

Company Registration Number: 08027885 (England & Wales)

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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



LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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LINGFIELD EDUCATION TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Dame D Smith
J S Crowther
T Damer
J Edwards
R Thomason

Trustees

J S Crowther, Chair¹
N J Blackburn, Accounting officer¹
D J Campbell (resigned 28 March 2019)
C W Eglington¹
D W Elliott (resigned 17 July 2019)
G Fitzgerald¹
C M MacKinnon (resigned 6 September 2018)
J Martin
J R Steel
K A Whitmore

¹ Members of the Finance, General Purposes and Personnel Committee

Company registered number

08027885

Company name

Lingfield Education Trust

Principal and registered office

Corporation Road Community Primary School
Corporation Road
Darlington
County Durham
DL3 6AR

Company secretary

Prima Secretary Limited

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

Executive Leadership Team

N J Blackburn, CEO
R Pavey, Deputy CEO
M Dent, Executive Head Teacher
H Ferguson, Director of Operations
K Hull, Finance Director (from 1 September 2018)
A Pringleton, Head Teacher
H Tarokh, Head Teacher
K Edmenson, Head Teacher
Z Beach, Head Teacher
J Blackham, Head of School
A Maddison, Head of School

Independent auditors

Clive Owen LLP
Chartered Accountants & Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds Bank plc
21-23 Northgate
Darlington
County Durham
DL1 1TL

Solicitors

Womble Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

LINGFIELD EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

The Trust operates 6 academies for pupils aged 2 to 11 serving a catchment area in Darlington and Middlesbrough. Net pupil capacity between reception and year 6 is 1,943 with a roll of 1,764 with an additional 216 pre-school children in nursery provision from the school census on 16 May 2019.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust. The Trustees of Lingfield Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Lingfield Education Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The Trust has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on Trust business. Further details are provided in note 13.

Method of Recruitment and Appointment or Election of Trustees

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the CEO or any post held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees depends on their existing experience. Where necessary induction and training is provided on charity, 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, accounts, budgets, plans and other documents that they will need to undertake their role as Trustee. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

During the year the Trust continued to operate a unified management structure. The structure consists of 3 levels: The Trustees, the Executive Leadership Team and the Local Governing Bodies (LGB). The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels in line with the Scheme of Delegation which is reviewed annually.

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

Structure, Governance and Management (continued)

Arrangements for setting pay and remuneration of key management personnel

The Deputy CEO, Executive Head Teacher, Head Teachers, Heads of School and Director of Operations are performance managed by the CEO alongside the Chair of Trustees. Decisions around pay progression are taken to the Pay Review Committee for approval. The Chair of Trustees, with an external consultant, sets the performance objectives of the CEO and after review makes pay recommendations to the Pay Review Committee.

Trade Union facility time

The Trust pays into a local authority scheme that provides this service.

Related Parties and other Connected Charities and Organisations

North East Wellbeing Trust is a charity set up to help schools meet the wellbeing needs of their children in the context of local authority cuts. The charity provides a one-stop service for schools who can put together bespoke packages of care (counselling, speech & language, family support etc.) in the knowledge that, although it will cost money, the charity will not be making a profit. North East Wellbeing Trust is more than a referral service; it also provides training and promotes good practice, nurturing a community of experienced and qualified practitioners who place child development and wellbeing at the forefront of their work. The charity also cares for our schools, knowing that in this age of fragmentation, working and planning together remain vital skills that need to be protected.

Further details are stated in note 27 to the Financial Statements

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is the operation of Lingfield Education Trust to provide education for pupils of different abilities between the ages of 2 and 11.

In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Trust, 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 year ended 31 August 2019 are summarised below:

- To provide the highest quality education to enable every pupil to realise their full potential.
- Utilise the power of partnership working as a catalyst for ensuring more children receive an excellent education.
- Provide value for money for the funds expended.

Objectives, Strategies and Activities

The Trust's main objectives are encompassed in its vision statement which is of young people supported educationally, socially and practically to achieve their highest potential in school and life. We are determined to become the Trust that makes the biggest difference to the whole child, our working colleagues and the local community. Our vision is to do this while remaining true to our ethos and values.

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

Objectives and Activities (continued)

Objectives, Strategies and Activities (continued)

To this end the objectives and the strategies used to achieve them include:

- Strong leadership is the key to the success of our schools. We seek to develop excellent leadership skills throughout our organisation.

In pursuit of the above aims, the CEO, Deputy CEO, Executive Head Teacher, Head Teacher and Heads of School draw on its school improvement plan with progress against the plan being reviewed by the LGB.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for pupils between the ages of 2 to 11.

Public Benefit

The Trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the Trust should undertake.

