functions, however there have been no financial transactions with related parties in this accounting period.

Objectives and activities

Objects and aims

The Academy Trust's objects ("the Objects") are specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies")
- to promote for the benefit of the inhabitants of the areas where the Academies are established and its surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

In accordance with the articles of association, the charitable company has entered into a relevant funding agreement with the Secretary of State. The funding agreements specify, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should be broad and balanced.

Trust Vision

In association with 'The Objects', Believe Academy Trust is a Multi Academy Trust with the objective of raising educational achievement for children by providing a first class education that will inspire, motivate, challenge and unlock potential. We expect our academies to achieve more by recognising and harnessing the power of individuals whilst also working as a collective.

Believe values are the qualities, customs, standards, and principles that we believe will help both the children and our employees succeed. These are the values that govern our conduct:

- Academies with their own identity – Be more individual
- Belief and confidence in our academies to excel – Be more confident
- Only the best for our children – Be more determined
- Outstanding partnership providers – Be more successful

Objectives, strategies and activities

During 2018/19, the principal activity of the charitable company was the operation of 3 primary academies across three local authorities: Nottingham City, Nottinghamshire and Derby City.

The Trust's Strategic plan describes our overarching objectives for the year ended 31 August 2019. This document, linked to area specific action plans, is the main vehicle for improvement across the Trust. Five key strategic business objectives, each with their own targets, key actions and performance measures were identified in order to steer growth and development throughout this period. These are:

- Increase quality of provision within all our academies to provide the highest quality education, enabling all pupils to realise their full potential.
- Lead the organisation in a responsible but effective way, embracing a combination of autonomy, collaboration and challenge across key areas of leadership and management.
- Ensure a financially viable and sustainable Trust, providing value for money for the funds expended.
- Become a sector leader regarding provision for employees.
- Improve the way premises are used to protect people, the environment and support sustainable growth.

Trustees are satisfied that external validation, coupled with performance against defined measures, is showing that Trust schools are moving forwards, and that additional Trust school improvement capacity is being generated within these improving schools. During the period one school was subject to an Ofsted inspection, receiving confirmation of its upward trajectory, moving from Inadequate to Requiring Improvement.

It remains a core principle that Believe Academy Trust's children remain central to all Trust endeavours and improvements in outcomes have in some instances been significant (see achievement and performance section). These improvements, alongside other developments in areas such as delivering specialist curriculums, are helping to ensure a sustainable future for all Trust schools.

Public benefit

Academies within the Trust cater for children aged 3 to 11 and strive to promote and support the advancement of education within their surrounding areas. The Academies provide an extensive programme of educational and recreational activity - all designed to contribute to the overall education of students in areas such as academic distinction, music, the arts and sport.

For example the Academies work with:

- Local secondary schools to aid transition
- Working with local sporting associations
- Working with the family of schools to promote and participate in orchestral performance and an appreciation of the arts
- Hold regular charity events to raise funds for Water Aid, Children in Need etc.
- Running workshops for families
- Hosting community events

Wherever possible the Academies also aim to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities.

For example:

- Hire of sports pitches
- Local Election Polling Station
- Parent clinics

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

Strategic report

Achievements and performance

The Trust provides the education for approximately 1100 pupils across Nottingham and Derby fulfilling its primary objective in some of the most deprived areas in England. The quality of education provided by the Trust has improved which is reflected in Ofsted reports, but most notably in pupil outcomes. Outcomes from Ofsted inspection activities carried out during this period are:

- Arnbrook Primary – Judged as Requires Improvement (Nov 2018) moving from Serious Weaknesses

2019 unvalidated data headlines linked to the three Trust schools and previous years national average (used as an indicator):

- All schools at or above the national average for proportions of pupils achieving a Good Level of Development.
- 3 out of 3 schools were above the national average for phonics.
- All schools at or above Key Stage 1 national averages for Maths.
- 2 out of 3 schools at or above Key Stage 1 national averages in both Reading and Writing.
- Derwent Primary improving by 32% the proportions of pupils achieving the expected standard in reading, writing and maths at the end of KS2.
- Derwent Primary demonstrated significant improvements in KS2 attainment in most areas, increases consist of: Reading +17%, Writing + 9%, Maths +19%.
- Arnbrook Primary increased the proportions of pupils achieving Greater Depth/High Score, increases consist of: Writing +11%, Maths +15%, EGPS +6%.
- Both Arnbrook and Derwent notably increased proportions of disadvantaged pupils achieving the expected standard and Greater Depth in all areas across Key Stage 2 (barring Reading Greater Depth at Derwent).
- Both Arnbrook and Southwark Primary schools maintained the Key Stage 2 scores broadly in line with national statistics.
- Derwent Primary progress scores in all areas demonstrating significant improvements.

