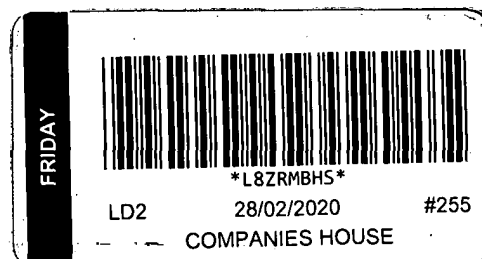


THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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THE SCHELWOOD TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr E John
Mr P Ward
Ms M Waller

Trustees

Mr J Reekie, Chair¹
Mr K Iyer¹
Mrs S Shariff¹
Mr R S Robertson¹
Mrs W Barnett¹
Mr P E Rowley¹
Ms J Rockall¹
Miss K M Higgins¹

¹ Director of the company

Company registered number
07899845

Company name
The Schelwood Trust

Principal and registered office
Northampton Avenue
Slough
Berkshire
SL1 3BW

Company Secretary
Mrs J Vucic

Accounting Officer
Ms J Rockall

Senior leadership team
Ms J Rockall, Headteacher (Herschel Grammar) School HGS
Mrs J Vucic, Business Manager HGS
Mr S Devereux, Deputy Headteacher HGS
Mr M Bourne, Deputy Headteacher HGS
Mrs A Oxley, Assistant Headteacher HGS
Mr G Whittaker, Assistant Headteacher HGS
Mr G Parsons, Assistant Headteacher HGS
Miss K Higgins, Executive Headteacher (Beechwood School) B
Mr B Bowker, Deputy Headteacher B
Mr I Priestley, Deputy Headteacher B
Mr M Gaffin, Assistant Headteacher B

THE SCHELWOOD TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Ms K Byrom, Assistant Headteacher B

Independent auditors

Landau Baker Limited
Chartered Accountants
Statutory Auditors
Mountcliff House
154 Brent Street
London
NW4 2DR

Bankers

Lloyds Bank plc
123 High Street
Town Centre
Slough
SL1 1EH

Solicitors

Winckworth Sherwood
Minerva House
5 Montagu Close
London
SE1 9BB

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

Structure, governance and management

a. Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of The Schelwood Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as the Schelwood 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.

b. 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.

c. Trustees' indemnities

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

d. Method of recruitment and appointment or election of Trustees

The management of the academies is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association. These provide for up to 10 trustees appointed by the members, of whom not more than one third may be staff trustees. Local governing boards have been established for each academy in the trust.

The term of office for any trustee is 4 years. The Head Teacher's/Executive Headteacher's terms of office runs parallel with their terms of appointment. Subject to remaining eligible to be a particular type of trustee, trustees may be reappointed or reelected.

THE SCHELWOOD TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

e. Policies adopted for the induction and training of Trustees

The training and induction provided for new trustees will depend on their experience. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new trustees are given a tour of the academies and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academies.

f. Organisational structure

The academies have established management structures to enable their efficient running. The structure consists of three levels: the Trustees, the governors and the executive who are the senior leadership team. The governing board of each academy has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The trustees have approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

The local governing boards are sub committees of the Trust Board.

Objectives and Activities

a. Objects and Aims

The principal object and activity of the trust is the operation of Herschel Grammar School and Beechwood School to provide a broad and balanced education for pupils of all abilities and in the case of Herschel Grammar School pupils that have passed an 11+ entrance examination. The trustees have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

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

The main objectives of the trust during the period are summarised below:

b. Objectives , strategies and activities

Herschel Grammar School

Our objectives for the next academic year are as follows.

- Renew explicit focus on core values;
- Ensure the consistency of high pupil achievement across all subject areas;

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities (continued)

- Audit and develop curriculum cohesion;
- Revise RSE curriculum;
- Reduce the gender attainment gap at A Level;
- Continue journey to highly effective Career Education, Informations, Advice and Guidance (CEAIG);
- Improve the wellbeing and professional development of staff;
- Develop outstanding middle leadership through targeted professional development;
- Continue to foster culture of open professional dialogue around teaching and learning;
- Develop online learning through a programme of professional development;
- Make pupil wellbeing and mental health a sharp focus including online safety and digital wellbeing;
- Improve the consistency of high quality form tutoring;
- Take effective action to ensure financial stability.