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

Strategic Report
Achievements and Performance

Key Stage 2 2019 - Trust Overview

	Reading	Writing	Mathematics		
Progress Score	1.10 Significantly positive	1.8 Significantly positive	2.0 Significantly positive		
Overall Attainment					
	Reading	Writing	Mathematics	EGPS	RWM Combined
Expected Standard or Above	78%	82%	84%	80%	72%
National Average	73%	78%	79%	78%	65%
Difference	+5	+4	+5	+2	+7
High Score / Greater Depth	22%	26%	30%	35%	11%
National Average	27%	20%	27%	36%	11%
Difference	-5	+6	+6	-1	-
Average Scaled Score	104	N/A	106	106	N/A
National Average	104	N/A	105	106	N/A
Difference	-	N/A	+1	-	N/A
Disadvantaged Performance 47% of the Y6 cohort (121/156)					
Progress	0.9 Significant y positive	1.6 Significant y positive	1.8 Significantly positive		
Expected Standard or Above	71%	77%	80%	75%	64%
National Average – Non Disadvantaged	78%	83%	84%	83%	71%
Difference	-7	-6	-4	-8	-7
National Average – Disadvantaged	62%	68%	67%	67%	51%
Difference	+9	+9	+13	+8	+13
High Score / Greater Depth	16%	20%	23%	30%	7%
National Average – Non Disadvantaged	31%	24%	31%	41%	13%
Difference	-15	-4	-8	-11	-6
National Average – Disadvantaged	17%	11%	16%	24%	5%
Difference	-1	+9	+7	+6	+2

The latest tables are not available until January 2020. However, when reviewing our Trust 2019 progress measures against the 2018 league tables, it can be seen that Lingfield Education Trust ranks:

Progress in	Score	Rank	Percentile
Reading	1.1	50 / 240	Top 21% of MATs
Writing	1.8	38 / 240	Top 16% of MATs
Mathematics	2.0	23 / 240	Top 10% of MATs

There were 240 Trusts with 3 or more schools in 2018.

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

Strategic Report (continued)
Achievements and Performance (continued)

Although the outcomes in reading are variable in different schools, this is a priority for the Trust to improve upon in 2019/20. The networks are focusing on improving this area and reading is also a key priority in 3 schools. The Trust RWM national average was 72%, which was 7% above the national average. This was a significant improvement on 2018/19 outcomes. The Trust average for obtaining a high score met the national average.

Disadvantaged children's progress was significantly above the national average for reading, writing and mathematics. KS2 RWM attainment is 64%, just 1% below the NA for all children, and significantly above the national average for disadvantaged children.

Key Performance Indicators

Lingfield Education Trust utilise a number of Key Performance Indicators to ensure effective use of their resources and to inform financial strategies. These indicators are used both across the Trust and externally to identify areas of risk and opportunities for greater efficiencies to be derived. The indicators which have been implemented are:

Total income per pupil	£6,495
Total GAG income per pupil	£4,337
Staff costs per pupil	£5,190
Total costs per pupil	£6,721
Staff costs as % of total income	79.9%
Staff costs as % of total costs	77.2%
Pupil to teacher ratio	19.2:1

All key performance indicators were in line with benchmarks set for the year.

Going Concern

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

Financial Review

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

The Trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities SORP (FRS 102), such grants are shown under the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition the Trust receives income from catering for pupils and from other schools that use the Trust staff and lettings.

During the year ended 31 August 2019, total expenditure of £11,855,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding fixed asset funds) was £362,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trust's objectives.

The in-year surplus, excluding the pension reserve and restricted fixed asset funds, after fund transfers was £213,000.

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

Strategic Report (continued)
Financial Review (continued)

At 31 August 2019 the net book value of fixed assets was £14,973,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £6,244,000 recognised on the Balance Sheet.

The Trust held fund balances at 31 August 2019 of £9,761,000 comprising £8,935,000 of restricted funds, including £6,244,000 deficit on the pension reserves, and £826,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2019 was £832,000.

Reserves Policy

The Trust holds restricted and unrestricted funds (the attached financial statements detail these funds).

Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as PE provision
- To cover ongoing costs in relation to the running of the Trust including catering provisions, school trips and uniform costs

The level of reserves is reviewed by Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of the Trust is reviewed by the Trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees therefore consider it is prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of 4 weeks of expenditure, which is £876,000. The balance on restricted general funds, excluding pension reserve, plus the balance on unrestricted funds at 31 August 2019 is a net surplus of £832,000.

This is considered sufficient to cover:

- a) wages
- b) invoices

The Trust's current level of free reserves are in surplus by £826,000 and are therefore considered to be in line with the level of reserves required for the ongoing needs of the Trust. The Trustees continue to consider additional activities related to the Trust's objectives to which the excess reserves may be applied.