Key performance indicators

A summary analysis of key financial performance indicators are listed below:

Indicator	**Target**	**Actual**
Salary expenditure as a percentage of total expenditure	≤ 78%	82.3%
To generate >5% of total income via other means	≥ 5%	5.6%
To achieve a mid-year surplus	Met	Met
No red/amber flags on external audit management letter	0 flags	0 flags

Going concern

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

Financial review

Most of the Academy's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and associated expenditure are shown in the restricted funds in the statement of financial activities.

During the year the trust received income of £6,517,083 in government and local authority grants, most of which is in the form of recurrent grants, the use of which has been restricted. All grant and recurrent grant income has been spent on providing quality education to students and purchasing resources and maintaining facilities to support their learning and maximise outcomes. In addition, the trust received income of £386,505 from other sources, including £217,811 unrestricted income and therefore able to be utilised for general purposes of the trust. Capital grant income of £74,224 was received in the year. Total income was £6,977,812.

Overall, the trust has generated a deficit of £528,942 for the year, before transfers. When depreciation, capital grants and local government pension scheme adjustments are excluded, the surplus is £31,112 (2018: deficit £195,323). When transfers are taken in to account, the net movement on restricted general funds (excluding pension reserve) plus unrestricted funds in the year to 31 August 2019 was a £17,154 surplus.

At 31st August 2019, the value of the restricted income funds were £200,007 (2018: £318,325).

At 31st August 2019, the value of the unrestricted income funds were £442,289 (2018: £306,817).

At 31st August 2019, the net book value of fixed assets was £11,586,881 and movements in tangible fixed assets are shown in note 12 to the financial statements.

The pension reserve held within restricted funds was in deficit by £4,260,000 at 31 August 2019. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

Reserves policy

The trustees review the reserve levels of the Academy 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 will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that are considered necessary and will have a clear plan for how the reserves will be used to benefit the pupils.

The trustees have determined that the appropriate level of free reserves should be equivalent to one month's purchasing cost, approximately £180,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

Total reserves at 31 August 2019 were £7,969,177, including fixed asset fund £11,586,881 and pension reserve £4,260,000. The combined balance on restricted general fund (excluding pension reserve) and unrestricted fund was £642,296.

The trustees will monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the trust will strive to rebuild free reserves up to the level needed.

Further information on the Trusts financial performance and reserves can be found in the financial statements.

Investment policy

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation.

In addition, the Trust aims to invest surplus cash funds to optimise returns while ensuring the investment instruments are such that there is no material risk to the loss of these cash funds. The Trust currently does this through making use of high interest accounts only and the risk is minimal.

Principal risks and uncertainties

The major risks to which the Trust is exposed, as identified by the Trustees, have been reviewed, and systems and procedures introduced to mitigate those risks. The schedule of risks are tabled (Risk Management Register) and reviewed by the Audit and Risk committee. These are underpinned by a comprehensive suite of policies and processes. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

Operational and reputational - this covers risks to the running of the Trust (including the capacity of staff, health and safety, safeguarding and premises to meet the needs of pupils) and its performance in delivering the curriculum and a safe environment for pupils and adults.

Financial - covering risks to the Academy Trust's financial position, including revenue streams, cost control, income and cash management.

Information – covering risks around loss of data (e.g. data flows), breach of information systems (including IT infrastructure) and compliance with the General Data Protection Regulation.

The risks to which the Academy Trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations and the financial position of the staff pension schemes. Internal Risks include - management of internal finances and assets, fraud, money laundering and facilities management.

Fundraising

The majority of fundraising activities engaged in by the Trust are carried out on behalf of national campaigns (e.g. Red Nose Day) and these funds are always paid onwards. Any local events intended to raise funds for each school are minimal in their scope and all funds are reinvested into curricular resources and activities intended to support the educational objectives of the Trust.

Plans for future periods

The Trust plans for the future are outlined within the Trust Strategy Plan and individual Academy Development Plans. The key objectives are identified below:

- To improve attainment and progress in every year group addressing issues highlighted in pupil data at the end of the previous academic year.
- To improve attainment and progress in every year group by the strategic use of assessment.
- To continue to raise the standards of teaching and quality of learning experiences received by the pupils.
- To continue to increase staff engagement and working conditions for all employees.
- To provide high class, value for money services to support the business operations of the Trust.
- To provide safe and secure environments for Trust employees, parents/carers and pupils to exist safely.
- To have all academies in the Trust Good or Outstanding.

Funds held as custodian trustee on behalf of others

The Academy Trust does not currently hold any funds on behalf of others.

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.