Our strategy is encompassed in our MAT's aims which are to:

- ensure the highest of standards in all aspects of our work as we facilitate the learning and personal development of the young people in our care;
- enable young people to secure academic success;
- position young people to be well-prepared for their future lives;
- develop young people so they are able to be active citizens who engage positively with their communities;
- equip young people to be able to recognise and seize opportunities and successfully negotiate challenges;
- nurture young people so they are capable, confident and have a belief in self;
- inspire young people so they enjoy their learning and personal development, hold high aspirations and fulfil their ambitions;
- serve, support and work in effective partnership with our local families and communities;
- invest in staff so they have high quality professional development opportunities and enjoy professional fulfilment.

Our Academy's ethos is determined by our values. Herschel Grammar School is committed to;

- Being a caring, inclusive and respectful community in which everyone makes a contribution; is valued and has pride in the school.
- A curriculum that is characterised by a depth of knowledge and understanding, to equip young people with an enjoyment and fascination in learning and the skills to progress independently.
- Being a centre of excellence where learners achieve their full potential in academic, personal, social, physical, moral and spiritual development.
- Being a working partnership of learners, parents, staff, governors and the community.
- Preparing learners for the demands and opportunities in a rapidly changing world.

Our main activities will be:

- investing in staff professional development;
- implementing an effective wellbeing and mental health strategy;
- embedding policy and practice development from last academic year;
- developing further our pedagogical practices with an emphasis on meta-cognition;
- collaborating with our MAT partner and the Local Authority's School Effectiveness Consultant to support pace of improvement.

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(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities (continued)

Achievement and Performance Data achieved 2018-19:

GCSE Outcomes – Comparative data:

	2018 Results	2019 Results
% English (Lit/Lang) and Maths 4+	99	99
% English (Lit/Lang) and Maths 5+	90	94
% English (Lit/Lang) and Maths 7+	50	61
% Maths 4+	100	99
% Maths 5+	94	96
% Maths 7+	66	79
% English 4+	99	100
% English 5+	95	97
% English 7+	65	74
Progress 8 Score (e.g. +0.07)	+0.55	+0.99
% of students with all P8 buckets filled	99	99
% students making <0 progress re Progress 8	18	18
% students making <0 progress re Progress 8	6.8	7.4
% Passing 2 Science (4+)	99.3	99

A Level Results – Comparative data:

	2018	2019
% A* to A	29	39
%A* to B	62	64
%A* to C	86.3	83
%A* to E	99	98

Attendance Data – 2018 to 2019:

Authorised Absence	3.85%
Unauthorised Absence	0.14%
Overall Attendance	96.7%

Beechwood School

Our objectives for the next academic year are as follows.

- Driving outcomes for learners so that specific attainment and progress targets are met.
- Developing further the curriculum experience for students.
- Improving further teaching and learning and assessment so it is at least consistently good in all areas
- Improving further student personal development.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities (continued)

- Improving further students' behaviour and attitudes
- Ensuring the Effectiveness of Leadership and Management at all levels.
- To embed the meta-cognition framework into all lessons across all key stages.
- Developing further assessment design to ensure the long-term retrieval and retention of knowledge.
- Further development of language comprehension across the curriculum: reading, writing and communication.
- Further development of monitoring and evaluation processes in order to improve practice with regards to transition from primary school, improve outcomes for disadvantaged students and improve outcomes for our higher prior attaining students.
- Expand our extra-curricular/enrichment/cultural capital development provision.
- Continue to access and expand a wide range of Careers' guidance and opportunities to ensure that all the Gatsby benchmarks are met.
- Review PSHCE provision to ensure that all new requirements will be fully met.
- Develop new staff to support the development of best practice with regards to pastoral support work.
- Meet the 'outstanding' criteria for students' behaviour and attitudes
- Reduce exclusions.
- Improve attendance at all key stages and for all groups of students.
- Review the effectiveness of provision – i.e. the curriculum and strategies in place to support student progress, moral, social and cultural development.
- Develop the role of Governors and Trustees within the context of their role in improving the quality of education.
- Embed and expand work on ensuring staff well-being.
- Ensure that professional learning secures improved quality of education at all key stages.
- Develop further practice to support disadvantaged students so that their educational provision best meets their need and ensures gaps are narrowed/eradicated (ref. national or in school comparators).

Our strategy is encompassed in our MAT's aims which are to:

- ensure the highest of standards in all aspects of our work as we facilitate the learning and personal development of the young people in our care;
- enable young people to secure academic success;
- position young people to be well-prepared for their future lives;
- develop young people so they are able to be active citizens who engage positively with their communities;
- equip young people to be able to recognise and seize opportunities and successfully negotiate challenges;
- nurture young people so they are capable, confident and have a belief in self;
- inspire young people so they enjoy their learning and personal development, hold high aspirations and fulfil their ambitions;
- serve, support and work in effective partnership with our local families and communities;
- invest in staff so they have high quality professional development opportunities and enjoy professional fulfilment.