Investment Policy

The Trust will operate an interest bearing current account with a bank approved by the Board of Trustees (Lloyds Bank) and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.

Monies surplus to the working requirements will be invested in term deposits with Lloyds. The Trust will not take out any long term investments until reliable cash flow pattern has been established, monies will only be paid into deposits not exceeding 6 months.

Principal Risks and Uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of significant deficit on the Trust Balance Sheet.

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

Strategic Report (continued)
Principal Risks and Uncertainties (continued)

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The Trust is subject to a number of risks and uncertainties in common with other academies. The Trust has in place procedures to identify and mitigate financial risks.

Disabled Persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the academies. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment by making support resources available and through training and career development.

Fundraising

The Trust does not engage in any fundraising practices to support the education of its pupils. Any donations made towards extra curriculum activities are done on a voluntary basis only.

Plans for Future Periods

Future Developments

The Trust will continue to work towards delivering the following core characteristics in all of its schools:

- Outstanding teaching and learning
- A fully inclusive approach where all the children are of equal importance
- Positive relationships
- High aspirations
- A wide range of enrichment activities for all to get involved
- A celebration of all cultures and faiths represented in the schools
- A culture of no excuses for underachievement.

The Trust opened our 7th school in September 2019. The Trust is currently collaborating with 2 local good primary schools, this work is with a view to making a more formal arrangement in the future. The DfE continues to consider Lingfield Education Trust as a potential sponsor for schools.

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

Auditor

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 5 December 2019 and signed on the board's behalf by:



J S Crowther
Chair

LINGFIELD EDUCATION TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Lingfield Education 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 CEO, 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 Lingfield Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 5 times during the year. The Board of Trustees met less than 6 times due to the clearly established committees/portfolio of groups of Trustees who can deal with specific areas of responsibility following robust terms of reference.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J S Crowther, (Chair)	5	5
N J Blackburn (CEO and Accounting Officer)	5	5
D J Campbell (resigned 28 March 2019)	0	3
C W Eglington	2	5
D W Elliott (resigned 17 July 2019)	1	5
G Fitzgerald	1	5
C M MacKinnon	0	0
J Martin	3	5
J R Steel	5	5
K A Whitmore	3	5

To ensure the effectiveness of the governance of the Trust an annual review is undertaken to evaluate the skills and knowledge held. This is completed through an independent review and the findings used to identify any gaps.

A bespoke training programme has been developed to address any gaps identified, as well as being used for induction training of new members, Trustees and Governors.

The Finance, General Purposes and Personnel Committee is a committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the Trust's finances and resources.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

To make appropriate comments and recommendations on such matters to the Board of Trustees on a regular basis on four key areas:

Finance: to ensure sound financial management of the Trust's finances and resources, including proper planning, monitoring and probity in line with the ESFA guidelines and the Funding Agreement.

Audit: to undertake any activities as necessary to provide assurance to the Board of Trustees on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance process.

Staffing: to review, plan and manage staffing with due regard to financial aspects.

Premises: to ensure sound management of the Trust's premises including maintenance, development and health and safety.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
N J Blackburn	3	3
J S Crowther	3	3
C W Eglington	1	3
G Fitzgerald	3	3

Review of value for money

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

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

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Improving Educational Results

To ensure that standards continue to rise, Lingfield Education Trust is focused on further improving the quality of teaching and learning it tracks individual pupil progress and attainment rigorously, providing targeted interventions to ensure good and better progress for all pupils. A programme of lesson observations and work scrutinies, combined with intensive staff development is planned to ensure maximum impact on pupil progress.

Financial Governance and Oversight

The Finance, General Purposes and Personnel Committee approve the annual budget forecast of the Trust including the review of pupil admissions/forecasts, the medium term financial plan (3 years) and a rolling 12 month cash flow statement to ensure the long term sustainability of the Trust and thus that the Trust remains a "going concern".

On a termly basis the Committee review the budget monitoring reports and updated cash flow forecasts, approve additional expenditure requirements or reductions, and ensure compliance with the Trust's procurement regulations.

Following the annual audit, the Committee receives and reviews the financial statements and the external auditor's management report prior to forwarding these to the Board of Trustees for approval.

The Board of Trustees reviews the work of the Committee prior to ratifying the decisions.

Value for Money and Efficient Use of Resources

The Trust strives to focus on value for money and understanding the value of our assets and how they can be used to increase our pupils' rate of progress. Existing service delivery is proactively challenged and alternative provision is evaluated.

The Trust promotes fair competition through quotations and tenders in accordance with its Financial Regulations Manual thus ensuring that goods and services are secured in the most economic, efficient and effective way.

The Finance Director reviews all expenditure on behalf of the Trust and regularly challenges for improved efficiency and effectiveness. In turn, the Board of Trustees reviews the functions of the schools, challenging how the services are provided and setting targets and performance indicators for improvement.