A resolution proposing that UHY Hacker Young be reappointed as auditor of the charitable company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 28 November 2019 and signed on its behalf by:

G Boyd
Chief Executive Officer

Anne Hurt

A Hurt
Chair

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the 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 Believe Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year, including committee meetings. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	**Meetings attended**	**Out of possible**
A Hurt (Chair)	2	3
M Coleman (resigned 29 November 2018)	-	1
A Rogers	3	3
H Robinson (Vice)	3	3
D Harvey (resigned 19 March 2019)	-	2
R Lambert (staff trustee)	3	3
K Sheppard	-	3
L Senior (resigned 29 November 2018)	-	1
J Freeman (appointed 5 December 2018)	2	2
G Boyd (Chief Executive Officer and Accounting Officer)	3	3
A Shaw (appointed 23 May 2019)	1	1
L Sharkey (appointed 20 June 2019)	1	1

The Board has been subject to a degree of change with all new appointments being recruited on a skills basis. The Board was praised during the November Ofsted of Arnbrook Primary for its role in securing improvements.

The Board continues to subject the schools to external scrutiny through external consultants (approved by the Board), Challenge Partners and also through Trust mechanisms such as Partnership Reviews in order to provide a layer of quality assurance regarding the accuracy of information provided.

The decision was taken for the CEO to resign as a staff Trustee and remain on the board as a co-opted member to continue the move towards a clear separation between the board and the senior leadership of the Trust.

Audit and Risk Committee

The Audit and Risk committee is a sub-committee of the main board of trustees. The main powers and functions delegated by the Board to this committee broadly consist of:

External audit – consider appointment/reappointment and independence of external auditor; discuss the scope and engagement within forthcoming audits, review and respond to annual management letter.

Internal audit – to set out the internal audit programme, monitor the agreed actions following annual management letter, review recommendations of the internal audit.

Financial management, policies and procedures – keep under review critical accounting and risk related policies and procedures (e.g. whistleblowing, fraud prevention), scrutinise decisions requiring a major element of judgement, maintain clarity and transparency of disclosures, attend to the going concern assumption, comply with DfE and legal requirements, review relevant risks and maintain registers.

Asset Management – confirm asset recording system is in place, including inventory and fixed asset register, management of assets (e.g. premises and security)

A Hurt and A Rogers are Trustees with specialisms in Safeguarding and are members of the committee.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
A Hurt (Chair)	1	1
H Robinson	-	1
M Coleman (resigned 29 November 2018)	-	1
G Boyd (Chief Executive Officer and Accounting Officer)	1	1
R Lambert	1	1
K Sheppard	1	1
L Senior (resigned 29 November 2018)	-	1
A Rogers	1	1
D Harvey (resigned 19 March 2019)	-	1

Business: Finance and Operations

The Business: Finance and Operations is also a sub-committee of the main board of trustees. The main powers and functions delegated by the Board to this committee broadly consist of:

Strategy and Leadership – reviewing and challenging the Trust's and individual academy's progress against objectives and key performance indicators.

Funding – consider each academy's indicative funding, consider and recommend acceptance or non-acceptance of Academy budgets.

Budgeting – Formulation of academy strategic plans, consideration of spending plans and supplementary expenditure, approving long term financial forecasts, agreeing action against underperformance, delegation of day to day management of approved budgets, ensuring Trust's assets are protected, agreeing authorised signatories.

Expenditure – monitor and review expenditure, ensure compliance with the overall financial plan and regulations, agreeing a borrowing strategy, considering and agreeing specific loans and attached conditions.

Financial procedures – monitor and review procedures (including bank account arrangements), prepare financial statement to form part of the annual report to the Board, agree amendments to standing orders

Health and Safety – Receive Health and Safety reports and advise as necessary, monitor compliance of policies and statutory obligations

Property Management – determine overarching strategies, determine the use of academies premises and grounds regarding lettings, review responsibilities under the Environmental Protection Act.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
A Hurt (Chair)	1	1
H Robinson	1	1
G Boyd (Chief Executive Officer and Accounting Officer)	1	1
R Lambert	1	1
A Rogers	1	1
J Freeman (appointed 5 December 2018)	1	1
K Sheppard	-	1

Pay, Performance and Personnel Committee

The Pay, Performance and Personnel committee is also a sub-committee of the main board of trustees. The main powers and functions delegated by the Board to this committee broadly consist of:

Pay – prepare and submit recommendations for associated policies (e.g. appraisal and pay), make performance management arrangements for senior personnel, moderate pay decisions, set salaries for management posts, approve changes to management staffing structures, hear appeals against threshold assessment applications, determine salaries of teaching and support staff.

Grievances – consider staff grievances and staff complaints of harassment.