Our Academy's ethos is determined by our values. We value all, we respect all, we believe in all, we see the good and potential in all. We also have a very strong sense of all having an entitlement to experience excellence and success. We are determined to "do our best to be the best that we can be".

Our main activities will be:

- investing in staff professional development to secure our Improvement Plan goals;

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities (continued)

- developing and deepening our pedagogical practices with a continued emphasis on meta-cognition;
- collaborating with our MAT partner and the Local Authority's School Effectiveness Consultant to support pace of improvement;
- engaging in national projects to secure improved practice – ie those facilitated by the DfE as part of their school improvement/school support programmes;
- continuing to address the staff recruitment challenges we face;
- liaising with the LA, ESFA and DfE to address concerns about the negative effect of PFI on our school finances.

THE SCHELWOOD TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities (continued)

Achievement and Performance Data:

Performance Data achieved 2018-19:

GCSE Outcomes – Comparative data:

	2018 Results	2019 Results
% English (Lit/Lang) and Maths 4+	50.4	49.2
% English (Lit/Lang) and Maths 5+	22.6	27.4
% English (Lit/Lang) and Maths 7+	4.4	6.5
% Maths 4+	53.3	54.0
% Maths 5+	23.4	33.1
% Maths 7+	6.6	8.9
% English 4+	74.5	71.8
% English 5+	51.8	52.4
% English 7+	16.8	16.1
Progress 8 Score (e.g. +0.07)	-0.56	-0.46
% of students with <all ebacc buckets filled	27	12.1
% students making <0 progress re Progress 8	64.2	70.97
Attainment 8 Grade	39.9	39.02
Passing 2 Science	56.93	50.8

THE SCHELWOOD TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities (continued)

A Level Results – Comparative data:

	2018	2019
% A* to C	66.0	65.6
% A* to E	95.7	95.3

BTEC Level 3 Results – Comparative data:

	Health & Social Care		Business Studies		Science		Art	
	2018	2019	2018	2019	2018	2019	2018	2019
% D*	0	0	7.7	6.7	0	0	0	0
% D	25	54.5	30.8	53.3	0	30.8	100	60
% M	50	18.2	61.5	33.3	50	53.8	0	0
% P	25	27.3	0	6.7	50	7.7	0	40
% U	0	0	0	0	0	7.7	0	0

Attendance Data – 2018 to 2019:

Authorised Absence	4.55
Unauthorised Absence	1.4
Overall Attendance	94.05

c. Public benefit

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

As a trust we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, national and international charities
- 6th form contribution to the community service scheme
- Sports leader programmes that provide sporting activities and events to local Primary Schools
- Young Health Champions programme co-producing local mental health and wellbeing services
- Maths/Science support to local Primary Schools
- Music programmes by the school's choir and orchestra to the wider community such as a local Nursing Home and concerts in public places
- Students engaging in local council processes via the Slough Youth Parliament;
- participating regularly in community events with local senior citizen groups;
- Providing governor and trustee leadership to the local SASH schools.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

a. Key performance indicators

Herschel Grammar School

Our Key Performance Indicators for 2019-20 are detailed in our School Improvement Plan and are as follows:

- 100% of Year 11 pupils achieve at least grade 4 in their GCSEs including English and Maths
- 98% of Year 11 pupils achieve at least a grade 5 in their GCSEs including English and Maths
- At least 70% of GCSE grades are 9-7
- At least 50% of GCSE grades are 9-8
- Achieve a Progress 8 score of between 0.6 and 1.0
- 100% A Level pass rate
- At least 68% of A Level grades are A*-B
- At least 37% of A Level grades are A*-A
- Achieve Alps T score 4
- Pupils are equipped with the knowledge, understanding and skills necessary to be successful in their adult life

Beechwood School

Our Key Performance Indicators are detailed in our School Improvement Plan and are as follows:

