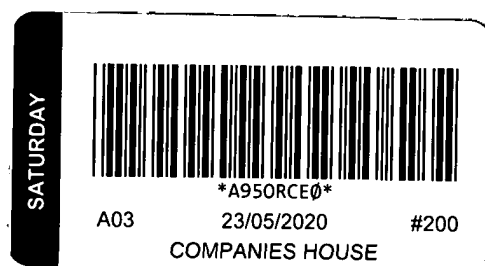


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Company Registration Number: 08561360 (England & Wales)

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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



EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

M W Bretherick
J Butterworth (Chair)
S Siddell
P Vaughan
A Wright

Trustees

J Butterworth, Chair
L Gillen, Vice Chair
J D Deville, Chief Executive Officer / Executive Headteacher
A S Blake
M E Bousfield
M W Bretherick
D Richardson
Cllr P M Tye

Company registered number

08561360

Company name

Extol Academy Trust

Principal and registered office

Eldon Grove Academy
Eldon Grove
Hartlepool
Cleveland
TS26 9LY

Clerk to Board

C Westmoreland

Senior management team

J D Deville, Chief Executive Officer / Accounting Officer
A Brahimi, Head of School at Eldon Grove Academy
E Robins, Headteacher at New Silksworth Infant and Junior Academies
S Mincher, Deputy Headteacher at New Silksworth Infant and Junior Academies
F Nicholson, Associate Head at Eldon Grove Academy
D King, Trust Lead Practitioner
E Stirk, Chief Financial Officer

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

Independent auditors

Clive Owen LLP
Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

Lloyds Bank LLP
128-132 York Road
Hartlepool
TS26 9DD

Solicitors

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

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

Extol Academy Trust is a multi-academy trust which operates in the North East of England. Extol currently operates 3 schools within Hartlepool and Sunderland:

School	Capacity	Roll on the school census as of 18th May 19
Eldon Grove Academy, Hartlepool Age Range 3 -11	480 plus 78 place nursery	447 plus 84 FTE nursery
New Silksworth Infant Academy Age Range 2 - 7	210 plus 78 place nursery and 2 year old provision	168 plus 40 FTE nursery/2 yr old provision
New Silksworth Junior Academy Age Range 7 - 11	280	236

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Extol Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of Extol Academy Trust are also the Directors of the charitable company for the purposes of company law. The charitable company operates Extol Academy Trust.

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

Members' Liability

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

Trustees' Indemnities

The 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 Trust believes strongly that robust and effective governance is at the heart of our work. As per our Articles of Association the term of office for any Trustee, excluding ex officio positions (CEO) shall be four years. Subject to remaining eligible and following evaluation of performance any Trustee may be re-appointed.

If a position becomes available or deemed necessary following evaluation of performance, our Members seek applications from suitably skilled personnel. A process of due diligence is undertaken by Members to ensure prospective Trustee share the ethos, morale purpose and commitment to our objectives that Extol hold dear. Members also consider if the appointment will bring additional value and expertise to the Board.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and induction provided for Trustees is dependent on experience and the needs identified by the completion of a skills audit. Where necessary induction and training is provided on charity, educational, financial and legal matters. However all Trustees are provided with access to minutes, policies and procedures, accounts and given copies of the Articles of Association and the Funding Agreement. All Trustees are members of National Governors Association and the Trust is a FASNA member, thus Trustees have access to their resources.