Staff Discipline/Dismissals – ensure procedures and processes have been followed, determination of dismissal from post, provide opportunities for staff to make representations, inform of right to appeal against decision.

Staff Appeals – consideration of staff appeals against decisions made

Personnel – receive reports and make recommendations to the Board in all matters relating to staff at the Academies (e.g. working environments, NQT induction, appointments)

Trustees	Meetings attended	Out of possible
A Hurt (Chair)	1	2
J Freeman (appointed 5 December 2018)	1	2
G Boyd (Chief Executive Officer and Accounting Officer)	2	2
R Lambert	2	2
H Robinson	1	2
K Sheppard	-	2
A Rogers	2	2
A Shaw (appointed 23 May 2019)	1	2
L Sharkey (appointed 20 June 2019)	1	2

During the period Believe Academy Trust underwent a review process. This was undertaken as part of the DfE funded programme targetted towards 'Chairs'. As a result of the review process training was sought to build knowledge and expertise linked to key areas, such as Equality Act 2010. Identified gaps in expertise were filled through the appointment of new trustees, adding expertise in both school improvement and law.

Due to changes across the Board and potential growth of the trust the Board has planned to undertake a self-evaluation process next academic year.

The data obtained through investigations instigated on behalf of the board is quality assured to ensure its validity and veracity in presentation. This is primarily in the form of internal quality assurance assessments led by trust personnel, however where appropriate, external QA assessments can be arranged.

Review of value for money
As accounting officer the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by consolidating key trust contacts with a single provider to obtain discounts with the greater purchasing power that comes from increased economies of scale. Examples include:

- **Broadband – Green CoLocation**
    - An annual saving of £7,000 per year against previous costs
    - A review of broadband infrastructure and provision, leading to an additional one-off saving of £35,000
- **Photocopier – Konica Minolta**
    - An annual saving of £2,500 per year through alignment of existing contracts and renegotiated terms
- **IT Infrastructure – Ergo IT Solutions**
    - A saving of £25,425 over the length of the contract through consolidation of provision from different suppliers

The purpose of the system of internal control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Believe Academy Trust 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 academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy 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 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 to re-appoint UHY Hacker Young as internal auditor.

The internal auditor'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:

- testing of income and expenditure
- testing of governance records
- testing of procurement procedures against stated policies

On a bi-annual basis, the internal auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The schedule of work has been delivered by the internal auditor as planned, with no material control issues arising in their investigations.

Review of effectiveness

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

- the work of the internal auditor
- 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 risk and audit committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 28 November 2019 and signed on its behalf by:

G Boyd
Accounting Officer

Anne Hurt

A Hurt
Chair

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Believe Academy Trust I have considered my responsibility to notify the 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 academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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

G Boyd
Accounting Officer

28 November 2019

BELIEVE ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of Believe Academy Trust for the purposes of company law) are responsible for preparing the Trustees' report and the accounts 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 accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 28 November 2019 and signed on its behalf by:

G Boyd	A Hurt
Chief Executive Officer	**Chair**

UHY Hacker Young LLP
14 Park Row
Nottingham NG1 6GR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELIEVE ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of Believe Academy Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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 accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the 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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELIEVE ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; 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 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 accounts 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.

UHY Hacker Young LLP
14 Park Row
Nottingham NG1 6GR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELIEVE ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Responsibilities of trustees

As explained more fully in the statement of Trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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 accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts 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.

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.

Elizabeth Searby

Elizabeth Searby (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

28 November 2019

Chartered Accountants
Statutory Auditor

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
14 Park Row
Nottingham NG1 6GR

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BELIEVE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 4 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Believe Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Believe Academy Trust's accounting officer and the reporting accountant

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

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

Approach

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

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

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

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BELIEVE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety within the trust.
- Testing of those areas identified through risk assessment, including reviewing internal controls, analytical review and enquiries of management.
- Consideration of the evidence and concluding on the work carried out.

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.

UHY Hacker Young

Reporting Accountant
UHY Hacker Young
14 Park Row
Nottingham
NG1 6GR

Dated: 28 November 2019

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General £	Restricted funds: Fixed asset £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	2	-	3,182	74,224	77,406	36,700
Charitable activities:						
- Funding for educational operations	3	-	6,517,083	-	6,517,083	6,291,490
Other trading activities	4	215,887	165,512	-	381,399	282,695
Investments	5	1,924	-	-	1,924	1,633
Total		217,811	6,685,777	74,224	6,977,812	6,612,518
Expenditure on:						
Charitable activities:						
- Educational operations	8	82,339	7,171,137	253,278	7,506,754	7,368,360
Total	6	82,339	7,171,137	253,278	7,506,754	7,368,360
Net income/(expenditure)		135,472	(485,360)	(179,054)	(528,942)	(755,842)
Transfers between funds	17	-	(13,958)	13,958	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(984,000)	-	(984,000)	777,000
Net movement in funds		135,472	(1,483,318)	(165,096)	(1,512,942)	21,158
Reconciliation of funds						
Total funds brought forward		306,817	(2,576,675)	11,751,977	9,482,119	9,460,961
Total funds carried forward		442,289	(4,059,993)	11,586,881	7,969,177	9,482,119