- At least 85% of Year 7 meet or exceed age-related expectations in English, Maths and Science by the end of Year 7, based on their KS2 outcomes. 90% of higher attaining (110+ SAS) to achieve 'Excellence'.
- At least 85% of Year 8 meet or exceed age-related expectations in English, Maths and Science by the end of Year 8, based on their KS2 outcomes. 85% of higher attaining (110+ SAS) to achieve 'Excellence'.
- At least 85% of Year 9 to meet end of year targets (informed by FFT20/DfE estimates) in English, Maths and Science.
- At least 85% of Year 10 meet end of year targets (informed by FFT20/DfE estimates) in English, Maths and Science.
- At least 80% of Year 11 meet end of year targets (informed by FFT20/DfE estimates) in order to achieve a whole school improved P8 score - aiming to secure a '0' score moving to a positive overall score thereafter. Progress scores in English and Maths to be in line with the national average range.
- At least 90% of learning walks and work scrutiny demonstrate good or better behaviour for learning.
- At least 90% of interventions demonstrate clear progress.
- Fixed term exclusions are reduced by 25%.
- 10 percentage point increase in Achievement Points for each year group for praise, and behaviour logs reflect 10 percentage point reduction of students causing concern in each year group.
- 100% of enrichment provision to reflect increased and wider student participation. Expanded offer comparative to 2017-2018 across all curriculum areas.
- Middle Leadership is predominantly outstanding (ref OFSTED criteria).
- Senior Leadership is outstanding (ref OFSTED criteria).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

b. 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 they continue 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 accounting policies.

Financial review

a. Principal risks and uncertainties

We welcome the recent funding announcement by the government which will increase the GAG funding over the next 3 years. This will ease the strain on the schools' reserves, although the full effect of the announcement on individual schools has yet to be worked through. We are still awaiting certainty about the Post-16 funding. In addition the ever-increasing costs of the PFI contract, which are fixed and account for 23% of the annual expenditure for Beechwood School remains a significant challenge.

Plans for future periods

The trust priorities for the next year can be broken down into three categories:

- Improving teaching, learning and assessment by sustaining and strengthening school-to-school support and engendering a culture of evidence-based innovation within teaching practice.
- Ensuring the effectiveness of Leadership and Management at all levels with a new and professional support & development programme for ML's with a 'Good to Outstanding focus'; harmonise and standardise the appraisal process and record-keeping; harmonise the collection and presentation of standards information and develop trust-wide quality assurance systems and procedures.
- Ensuring the effectiveness of Leadership and Management at executive and governance levels which will be achieved through risk managing scrutiny and procedures embedded in trust leadership; work towards a 3-5 year risk anticipation plan; develop a 3 year talent management programme for succession planning and explore leadership structures needed for sustaining and growing a MAT.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

THE SCHELWOOD TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 20 November 2019 and signed on its behalf by:



Mr J Reekie
Chair of Trustees

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Schelwood 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 Headteacher of Herschel Grammar School of Herschel Grammar School, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Schelwood 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. The board of Trustees has formally met 5 times during the year.

During the year S Shariff, who is a Human Resources Manager, joined the committee. Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Reekie, Chair	5	5
Mr K Iyer	4	5
Mrs S Shariff	3	3
Mr R S Robertson	5	5
Mrs W Barnett	5	5
Mr P E Rowley	4	5
Ms J Rockall	5	5
Miss K M Higgins	5	5

Review of value for money

As accounting officer, the Headteacher of Herschel Grammar School 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

Better Purchasing

- The use of tendering procedures for major expenditure items.
- The use of specialised companies to tender for utility supplies.
- The continued check of existing contracts and finding suppliers who deliver the same services with the same quality but for less money.
- Working with other schools in pooling supplies and negotiating contracts and getting better value for money.
- Continuing to press the Local Authority, the DfE and the ESFA with regards to the addressing the

THE SCHELWOOD TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

affordability of PFI

Income generation

- The school has actively recruited a lettings company to organise and run lets for the school generating an additional source of revenue (HGS).
- Sourcing other avenues of financing projects within the Trust.
- Continuing the practice of outsourcing each school's various services and generating a revenue stream.
- Secured ESFA CIF funding for the oil fired boiler replacement to a more economical gas fired boiler (HGS).
- Secured funding for the main school roof replacement which should insulate the building more now and help to reduce our heating bills (HGS).

Reviewing controls and managing risks

- Ensuring proper internal controls are in place to protect the trust's assets
- Providing regular budget reports to budget holders and the Trust Board
- Ensuring spending across the board is within the set budgets.
- Ensuring the Trust regularly reviews its risks.
- Ensuring new staff are appointed by the Trust and their services used across the Trust as required.

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 The Schelwood Trust for the year 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 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.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes the Responsible Officer's (RO's) making checks and reviews, which include:

- Checking bank reconciliations
- Reviewing monthly payroll
- Reviewing ageing and outstanding debtors and creditors
- Check catering tills records versus money received
- Check petty cash
- Review expense claims
- Check whether financial procedures were followed

No issues of concern were raised during the audits and the RO reports were received by the Trust Board. The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed a Responsible Officer.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included bank reconciliations; payroll processing against master spreadsheets; petty cash; staff expense claims; review of aged debtors and creditors; credit card journals; reviewed procedures for receipting funds and their banking; checked that financial returns have been completed in time for the ESFA; reviewed contracts and their value for money; checked proper insurance cover is in place; ensured that the trust Scheme of Delegation is being reviewed annually; checked that the trust has implemented auditor's recommendations.