The Trust continuously shares good practice amongst collaborative schools in order to achieve value for money and the most efficient use of resources.

Maximising Income Generation

The Trust explores all opportunities to generate additional income including improving catering arrangements, the introduction of online payment systems, the hire of trust facilities and offering clerking services. All surplus monies are actively managed.

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 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 Lingfield Education 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.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the 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 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.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of Financial Regulations Manual
- testing of accounting systems
- testing of risk register and reserves policy
- testing of declaration of interests
- testing of income recognition
- testing of IT and GDPR compliance
- testing of fixed asset register, capitalisation, depreciation and insurance
- testing of corporation tax

On a termly basis, the auditors report to the Board of Trustees, through the Finance, General Purposes and Personnel Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

There were high and medium risks identified surrounding payroll and medium risks identified around purchasing. The risks have been discussed and either mitigated or accepted within the Trust's attitude to risk.

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the work of the external auditors;
- the work of the executive managers within the 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, General Purposes and Personnel committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 5 December 2019 and signed on their behalf by:



J S Crowther
Chair of Trustees



N J Blackburn
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lingfield Education Trust I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the 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 Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the 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.



N J Blackburn
Accounting Officer
Date: 5 December 2019

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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 DfE/ESFA 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 5 December 2019 and signed on its behalf by:



J S Crowther
Chair

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Lingfield Education Trust (the '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 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 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 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.

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LINGFIELD EDUCATION 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 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.

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the academy 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 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 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.

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

Use of our report

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



Kevin Shotton BA FCA (Senior statutory auditor)

for and on behalf of
Clive Owen LLP

Chartered Accountants & Statutory Auditors
140 Coniscliffe Road

Darlington
Co Durham
DL3 7RT

Date: 5 DECEMBER 2019

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lingfield Education 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 Lingfield Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lingfield Education 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 Lingfield Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lingfield Education Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Lingfield Education Trust's funding agreement with the Secretary of State for Education dated 1 June 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.

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

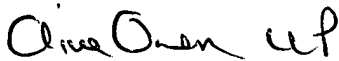
- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Trustees and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LINGFIELD
EDUCATION 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.

A handwritten signature in black ink, appearing to read 'Clive Owen' followed by a stylized flourish.

Reporting Accountant

Clive Owen LLP
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Date: 5 December 2019

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

		Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
	Note					
Income from:						
Donations and capital grants:	3					
Acquisition of existing academy		-	-	-	-	2,987
Other donations and capital grants		3	-	431	434	475
Charitable activities		238	10,595	-	10,833	10,683
Other trading activities		190	-	-	190	222
Investments	6	1	-	-	1	2
Total income		432	10,595	431	11,458	14,369
Expenditure on:						
Charitable activities		173	11,216	466	11,855	12,175
Total expenditure		173	11,216	466	11,855	12,175
Net income/(expenditure)		259	(621)	(35)	(397)	2,194
Transfers between funds	19	-	(66)	66	-	-
Net movement in funds before other recognised gains/(losses)		259	(687)	31	(397)	2,194
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	25	-	(1,566)	-	(1,566)	825
Net movement in funds		259	(2,253)	31	(1,963)	3,019

LINGFIELD EDUCATION 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 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Note					
Reconciliation of funds:					
Total funds brought forward	567	(3,985)	15,142	11,724	8,705
Net movement in funds	259	(2,253)	31	(1,963)	3,019
Total funds carried forward	<u>826</u>	<u>(6,238)</u>	<u>15,173</u>	<u>9,761</u>	<u>11,724</u>

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08027885

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	14,973	14,877
		<u>14,973</u>	<u>14,877</u>
Current assets			
Stocks	15	-	1
Debtors	16	393	433
Cash at bank and in hand		1,364	1,090
		<u>1,757</u>	<u>1,524</u>
Creditors: amounts falling due within one year	17	(660)	(640)
Net current assets		<u>1,097</u>	<u>884</u>
Total assets less current liabilities		<u>16,070</u>	<u>15,761</u>
Creditors: amounts falling due after more than one year	18	(65)	-
Net assets excluding pension liability		<u>16,005</u>	<u>15,761</u>
Defined benefit pension scheme liability	25	(6,244)	(4,037)
Total net assets		<u><u>9,761</u></u>	<u><u>11,724</u></u>

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019	2019 £000	2018	2018 £000
Funds of the academy					
Restricted funds:					
Fixed asset funds	19	15,173		15,142	
Restricted income funds	19	6		52	
Restricted funds excluding pension asset	19	15,179		15,194	
Pension reserve	19	(6,244)		(4,037)	
Total restricted funds	19		8,935		11,157
Unrestricted income funds	19		826		567
Total funds			9,761		11,724

The financial statements on pages 25 to 59 were approved by the Trustees, and authorised for issue on 05 December 2019 and are signed on their behalf, by:



J S Crowther
Chair

LINGFIELD EDUCATION 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/(used in) operating activities	21	467	(634)
Cash flows from investing activities	22	(193)	419
Change in cash and cash equivalents in the year		274	(215)
Cash and cash equivalents at the beginning of the year		1,090	1,305
Cash and cash equivalents at the end of the year	23	<u>1,364</u>	<u>1,090</u>

LINGFIELD EDUCATION 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 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.