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** **£**	**Restricted funds: General** **£**	**Fixed asset** **£**	**Total 2018** **£**
Income and endowments from:					
Donations and capital grants	**2**	-	-	36,700	36,700
Charitable activities:					
- Funding for educational operations	**3**	-	6,291,490	-	6,291,490
Other trading activities	**4**	161,812	120,883	-	282,695
Investments	**5**	1,633	-	-	1,633
Total		163,445	6,412,373	36,700	6,612,518
Expenditure on:					
Charitable activities:					
- Educational operations	**8**	142,170	6,991,971	234,219	7,368,360
Total	**6**	142,170	6,991,971	234,219	7,368,360
Net income/(expenditure)		21,275	(579,598)	(197,519)	(755,842)
Transfers between funds	**17**	(203,496)	29,150	174,346	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	**19**	-	777,000	-	777,000
Net movement in funds		(182,221)	226,552	(23,173)	21,158
Reconciliation of funds					
Total funds brought forward		489,038	(2,803,227)	11,775,150	9,460,961
Total funds carried forward		306,817	(2,576,675)	11,751,977	9,482,119

BELIEVE ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	12		11,586,881		11,751,977
Current assets					
Stocks	13	18,858		13,907	
Debtors	14	291,954		255,330	
Cash at bank and in hand		706,941		738,691	
		1,017,753		1,007,928	
Current liabilities					
Creditors: amounts falling due within one year	15	(375,457)		(382,786)	
Net current assets			642,296		625,142
Net assets excluding pension liability			12,229,177		12,377,119
Defined benefit pension scheme liability	19		(4,260,000)		(2,895,000)
Total net assets			7,969,177		9,482,119
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			11,586,881		11,751,977
- Restricted income funds			200,007		318,325
- Pension reserve			(4,260,000)		(2,895,000)
Total restricted funds			7,526,888		9,175,302
Unrestricted income funds	17		442,289		306,817
Total funds			7,969,177		9,482,119

The accounts on pages 26 to 54 were approved by the trustees and authorised for issue on 28 November 2019 and are signed on their behalf by:

Anne Hurt

G Boyd
Chief Executive Officer

A Hurt
Chair

Company Number 07726568

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Net cash used in operating activities	**20**		(19,715)		(111,187)
Cash flows from investing activities					
Dividends, interest and rents from investments		1,924		1,633	
Capital grants from DfE Group		74,224		36,700	
Purchase of tangible fixed assets		(88,183)		(211,046)	
Net cash used in investing activities			(12,035)		(172,713)
Net decrease in cash and cash equivalents in the reporting period			(31,750)		(283,900)
Cash and cash equivalents at beginning of the year			738,691		1,022,591
Cash and cash equivalents at end of the year			706,941		738,691

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the 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.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

1 Accounting policies **(Continued)**

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 academy trust has provided the goods or services.

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

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.

All resources expended are inclusive of irrecoverable VAT.

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

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

1 Accounting policies **(Continued)**

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 requiring the continued use of the asset, he 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 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:

Long leasehold buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years
Motor vehicles	25% reducing balance

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 academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of 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 academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis.are as follows.

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 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 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

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

1.11 Pensions benefits

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

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

1 Accounting policies **(Continued)**

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

1.12 Fund accounting

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

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

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

1 Accounting policies **(Continued)**

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

For 2018-2019 there have been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £63,000 which has reflected as a past service cost, within staff costs. There will also be an increase in the cost of benefits from 1 September 2019.

(2) Guaranteed Minimum Pension (GMP). GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

1 Accounting policies **(Continued)**

(3) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted is a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(4) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 19. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	74,224	74,224	36,700
Other donations	-	3,182	3,182	-
	-	77,406	77,406	36,700

The income from donations and capital grants was £77,406 (2018: £36,700) of which £77,406 was restricted funds (2018: £36,700).

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	4,861,755	4,861,755	4,771,927
Other DfE group grants	-	972,038	972,038	879,237
	-	5,833,793	5,833,793	5,651,164
Other government grants				
Local authority grants	-	683,290	683,290	640,326
Total funding	-	6,517,083	6,517,083	6,291,490

The income from funding for educational operations was £6,517,083 (2018: £6,291,490) of which £6,517,083 was restricted (2018: £6,291,490).