On a quarterly basis, the reviewer reports to the board of Trustees through the finance and audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Review of effectiveness

As accounting officer, the Headteacher of Herschel Grammar School has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the reviewer;
- the work of the external auditors;
- 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 finance and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

THE SCHELWOOD TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on 20 November 2019 and signed on their behalf by:



Mr J M Reekie
Chair of Trustees



Ms J Rockall
Accounting Officer

THE SCHELWOOD TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Schelwood 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 board of Trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



Ms J Rockall
Accounting Officer
Date: 20 November 2019

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

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

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

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

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

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

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

Approved by order of the members of the board of Trustees on 20 November 2019 and signed on its behalf by:



Mr J Reekie
Chair of Trustees

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SCHELWOOD TRUST**

Opinion

We have audited the financial statements of The Schelwood Trust (the '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 related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SCHELWOOD TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the 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 our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SCHELWOOD TRUST (CONTINUED)**

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



FOR LANDAU BAKER LIMITED

Carly Pinkus (Senior Statutory Auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

20 November 2019

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 6 January 2012 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 The Schelwood Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Schelwood Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Schelwood Trust's funding agreement with the Secretary of State for Education dated 1 February 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 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.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

Conclusion

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

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 20 November 2019

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds
	Note	2019 £000	2019 £000	2019 £000	2019 £000	2018 £000
Income from:						
Donations and capital grants	3	99	-	562	661	218
Charitable activities		-	10,489	-	10,489	10,443
Other trading activities		367	481	120	968	791
Investments	6	1	-	-	1	1
Total income		467	10,970	682	12,119	11,453
Expenditure on:						
Raising funds		84	-	-	84	137
Charitable activities	8	273	11,306	488	12,066	11,771
Total expenditure		357	11,306	488	12,151	11,908
Net income/(expenditure)		110	(336)	194	(32)	(455)
Transfers between funds	20	-	54	(54)	-	-
Net movement in funds before other recognised gains/(losses)		110	(282)	140	(32)	(455)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(504)	-	(504)	564
Net movement in funds		110	(786)	140	(536)	109
Reconciliation of funds:						
Total funds brought forward		389	(2,227)	53,528	51,690	51,581
Net movement in funds		110	(786)	140	(536)	109
Total funds carried forward		499	(3,013)	53,668	51,154	51,690

The Statement of Financial Activities includes all gains and losses recognised in the year.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	<i>Total funds</i>
	2019	2019	2019	2019	2018
Note	£000	£000	£000	£000	£000

The notes on pages 30 to 56 form part of these financial statements.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07899845

**BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	15	53,695	53,528
		<u>53,695</u>	<u>53,528</u>
Current assets			
Stocks	16	1	1
Debtors	17	453	269
Cash at bank and in hand		1,310	1,016
		<u>1,764</u>	<u>1,286</u>
Creditors: amounts falling due within one year	18	(772)	(470)
Net current assets		<u>992</u>	<u>816</u>
Total assets less current liabilities		<u>54,687</u>	<u>54,344</u>
Net assets excluding pension liability		<u>54,687</u>	<u>54,344</u>
Defined benefit pension scheme liability	26	(3,533)	(2,653)
Total net assets		<u><u>51,154</u></u>	<u><u>51,691</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	20	53,668	53,528
Restricted income funds	20	520	427
		<u>54,188</u>	<u>53,955</u>
Restricted funds excluding pension asset	20	54,188	53,955
Pension reserve	20	(3,533)	(2,653)
Total restricted funds	20	<u>50,655</u>	<u>51,302</u>
Unrestricted income funds	20	<u>499</u>	<u>389</u>
Total funds		<u><u>51,154</u></u>	<u><u>51,691</u></u>

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 25 to 56 were approved by the Trustees, and authorised for issue on 20 November 2019 and are signed on their behalf, by:



Mr J Reekie
Chair of Trustees



Ms J Rockall
Headteacher

The notes on pages 30 to 56 form part of these financial statements.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	22	384	366
Cash flows from investing activities	23	(90)	(125)
Change in cash and cash equivalents in the year		294	241
Cash and cash equivalents at the beginning of the year		1,016	775
Cash and cash equivalents at the end of the year	24	<u>1,310</u>	<u>1,016</u>

The notes on pages 30 to 56 form part of these financial statements

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

The Schelwood Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

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 year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **Donations**

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income (continued)

- **Other income**

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

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 allocated on the portion of the asset's use.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Freehold property	- Buildings - over the estimated lives of the components. Land is not depreciated
Long-term leasehold property	- 125 years
Furniture and equipment	- 5 years
Plant and machinery	- 5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Liabilities

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

1.12 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. 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.