Lingfield Education Trust meets the definition of a public benefit entity under FRS 102.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

1.3 Income

All incoming resources are recognised when the 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.

• **Other income**

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

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

1.6 Tangible fixed assets

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

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

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, less their estimated residual value, over their expected useful lives on the following basis:

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Leasehold land	- 125 years
Leasehold buildings	- 50 years
Furniture and equipment	- 7 years
Computer equipment	- 3 years

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.

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the bank.

1.10 Taxation

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

1.11 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.

1.12 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.

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.13 Liabilities and provisions

Liabilities and provisions 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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 16. 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 notes 17 and 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.

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.15 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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. As stated in note 25 TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a multi-employer funded scheme and the assets are held separately from those of the 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 incorporating income and expenditure account 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.

LINGFIELD EDUCATION TRUST
(A company limited by guarantee)

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

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 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 25, 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.

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £ 466,000.

Critical areas of judgement:

LGPS Pension - There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £319,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £40,000 which has been assessed to be immaterial to the financial statements.

Land – Land is held under a 125 year lease from Darlington Borough Council and Middlesbrough Borough Council. These assets are included on the Balance Sheet of the Trust due to the significant risks and rewards of ownership belonging to the Trust, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the Trust could use them without major modification.

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

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations				
Acquisition of existing academy	-	-	-	2,987
Subtotal detailed disclosure	-	-	-	2,987
Donations	3	-	3	8
Capital Grants	-	431	431	467
Subtotal	3	431	434	475
	3	431	434	3,462
Total 2018	79	3,383	3,462	

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4. Funding for the Trust's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,651	7,651	7,826
Pupil Premium	-	969	969	993
PE and Sport Premium Grant	-	108	108	112
UIFSM	-	252	252	213
Rates	-	43	43	24
Other DfE Group grants	-	252	252	70
	-	9,275	9,275	9,238
Other Government grants				
SEN	-	481	481	336
Early Years Funding	-	730	730	713
Local Authority grants	-	69	69	65
Other Government grants	-	40	40	37
	-	1,320	1,320	1,151
Other funding				
Income from academies	29	-	29	101
Student Trips	62	-	62	53
Student Catering	147	-	147	140
	238	-	238	294
	238	10,595	10,833	10,683
Total 2018	294	10,389	10,683	

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FOR THE YEAR ENDED 31 AUGUST 2019**

5. Income from other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Non student catering income	7	7	5
Hire of facilities	32	32	37
Receipts from Supply Teacher insurance claims	54	54	55
Other income	97	97	125
	<u>190</u>	<u>190</u>	<u>222</u>

In 2018, of the total income from other trading activities, £222,000 was to unrestricted funds and £nil was to restricted funds.

6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Investment income	<u>1</u>	<u>1</u>	<u>2</u>

In 2018, of the total investment income, £2,000 was to unrestricted funds and £nil was to restricted funds.

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

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Trust's educational operations:					
Direct costs	7,957	-	703	8,660	8,851
Allocated support costs	1,199	838	1,158	3,195	3,324
	<u>9,156</u>	<u>838</u>	<u>1,861</u>	<u>11,855</u>	<u>12,175</u>
Total 2018	<u>9,134</u>	<u>1,037</u>	<u>2,004</u>	<u>12,175</u>	

In 2019, of the total expenditure, £173,000 (2018: £693,000) was to unrestricted funds, £11,216,000 (2018: £11,016,000) to restricted funds and £466,000 (2018: £466,000) to restricted fixed asset funds.

There were no individual transactions over £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Cash losses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	Reason
Unrecoverable debts	15,000	£15,000	Balance inherited on acquisition of Hemlington Hall

There were no ex-gratia payments in the year.