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Trip Income	-	55,849	55,849	38,913
Catering income	-	67,052	67,052	68,968
Breakfast / After School Club Income	88,475	-	88,475	80,573
Other income	127,412	42,611	170,023	94,241
	215,887	165,512	381,399	282,695

The income from other trading activities was £381,399 (2018: £282,695) of which £215,887 was unrestricted (2018: £161,812) and £165,512 was restricted (2018: £120,883).

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	1,924	-	1,924	1,633

The income from funding for investment income was £1,924 (2018: £1,633) of which £1,924 was unrestricted (2018: £1,633).

6 Expenditure

		Non Pay Expenditure			
	Staff costs £	Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	4,692,567	-	325,887	5,018,454	4,815,812
- Allocated support costs	1,273,343	567,081	647,876	2,488,300	2,552,548
	5,965,910	567,081	973,763	7,506,754	7,368,360

Net income/(expenditure) for the year includes:	2019 £	2018 £
Fees payable to auditor for audit services	13,125	12,500
Operating lease rentals	9,721	32,752
Depreciation of tangible fixed assets	253,278	234,219
Net interest on defined benefit pension liability	77,000	84,000

7 Central services

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

- human resources;
- financial services;
- legal services;

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

- flat percentage of income (5%);

7 Central services (Continued)

The amounts charged during the year were as follows:

	2019 £	2018 £
Southwark Primary School	378,000	316,000
Arnbrook Primary School	55,776	99,000
Derwent Primary School	51,720	50,000
Believe Academy Trust	-	-
	485,496	465,000

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	82,339	4,936,115	5,018,454	4,815,812
Support costs				
Educational operations	-	2,488,300	2,488,300	2,552,548
	82,339	7,424,415	7,506,754	7,368,360

	2019 £	2018 £
Analysis of support costs		
Support staff costs	1,273,343	1,356,590
Depreciation	253,278	234,219
Technology costs	45,719	47,606
Premises costs	313,803	380,999
Other support costs	519,689	517,939
Governance costs	82,468	15,195
	2,488,300	2,552,548

The expenditure on educational operations was £7,506,754 (2018: £7,368,360) of which £82,339 was unrestricted (2018: £142,170), £7,171,137 was restricted (2018: £6,991,971) and £253,278 was restricted fixed assets (2018: £234,219).

9 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	4,292,429	4,255,676
Social security costs	392,604	386,600
Pension costs	1,030,835	988,976
Amounts paid to employees	5,715,868	5,631,252
Agency staff costs	250,042	231,869
Amounts paid to staff	5,965,910	5,863,121
Staff development and other staff costs	47,501	44,045
Total staff expenditure	6,013,411	5,907,166

Staff numbers

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

	2019 Number	2018 Number
Teachers	86	94
Administration and support	101	101
	187	195

Higher paid staff

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

	2019 Number	2018 Number
£60,000 - £70,000	3	1
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-

9 Staff **(Continued)**

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £646,642 (2018: £596,863).

10 Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Chief Executive Officer and other staff trustees only receive remuneration in respect of services they provide undertaking the role of executive principal and staff members under their contracts of employment. During the year no travel and subsistence payments were reimbursed to the trustees.

The value of Trustees' remuneration and other benefits was as follows:

G Boyd (Chief Executive Officer):
 Remuneration: £100,000 - £105,000 (2018: £95,000 - £100,000)
 Employers Pension Contributions: £15,000 - £20,000 (2018: £15,000 - £20,000)

R Lambert (Staff):
 Remuneration: £55,000 - £60,000 (2018: (£50,000 - £55,000)
 Employers Pension Contributions: £10,000 - £15,000 (2018: £5,000 - £10,000)

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has joined the Education and Skills Funding Agency's Risk Protection scheme to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. This scheme provides unlimited cover. As the cover for the trustees and officers is part of the policy, the cost cannot be determined in either this year or prior years.

12 Tangible fixed assets

	Long leasehold land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2018	12,580,878	258,868	73,949	16,200	12,929,895
Additions	18,706	50,942	18,535	-	88,183
At 31 August 2019	12,599,584	309,810	92,484	16,200	13,018,078
Depreciation					
At 1 September 2018	884,501	240,176	52,227	1,014	1,177,918
Charge for the year	216,512	19,623	13,347	3,797	253,279
At 31 August 2019	1,101,013	259,799	65,574	4,811	1,431,197
Net book value					
At 31 August 2019	11,498,571	50,011	26,910	11,389	11,586,881
At 31 August 2018	11,696,377	18,692	21,722	15,186	11,751,977

At 31 August 2019, the Trust holds three properties under 125-year leases from Nottingham City Council, Nottinghamshire County Council and Derby City Council. These properties are included at their depreciated replacement cost at the date of conversion to academy status.