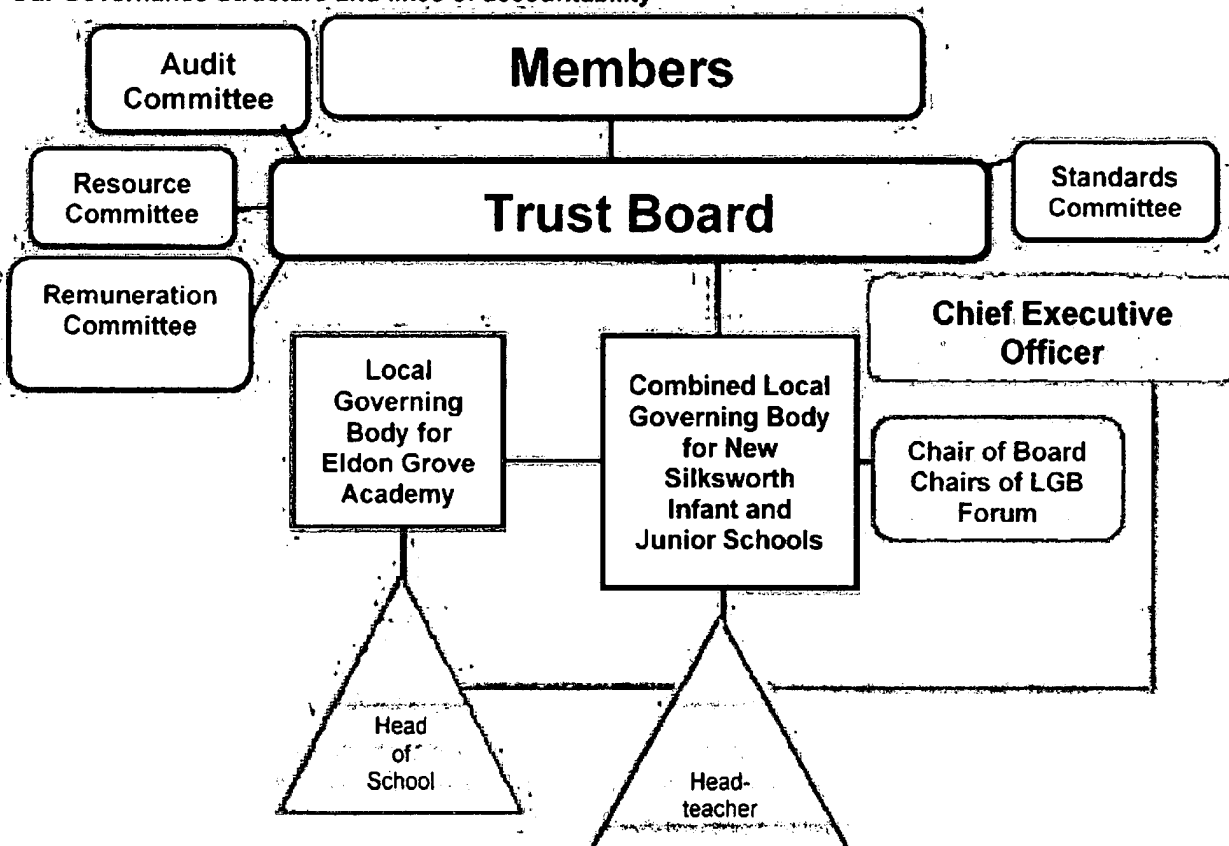
Trustees are encouraged to attend external briefings/training. The Trust Board is pleased that one Trustee is undertaking training with Ambition Institute and that the Chair of Trustees attends Regional School Commissioner briefing sessions.

Trustees are offered tours of individual schools and are given the chance to meet the Local Governing Body, staff, pupils and parents. The Trust Board also vary the venue of their meetings to have a public face within the schools, this is further supported by the Chair holding termly meetings with Chairs of the Local Governing Bodies.

Organisational Structure

During the academic year Extol Academy Trust continued to operate a unified management and leadership structure. The structure aims to devolve responsibility, accountability and encourage involvement in decision making at all levels.

Our Governance Structure and lines of accountability



EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure (continued)

Members

The Members of the Trust have a different status to Trustees. They are the signatories to the Memorandum of Association and have agreed the Trust's Articles of Association (a document which outlines the governance structure and how the Trust will operate). The Articles of Association describes how Members are recruited and replaced, and how many of the Trustees the Members can appoint to the Trust Board. The Members appoint Trustees to ensure that the Trust's charitable objective is carried out and so must be able to remove Trustees if they fail to fulfil this responsibility. Accordingly, the Trust Board submits an annual report on the performance of the Trust to the Members.