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

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Trust's educational operations	8,660	3,195	11,855	12,175
Total 2018	8,851	3,324	12,175	

Analysis of direct costs

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	7,957	8,035
Educational supplies	473	587
Technology costs	174	161
Supply insurance	42	60
Other costs	14	8
	8,660	8,851

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

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Net interest cost on pension scheme	107	106
Staff costs	1,199	1,099
Depreciation	466	466
Staff development	66	91
Technology costs	90	122
Staff expenses	13	12
Transport	6	11
Maintenance of premises	102	207
Cleaning	71	101
Other premises costs	93	93
Energy	189	131
Rent & rates	51	64
RPA fees	38	39
Catering	322	334
Security	2	17
Other costs	200	229
Governance costs	180	202
	<u>3,195</u>	<u>3,324</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	26	27
Depreciation of tangible fixed assets	466	466
Fees paid to auditors for:		
- audit	11	11
- other services	6	7
	<u>483</u>	<u>491</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	6,757	6,741
Social security costs	631	621
Pension costs	1,620	1,376
	9,008	8,738
Agency staff costs	104	268
Staff restructuring costs	44	128
	9,156	9,134

Staff restructuring costs comprise:

	2019 £000	2018 £000
Redundancy payments	1	-
Severance payments	43	128
	44	128

Included within operating costs of defined benefit pension scheme is £534,000 (2018: £299,000) relating to the pension deficit actuarial adjustments.

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	101	92
Administration and support	191	198
Management	11	22
	303	312

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

10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	3	3
In the band £80,001 - £90,000	1	-
In the band £90,001 - £100,000	1	1
In the band £130,001 - £140,000	1	1
	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Executive Leadership Team as listed on page 1. The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their services to the Trust was £1,066,000 (2018: £943,000). In the prior year the Trust were using external support for the Finance Director role, this has now been brought in house.

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £000	2018 £000
N J Blackburn, CEO and Accounting officer	Remuneration	135 - 140	130 - 135
	Pension contributions paid	20 - 25	20 - 25

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £1,000 to 1 Trustee).

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NOTES TO THE FINANCIAL STATEMENTS
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12. Central services

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

- Chief Executive Officer
- Directors of Operations
- School Business managers
- Legal services
- Audit services
- Service level agreements: HR, Finance, Governance, Payroll, Catering management, education psychology, leadership and H&S support

The Trust charges for these services on the following basis:

Pupil numbers

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Heathfield Primary School	170	169
Hurworth Primary School	86	85
Northwood Primary School	149	149
Corporation Road Community Primary School	118	118
Mount Pleasant Primary School	86	86
Hemlington Hall Academy	111	111
Total	<u>720</u>	<u>718</u>

13. Trustees' and Officers' insurance

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Tangible fixed assets

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2018	15,396	266	675	16,337
Additions	424	68	70	562
At 31 August 2019	<u>15,820</u>	<u>334</u>	<u>745</u>	<u>16,899</u>
Depreciation				
At 1 September 2018	837	108	515	1,460
Charge for the year	309	44	113	466
At 31 August 2019	<u>1,146</u>	<u>152</u>	<u>628</u>	<u>1,926</u>
Net book value				
At 31 August 2019	<u>14,674</u>	<u>182</u>	<u>117</u>	<u>14,973</u>
At 31 August 2018	<u>14,559</u>	<u>158</u>	<u>160</u>	<u>14,877</u>

15. Stocks

	2019 £000	2018 £000
Finished goods and goods for resale	<u>-</u>	<u>1</u>

16. Debtors

	2019 £000	2018 £000
Trade debtors	16	23
Other debtors	80	146
Prepayments and accrued income	297	264
	<u>393</u>	<u>433</u>

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17. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	125	119
Other taxation and social security	149	150
Other creditors	156	138
Accruals and deferred income	230	233
	<u>660</u>	<u>640</u>
	2019 £000	2018 £000
Deferred income		
Deferred income at 1 September 2018	144	243
Resources deferred during the year	143	144
Amounts released from previous periods	(144)	(243)
	<u>143</u>	<u>144</u>

Deferred income includes Universal Infant Free School Meals and Rates Relief income from the ESFA which straddles the year end.

18. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Other loans	<u>65</u>	<u>-</u>

Included within creditors is a loan of £65,000 (2018: £Nil) from CIF which is provided on the following terms: repayable by monthly deductions from General Annual Grant funding starting from September 2020.

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

19. 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						
General Funds	567	432	(173)	-	-	826
Restricted general funds						
General Annual Grant (GAG)	19	7,651	(7,604)	(66)	-	-
Pupil Premium	-	969	(969)	-	-	-
SEN	-	481	(481)	-	-	-
Other Government grants	33	839	(872)	-	-	-
Other DfE/ESFA grants	-	655	(649)	-	-	6
Pension reserve	(4,037)	-	(641)	-	(1,566)	(6,244)
	<u>(3,985)</u>	<u>10,595</u>	<u>(11,216)</u>	<u>(66)</u>	<u>(1,566)</u>	<u>(6,238)</u>