Included in long leasehold land and buildings is land of £1,768,100 (2018: £1,768,100) which has not been depreciated.

13 Stocks

	2019	2018
	£	£
Stock	18,858	13,907

14 Debtors

	2019	2018
	£	£
Trade debtors	1,153	1,481
VAT recoverable	30,159	40,849
Prepayments and accrued income	260,642	213,000
	291,954	255,330

15 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	149,037	89,023
Other taxation and social security	107,635	95,006
Accruals and deferred income	118,785	198,757
	375,457	382,786

16 Deferred income

	2019	2018
	£	£
Deferred income is included within:		
Creditors due within one year	95,953	168,846
Deferred income at 1 September 2018	168,846	133,562
Released from previous years	(168,846)	(133,562)
Resources deferred in the year	95,953	168,846
Deferred income at 31 August 2019	95,953	168,846

At the balance sheet date the academy trust had received various grants in advance for expenditure which will be incurred in the period to 31 August 2019. This includes Special Education Needs funding of £22,572 (2018: £32,924), Universal Infant Free School Meals funding of £27,026 (2018: £75,966), rates relief of £15,595 (2018: £13,303) and Early Years funding of £27,439 (2018: £25,913).

17 Funds

	Balance at 1 September 2018	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2019
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	318,325	4,861,755	(4,966,115)	(13,958)	200,007
Other DfE / ESFA grants	-	972,038	(972,038)	-	-
Other government grants	-	683,290	(683,290)	-	-
Other restricted funds	-	168,694	(168,694)	-	-
Pension reserve	(2,895,000)	-	(381,000)	(984,000)	(4,260,000)
	(2,576,675)	6,685,777	(7,171,137)	(997,958)	(4,059,993)
Restricted fixed asset funds					
DfE group capital grants	11,751,977	74,224	(253,278)	13,958	11,586,881
Total restricted funds	9,175,302	6,760,001	(7,424,415)	(984,000)	7,526,888
Unrestricted funds					
General funds	306,817	217,811	(82,339)	-	442,289
Total funds	9,482,119	6,977,812	(7,506,754)	(984,000)	7,969,177

17 Funds **(Continued)**

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

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

During the year ended 31 August 2019 the trustees authorised the transfer of funds from Southwark Primary School restricted fund to the fixed asset restricted fund in order to finance fixed asset additions at Arnbrook Primary School. The transfer amounted to £13,958.

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

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

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

The pension reserve held within restricted funds was in deficit by £4,260,000 at 31 August 2019. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

17 Funds (Continued)

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

	Balance at 1 September 2017	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	505,773	4,771,927	(4,988,525)	29,150	318,325
Other DfE / ESFA grants	(5,180)	879,237	(874,057)	-	-
Other government grants	5,180	640,326	(645,506)	-	-
Other restricted funds	-	120,883	(120,883)	-	-
Pension reserve	(3,309,000)	-	(363,000)	777,000	(2,895,000)
	(2,803,227)	6,412,373	(6,991,971)	806,150	(2,576,675)
Restricted fixed asset funds					
DfE group capital grants	11,775,150	36,700	(234,219)	174,346	11,751,977
Total restricted funds	8,971,923	6,449,073	(7,226,190)	980,496	9,175,302
Unrestricted funds					
General funds	489,038	163,445	(142,170)	(203,496)	306,817
Total funds	9,460,961	6,612,518	(7,368,360)	777,000	9,482,119

17 Funds (Continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:	2019 £	2018 £
Southwark Primary School	911,022	863,564
Arnbrook Primary School	(303,410)	(251,415)
Derwent Primary School	140,858	116,346
Believe Academy Trust	(106,174)	(103,353)
Total before fixed assets fund and pension reserve	642,296	625,142
Restricted fixed asset fund	11,586,881	11,751,977
Pension reserve	(4,260,000)	(2,895,000)
Total funds	7,969,177	9,482,119

Arnbrook Primary School and the Central Trust are showing a deficit reserve position due to a lack of brought forward reserves combined with a challenging funding position in the current financial climate. The Trust is working to recover this reserves deficit over time whilst not sacrificing the quality of educational provision in any school.

Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Southwark Primary School	2,403,028	504,908	155,009	897,197	3,960,142	3,894,693
Arnbrook Primary School	1,120,779	212,130	61,315	251,556	1,645,780	1,607,187
Derwent Primary School	993,914	266,962	61,692	268,060	1,590,628	1,487,443
Believe Academy Trust	222,347	289,343	373	30,355	542,418	609,820
	4,740,068	1,273,343	278,389	1,447,168	7,738,968	7,599,143

17 Funds (Continued)

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2018
	£	£	£	£	£
Southwark Primary School	2,294,394	623,328	144,630	832,341	3,894,693
Arnbrook Primary School	1,090,974	180,473	63,442	272,298	1,607,187
Derwent Primary School	929,911	236,877	55,841	264,814	1,487,443
Believe Academy Trust	235,296	315,911	1,323	57,290	609,820
	4,550,575	1,356,589	265,236	1,426,743	7,599,143

18 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total Funds
	£	£	£	£
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	11,586,881	11,586,881
Current assets	442,289	575,464	-	1,017,753
Creditors falling due within one year	-	(375,457)	-	(375,457)
Defined benefit pension liability	-	(4,260,000)	-	(4,260,000)
Total net assets	442,289	(4,059,993)	11,586,881	7,969,177

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total Funds
	£	£	£	£
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	11,751,977	11,751,977
Current assets	306,817	701,111	-	1,007,928
Creditors falling due within one year	-	(382,786)	-	(382,786)
Defined benefit pension liability	-	(2,895,000)	-	(2,895,000)
Total net assets	306,817	(2,576,675)	11,751,977	9,482,119

19 Pension and similar obligations

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

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

Contributions amounting to £8,447 (2018: £8,537) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

19 Pension and similar obligations (Continued)

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

The pension costs paid to the TPS in the period amounted to £466,668 (2018: £479,623).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit 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 18.3 per cent for employers and 5.5 per cent for employees.

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

Total contributions made	**2019**	**2018**
	£	**£**
Employer's contributions	258,000	227,000
Employees' contributions	80,000	74,000
Total contributions	338,000	301,000

Principal actuarial assumptions	**2019**	**2018**
	%	**%**
Rate of increase in salaries	3.5	3.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.9	2.7
Inflation assumption (CPI)	2.2	2.3

19 Pension 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	21.8	22.5
- Females	24.4	25.3
Retiring in 20 years		
- Males	23.5	24.7
- Females	26.3	27.6

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019 £'000	2018 £'000
Discount rate - 0.1%	209	158
Salary increase rate +0.1%	26	20
CPI rate + 0.1%	181	136

The academy trust's share of the assets in the scheme	2019 Fair value £	2018 Fair value £
Equities	2,465,000	2,274,000
Bonds	473,000	427,000
Gilts	102,000	78,000
Cash	151,000	99,000
Property	480,000	435,000
Other assets	299,000	188,000
Total market value of assets	3,970,000	3,501,000

The actual return on scheme assets was £180,000 (2018: £196,000).

19 Pension and similar obligations **(Continued)**

Amount recognised in the Statement of Financial Activities	2019	2018
	£	£
Current service cost	499,000	506,000
Past service cost	63,000	-
Interest income	(97,000)	(82,000)
Interest cost	174,000	166,000
Total operating charge	639,000	590,000

Changes in the present value of defined benefit obligations	2019	2018
	£	£
At 1 September 2018	6,396,000	6,351,000
Current service cost	499,000	506,000
Interest cost	174,000	166,000
Employee contributions	80,000	74,000
Actuarial loss/(gain)	1,067,000	(663,000)
Benefits paid	(49,000)	(38,000)
Past service cost	63,000	-
At 31 August 2019	8,230,000	6,396,000

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

	2019	2018
	£	£
At 1 September 2018	3,501,000	3,042,000
Interest income	97,000	82,000
Actuarial gain	83,000	114,000
Employer contributions	258,000	227,000
Employee contributions	80,000	74,000
Benefits paid	(49,000)	(38,000)
At 31 August 2019	3,970,000	3,501,000

20 Reconciliation of net expenditure to net cash flow from operating activities

	2019	2018
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(528,942)	(755,842)
Adjusted for:		
Capital grants from DfE and other capital income	(74,224)	(36,700)
Investment income receivable	(1,924)	(1,633)
Defined benefit pension costs less contributions payable	304,000	279,000
Defined benefit pension scheme finance cost	77,000	84,000
Depreciation of tangible fixed assets	253,279	234,219
(Increase)/decrease in stocks	(4,951)	2,484
(Increase)/decrease in debtors	(36,624)	170,202
(Decrease) in creditors	(7,329)	(86,917)
Net cash used in operating activities	(19,715)	(111,187)

21 Commitments under operating leases

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

	2019	2018
	£	£
Amounts due within one year	46,746	54,501
Amounts due in two and five years	8,088	52,812
Amounts due after five years	8,762	6,740
	63,596	114,053

22 Capital commitments

	2019	2018
	£	£
Expenditure contracted for but not provided in the accounts	-	16,000

23 Related party transactions

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

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.