1.13 Pensions

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

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

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 Pensions (continued)

1.14 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

Estimates and judgments 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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Donations	99	-	99
Capital grants	-	562	562
	<u>99</u>	<u>562</u>	<u>661</u>
	<u>99</u>	<u>562</u>	<u>661</u>
	Unrestricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Donations	155	-	155
Capital grants	-	63	63
	<u>155</u>	<u>63</u>	<u>218</u>
	<u>155</u>	<u>63</u>	<u>218</u>

4. Funding for the academy trust's educational activities

	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants			
General Annual Grant	9,949	9,949	9,977
Other DfE/ESFA grants	426	426	396
	<u>10,375</u>	<u>10,375</u>	<u>10,373</u>
Other government grants			
Local authority grants	114	114	70
	<u>10,489</u>	<u>10,489</u>	<u>10,443</u>
	<u>10,489</u>	<u>10,489</u>	<u>10,443</u>

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Income from other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Catering income	-	272	272
Transport income	349	-	349
Lettings income	18	34	52
Other income	-	295	295
	<u>367</u>	<u>601</u>	<u>968</u>

6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Bank interest	<u>1</u>	<u>1</u>	<u>1</u>

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Expenditure on raising voluntary income:				
Direct costs	-	-	84	84
Educational activities:				
Direct costs	6,956	-	874	7,830
Allocated support costs	1,379	2,041	816	4,236
	<u>8,335</u>	<u>2,041</u>	<u>1,774</u>	<u>12,150</u>

THE SCHELWOOD TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Educational activities	273	11,793	12,066

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Educational activities	274	11,497	11,771

9. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Educational activities	7,830	4,236	12,066

	<i>Activities undertaken directly 2018 £000</i>	<i>Support costs 2018 £000</i>	<i>Total funds 2018 £000</i>
Educational activities	7,690	4,081	11,771

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational activities 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Staff costs	6,700	6,700	6,501
Educational supplies	298	298	313
Examination fees	177	177	170
Staff development	38	38	45
Supply teaching costs	256	256	310
Recruitment and support	61	61	72
Technology costs	300	300	279
	<u>7,830</u>	<u>7,830</u>	<u>7,690</u>

Analysis of support costs

	Educational activities 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Pension finance cost	67	67	72
Staff costs	1,379	1,379	1,249
Depreciation	488	488	473
Maintenance of premises and equipment	134	134	162
Cleaning	118	118	100
Rent and rates	81	81	85
Insurance	38	38	31
Security and transport	271	271	272
Catering	208	208	193
Other support costs	163	163	163
Energy	322	322	318
PFI Unitary and management charges	930	930	915
Governance costs	37	37	48
	<u>4,236</u>	<u>4,236</u>	<u>4,081</u>

THE SCHELWOOD TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	64	67
Depreciation of tangible fixed assets	488	473
Fees paid to auditors for:		
- audit	10	9
- other services	2	4
	<u> </u>	<u> </u>

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	6,147	5,941
Social security costs	645	605
Pension costs	1,287	1,204
	<u>8,079</u>	<u>7,750</u>
Supply teaching costs	256	310
	<u>8,335</u>	<u>8,060</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	105	101
Administration and support	61	65
Management	12	14
	<u>178</u>	<u>180</u>

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11. Staff costs (continued)

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	3	4
In the band £70,001 - £80,000	3	4
In the band £110,001 - £120,000	1	1
In the band £120,001 - £130,000	1	1

d. 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 £1,047,612 (2018: £1,165,869).

12. Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

13. Related Party Transactions- Trustees' remuneration and expenses

Two trustees were paid remuneration and received benefits in respect of their employment as Head Teachers. No other trustees were remunerated or received benefits. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£000	£000
Ms J Rockall	Remuneration	125 - 130	120 - 125
	Pension contributions paid	20 - 25	15 - 20
Miss K M Higgins	Remuneration	115 - 120	115 - 120
	Pension contributions paid	20 - 25	15 - 20

During the year, retirement benefits were accruing to 2 Trustees (2018 - 2) in respect of defined benefit pension schemes.

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,800,000 on any one claim and the cost for the year ended 31 August 2019 was £1,225 (2018 - £1,225). The cost of this insurance is included in the total insurance cost.

15. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Plant and machinery £000	Total £000
Cost or valuation						
At 1 September 2018	29,395	25,839	-	12	201	55,447
Additions	7	-	601	-	45	653
At 31 August 2019	29,402	25,839	601	12	246	56,100
Depreciation						
At 1 September 2018	1,367	396	-	12	142	1,917
Charge for the year	233	207	-	-	48	488
At 31 August 2019	1,600	603	-	12	190	2,405
Net book value						
At 31 August 2019	27,802	25,236	601	-	56	53,695
At 31 August 2018	28,028	25,442	-	-	58	53,528

Freehold property includes land at a value of £5,000,000 which is not depreciated.

The academy trust, on the conversion and inclusion of Beechwood School, was gifted the leasehold title to the property on which that school operates. This was professionally valued at the date of conversion at £25,838,540 and is depreciated over the life of the lease. The academy trust is committed to a PFI agreement to provide the buildings and services on this site until 31 August 2035.

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16. Stocks

	2019 £000	2018 £000
Catering supplies	1	1

17. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	68	33
Other debtors	204	140
Prepayments and accrued income	181	96
	<u>453</u>	<u>269</u>

18. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	467	148
Other taxation and social security	159	155
Accruals and deferred income	146	167
	<u>772</u>	<u>470</u>

	2019 £000	2018 £000
Deferred income at 1 September 2018	110	110
Resources deferred during the year	108	110
Amounts released from previous periods	(110)	(110)
	<u>108</u>	<u>110</u>

At the balance sheet date the academy trust was holding funds received in advance for the year 2019/2020.

THE SCHELWOOD TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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19. Financial instruments

	2019	2018
	£000	£000
Financial assets		
Financial assets measured at fair value through income and expenditure	1,309	1,016
Financial assets that are debt instruments measured at amortised cost	188	34
	<u>1,497</u>	<u>1,050</u>
	2019	2018
	£000	£000
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(506)</u>	<u>(162)</u>

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

Financial assets that are debt instruments measured at amortised cost comprise debtors and accrued income.

Financial liabilities measured at amortised cost comprise creditors and accrued expenditure.

THE SCHELWOOD TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
Designated funds						
Sinking Fund - Astroturf	80	-	-	10	-	90
General funds						
General Funds - all funds	309	467	(357)	(10)	-	409
Total Unrestricted funds	389	467	(357)	-	-	499
Restricted general funds						
GAG	427	9,949	(9,910)	54	-	520
Pupil premium	-	302	(302)	-	-	-
Other ESFA funding	-	124	(124)	-	-	-
LA and other government funding	-	114	(114)	-	-	-
General	-	481	(481)	-	-	-
Pension reserve	(2,653)	-	(376)	-	(504)	(3,533)
	(2,226)	10,970	(11,307)	54	(504)	(3,013)

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	53,528	682	(488)	(54)	-	53,668
Total Restricted funds	51,302	11,652	(11,795)	-	(504)	50,655
Total funds	51,691	12,119	(12,152)	-	(504)	51,154

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Designated funds are held for replacement of the Astroturf.

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

THE SCHELWOOD TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Herschel Grammar School	255	179
Beechwood School	764	637
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,019	816
Restricted fixed asset fund	53,668	53,528
Pension reserve	(3,533)	(2,653)
	<hr/>	<hr/>
Total	51,154	51,691
	<hr/> <hr/>	<hr/> <hr/>

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
Herschel Grammar School	3,488	667	252	1,279	5,686
Beechwood School	3,478	403	223	1,507	5,611
Local Government Pension costs	-	309	-	67	376
Consolidation adjustment	(10)	-	-	-	(10)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Academy trust	6,956	1,379	475	2,853	11,663
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE SCHELWOOD TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. Statement of funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Designated funds						
Sinking Fund - Astroturf	70	-	-	10	-	80
General funds						
General Funds - all funds	268	464	(413)	(10)	-	309
Total Unrestricted funds	338	464	(413)	-	-	389
Restricted general funds						
GAG	93	9,977	(9,721)	78	-	427
Pupil premium	-	323	(323)	-	-	-
Other ESFA funding	-	73	(73)	-	-	-
LA and other government funding	-	69	(69)	-	-	-
General	-	485	(485)	-	-	-
Pension reserve	(2,866)	-	(351)	-	564	(2,653)
	(2,773)	10,927	(11,022)	78	564	(2,226)
Restricted fixed asset funds						

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Restricted Fixed Asset Funds - all funds	54,017	62	(473)	-	-	53,528
Total Restricted funds	51,244	10,989	(11,495)	78	564	51,302
Total funds	51,582	11,453	(11,908)	78	564	51,691