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

19. 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						
Transfer from Local Authority	9,953	-	(205)	-	-	9,748
Devolved Formula Capital	165	125	(35)	-	-	255
Condition Improvement Fund	421	295	(8)	-	-	708
Transfer from General Annual Grant (GAG)	214	-	(113)	66	-	167
Gift on transfer	4,389	-	(105)	-	-	4,284
Other	-	11	-	-	-	11
	<u>15,142</u>	<u>431</u>	<u>(466)</u>	<u>66</u>	<u>-</u>	<u>15,173</u>
Total Restricted funds	<u>11,157</u>	<u>11,026</u>	<u>(11,682)</u>	<u>-</u>	<u>(1,566)</u>	<u>8,935</u>
Total funds	<u>11,724</u>	<u>11,458</u>	<u>(11,855)</u>	<u>-</u>	<u>(1,566)</u>	<u>9,761</u>

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

The General Annual Grant (GAG) must be used for the normal running of the Trust including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

SEN income is to be used for the costs of special needs.

Other DfE/ESFA grants include PE and Sport Grant, Universal Infant Free School Meals, rates relief, teachers' pay grant and funding for Cambrai Primary School to assist with the opening of the new free school. The PE and Sport grant is to be spent on PE and sports curriculum costs, UIFSM income is to be spent on the cost of meals for children, rates relief contributes towards the costs of rates for the Trust and the teachers's pay grant was received to cover the increase in teachers' pay in the year.

Other Government grants includes Early Years funding which is to be used for the costs of the nursery.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 25.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

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19. Statement of funds (continued)

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

A transfer of £66,000 (2018: £99,000) has been made to capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Heathfield Primary School	19	53
Hurworth Primary School	12	-
Northwood Primary School	509	433
Corporation Road Community Primary School	6	12
Mount Pleasant Primary School	136	94
Hemlington Hall Academy	117	71
Central	33	(44)
Total before fixed asset funds and pension reserve	832	619
Restricted fixed asset fund	15,173	15,142
Pension reserve	(6,244)	(4,037)
Total	9,761	11,724

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

Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£000	£000	£000	£000	£000	£000
Heathfield Primary School	1,537	231	49	296	2,113	2,213
Hurworth Primary School	713	147	129	173	1,162	1,302
Northwood Primary School	1,296	179	75	219	1,769	1,974
Corporation Road Community Primary School	966	148	64	217	1,395	1,562
Mount Pleasant Primary School	1,228	158	46	181	1,613	1,763
Hemlington Hall Academy	1,315	137	88	315	1,855	1,998
Central	902	199	22	359	1,482	897
Academy	7,957	1,199	473	1,760	11,389	11,709

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19. 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						
General Funds	778	482	(693)	-	-	567
Restricted general funds						
General Annual Grant (GAG)	-	8,032	(7,908)	(105)	-	19
Pupil Premium	-	1,058	(1,058)	-	-	-
PE Teacher grant	-	112	(112)	-	-	-
Corporation Road sponsorship	58	-	(58)	-	-	-
SEN	-	161	(161)	-	-	-
Hemlington grant	-	70	(37)	-	-	33
Other government grants	-	926	(926)	-	-	-
Other grants	-	13	(13)	-	-	-
Other ESFA/DfE grants	-	237	(237)	-	-	-
Other income	-	101	(101)	-	-	-
Pension reserve	(3,999)	(458)	(405)	-	825	(4,037)
	<u>(3,941)</u>	<u>10,252</u>	<u>(11,016)</u>	<u>(105)</u>	<u>825</u>	<u>(3,985)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. 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						
Transfer from Local Authority	10,159	-	(206)	-	-	9,953
Devolved Formula Capital	144	46	(25)	-	-	165
Condition Improvement Fund	-	421	-	-	-	421
Transfer from General Annual Grant (GAG)	247	-	(132)	99	-	214
Gift on transfer	1,318	3,168	(103)	6	-	4,389
	<u>11,868</u>	<u>3,635</u>	<u>(466)</u>	<u>105</u>	<u>-</u>	<u>15,142</u>
Total Restricted funds	<u>7,927</u>	<u>13,887</u>	<u>(11,482)</u>	<u>-</u>	<u>825</u>	<u>11,157</u>
Total funds	<u>8,705</u>	<u>14,369</u>	<u>(12,175)</u>	<u>-</u>	<u>825</u>	<u>11,724</u>

20. 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	-	-	14,973	14,973
Current assets	1,551	6	200	1,757
Creditors due within one year	(660)	-	-	(660)
Creditors due in more than one year	(65)	-	-	(65)
Provisions for liabilities and charges	-	(6,244)	-	(6,244)
Total	<u>826</u>	<u>(6,238)</u>	<u>15,173</u>	<u>9,761</u>

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20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	14,877	14,877
Current assets	567	692	265	1,524
Creditors due within one year	-	(640)	-	(640)
Provisions for liabilities and charges	-	(4,037)	-	(4,037)
Total	567	(3,985)	15,142	11,724

21. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £000	2018 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(397)	2,194
Adjustments for:		
Depreciation	466	466
Capital grants from DfE and other capital income	(368)	(467)
Defined benefit pension scheme obligation inherited	-	458
Defined benefit pension scheme cost less contributions payable	534	299
Defined benefit pension scheme finance cost	107	106
Decrease in stocks	1	-
Decrease/(increase) in debtors	40	(144)
Increase/(decrease) in creditors	85	(104)
Dividends, interest and rents from investments	(1)	(2)
Asset acquired on existing academy	-	(3,168)
Cash inherited on acquisition of existing academy	-	(272)
Net cash provided by/(used in) operating activities	467	(634)

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Cash flows from investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	1	2
Purchase of tangible fixed assets	(562)	(322)
Capital grants from DfE Group	368	467
Cash inherited on acquisition of an existing academy	-	272
Net cash (used in)/provided by investing activities	(193)	419

23. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	1,364	1,090
Total cash and cash equivalents	1,364	1,090

24. Capital commitments

	2019 £000	2018 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	170	-

25. Pension commitments

The 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 Durham County Council & Middlesbrough Council. 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.

Contributions amounting to £132,000 were payable to the schemes at 31 August 2019 (2018 - £130,000) and are included within creditors.

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended) published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was prepared for the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. 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 employer's pension costs paid to TPS in the year amounted to £627,000 (2018 - £618,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

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FOR THE YEAR ENDED 31 AUGUST 2019**

25. Pension commitments (continued)

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 £602,000 (2018 - £603,000), of which employer's contributions totalled £459,000 (2018 - £459,000) and employees' contributions totalled £ 143,000 (2018 - £144,000). The agreed contribution rates for future years are 16.1% and 16.6% per cent for employers and 5.5% - 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 Trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Durham County Council Pension Fund

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.50	3.50
Rate of increase for pensions in payment/inflation	2.00	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.00	2.00
Commutation of pensions to lump sums	80.00	80.00

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	22.3	23.3
Females	23.8	25.0
<i>Retiring in 20 years</i>		
Males	24.0	25.0
Females	25.7	27.3

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

Teesside Pension Fund

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.00	3.00
Rate of increase for pensions in payment/inflation	2.00	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.00	2.00
Commutation of pensions to lump sums	80.00	80.00

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.9	22.9
Females	23.8	25.0
<i>Retiring in 20 years</i>		
Males	23.6	25.1
Females	25.7	27.3

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	13,106	8,670
Discount rate -0.1%	13,755	9,097
Mortality assumption - 1 year increase	12,978	8,627
Mortality assumption - 1 year decrease	13,881	9,136
CPI rate +0.1%	13,612	9,001
CPI rate -0.1%	13,245	8,763

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	3,902	3,249
Government bonds	1,568	1,312
Property	530	431
Cash	442	520
Corporate bonds	714	688
Other	27	13
Total market value of assets	7,183	6,213

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

25. Pension commitments (continued)

The actual return on scheme assets was £614,000 (2018 - £242,000).

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

	2019 £000	2018 £000
Current service cost	(674)	(721)
Past service cost	(319)	(37)
Interest income	179	144
Interest cost	(286)	(250)
Total amount recognised in the Statement of Financial Activities	(1,100)	(864)

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

	2019 £000	2018 £000
Opening defined benefit obligation	10,250	8,662
Transferred in on existing academies joining the trust	-	1,290
Current service cost	674	721
Interest cost	286	250
Employee contributions	143	144
Actuarial losses/(gains)	2,001	(727)
Benefits paid	(246)	(127)
Past service costs	319	37
At 31 August	13,427	10,250

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

	2019 £000	2018 £000
Opening fair value of scheme assets	6,213	4,663
Transferred in on existing academies joining the trust	-	832
Interest income	179	144
Actuarial gains	435	98
Employer contributions	459	459
Employee contributions	143	144
Benefits paid	(246)	(127)
At 31 August	7,183	6,213

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

26. Operating lease commitments

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

	2019 £000	2018 £000
Within 1 year	11	27
Between 1 and 2 years	11	24
Between 2 and 5 years	8	29
	30	80

27. Related party transactions

Owing to the nature of the 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 the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure Related Party Transactions

North East Wellbeing Trust - a company in which N J Blackburn and C W Eglington are Trustees:

The Trust purchased counselling services from North East Wellbeing Trust totalling £5,000 (2018 £6,000) during the year. As at 31 August 2019 £Nil (2018: £Nil) was owed from North East Wellbeing Trust.

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

The element above £2,500 has been provided 'at no more than cost'.