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	53,695	53,695
Current assets	499	1,024	241	1,764
Creditors due within one year	-	(504)	(268)	(772)
Provisions for liabilities and charges	-	(3,533)	-	(3,533)
Total	499	(3,013)	53,668	51,154

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Restricted fixed asset funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Tangible fixed assets	-	-	53,528	53,528
Current assets	389	897	-	1,286
Creditors due within one year	-	(470)	-	(470)
Provisions for liabilities and charges	-	(2,653)	-	(2,653)
Total	389	(2,226)	53,528	51,691

22. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of Financial Activities)	(32)	(455)
Adjustments for:		
Depreciation	488	473
Capital grants from DfE and other capital income	(562)	(99)
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	305	277
Defined benefit pension scheme finance cost	67	72
Increase in debtors	(185)	(19)
Increase in creditors	302	116
Defined benefit pension scheme administration expenses	2	2
Net cash provided by operating activities	384	366

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23. Cash flows from investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(653)	(225)
Capital grants from DfE Group	562	99
Net cash used in investing activities	(90)	(125)

24. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	1,310	1,016
Total cash and cash equivalents	1,310	1,016

25. Capital commitments

	2019 £000	2018 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	107	50

26. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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NOTES TO THE FINANCIAL STATEMENTS
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26. Pension commitments (continued)

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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26. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website- <https://www.teacherspensions.co.uk/public/login.aspx>.

Scheme Changes

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £304,000 (2018 - £285,000), of which employer's contributions totalled £227,000 (2018 - £212,000) and employees' contributions totalled £ 77,000 (2018 - £73,000). The agreed contribution rates for future years are 19.6 per cent for employers and between 5.5 and 12.5 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65

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26. Pension commitments (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
<i>Retiring today</i>		
Males	22.1	23.1
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.7	25.3
Females	25.8	27.5

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	513	428
Discount rate -0.1%	536	447
Mortality assumption - 1 year increase	542	451
Mortality assumption - 1 year decrease	506	423
CPI rate +0.1%	524	437
CPI rate -0.1%	524	437

The academy trust's share of the assets in the scheme was:

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	1,545	1,093
Corporate bonds	403	349
Property	350	319
Cash and other liquid assets	218	345
Target Return Portfolio	133	94
Commodities	17	44
Infrastructure	271	156
Longevity Insurance	(161)	(71)
Total market value of assets	2,776	2,329

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26. Pension commitments (continued)

The actual return on scheme assets was £89,000 (2018 - £37,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £000	2018 £000
Current service cost	(462)	(489)
Past service cost	(72)	-
Interest income	66	55
Interest cost	(133)	(127)
Administrative expenses	(2)	(2)
Total amount recognised in the Statement of Financial Activities	(603)	(563)

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

	2019 £000	2018 £000
At 1 September	4,982	4,838
Current service cost	462	489
Interest cost	133	127
Employee contributions	77	73
Actuarial losses/(gains)	593	(527)
Benefits paid	(10)	(18)
Past service costs	72	(11)
At 31 August	6,309	4,982

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2019 £000	2018 £000
At 1 September	2,329	1,972
Interest income	66	55
Actuarial gains	89	37
Employer contributions	227	212
Employee contributions	77	73
Benefits paid	(10)	(18)
Administrative expenses	(2)	(2)
At 31 August	2,776	2,329

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

27. Operating lease commitments

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000
Not later than 1 year	52
Later than 1 year and not later than 5 years	52
	<hr/> 104 <hr/>

28. Other financial commitments

The academy trust is committed to a PFI agreement to provide the buildings and services on which one of the academies carries out its operations until 31 August 2035. The payment due within 1 year is £511,472 in respect of delegated funding (2018: £498,997). The amount due between 1 and 5 years is £2,755,674 (2018: £2,688,463), and the balance of £6,645,287 (2018: £7,223,970) is due after 5 years.

29. Members' liability

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

30. Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

Mrs W Barnett, Vice Chair of Governors for Herschel Grammar School, contracted with both academies for the provision of gardening services for which £18,712 (2018: £17,325) was paid to her. The contract for this provision was entered into before Mrs Barnett became a governor, and before the predecessor schools converted to academy status.

The Trust has reviewed the contract for the provision of gardening services, and has complied with the requirements of the ESFA's Academies Financial Handbook.

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31. Agency arrangements

The academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the Trust received £36,655 (2018: £33,863) and disbursed £39,036 (2018: £28,345) from the fund. An amount of £1,932 (2018: £6,146) is included in other creditors relating to undistributed funds that are repayable to the ESFA.