Within the Trust, Members are permitted to be appointed as Trustees, however in order to retain a degree of separation of powers between the Members and the Trust Board, and in line with DfE expectations, a maximum of two Members are Trustees. In line with the DfE amended model articles, no Members are permitted to be employees of the Trust.

Trustees

The Board of Trustees is the accountable body for the performance of all schools within the Trust and as such undertakes the following:

- Setting the vision, ethos and strategy for the Trust and its academies over the next three to five years;
- Establishing the governance structures for the Trust, from Members to individual academy level, in keeping with the Articles of Association;
- Providing clarity, through the published Terms of Reference and setting the level at which the LGBs will have authority and accountability through the scheme of delegation;
- Engaging with the academies' communities, parents, pupils and staff;
- Contributing to developing collaborative relationships beyond the Trust;
- Ensuring that there is a strong and effective executive leadership structure and personnel in place across the Trust;
- Overview and scrutiny of academies' education performance data;
- Overview and scrutiny of the Trust's financial capability and management systems to ensure compliance with the Academies Financial Handbook, and deliver best value for money;
- Ensuring senior leaders within academies are challenged to improve the education of pupils;
- Developing the Trust Board to ensure that it has the capacity, skills and succession plans to have a positive impact on outcomes for pupils.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure (continued)

Local Governing Bodies

LGBs will develop and maintain those relationships and common purpose with the individual academy. The role of a Local Governor within the Trust is an important one. In developing our governance arrangements, the Trust Board has sought to ensure that the responsibility to govern is vested in those closest to the impact of decision making and that such responsibility matches the capacity of those assuming responsibility. The Trust Board establishes Local Governing Body for each of its academies, for the most part made up of individuals drawn from the academy's community, both as elected and appointed members. The Local Governors are accountable to the Trust Board (who in turn is accountable to the Department for Education) as well as to the communities they serve. The broad duties of the Local Governing Body are summarised as:

- To contribute to and fulfil the vision and ethos of Extol in so far as it relates to the academy, ensuring that the academy achieves the aims and ambitions it has for its pupils, having regard in particular to the benefits of being part of a family of schools which stresses the importance of collaboration and mutual support;
- To implement and review from time to time the strategic plan for the academy, focussing on the academy's performance and achieving sustained school improvement and having regard to any locally agreed priorities identified by the Trust Board;
- To act as a critical friend to the academy's senior leadership team, being ready to challenge and hold senior leaders to account for all aspects of the academy's performance;
- To oversee the management of the finances of the academy, assessing the annual budget prepared by the academy's Headteacher (with the support of the Trust's Executive Team) and submitting such for approval by the Trust Board, ensuring that the academy works within its budget and the academy's senior leadership team adopts and implements appropriate risk and financial management policies and practices;
- To support the Trust Board in ensuring that insurance or equivalent risk protection is put in place and maintained for all risk areas including damage to property, employer liability, public and third party liability and Trustee liability in accordance with any policy issued by the Trust Board from time to time;
- To support the academy's Headteacher in the development and review (from time to time) of an appropriate staffing structure for the academy, ensuring there is robust and accountable monitoring of the performance of staff and implementing all and any policies relating to staff adopted by the Trust Board;
- To support the Trust Board in its monitoring and evaluation of the delivery of any central services and functions provided or procured by the Trust for the academies, reporting any issues or concerns to the CEO or the Chair of the Trust Board;
- To promote within the organisation and externally the benefits of collaboration with the other academies and to actively seek opportunities to work together either with the aim of improving economic efficiencies within the academies or identifying and implementing best practice;
- To develop effective links within the academy's community, communicating openly and frequently as appropriate and ensuring that the academy meets its responsibilities to the community and serves the community's needs in relation to the safeguarding and education of its pupils; and
- To engage fully and openly with any inspection of the academy, whether by the Trust Board, Ofsted or any other appropriate public body to whom the academy is accountable.

The Chairs of our LGBs attend a termly forum with the Chair of the Trust Board, to ensure their voices are heard.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure (continued)

Executive Leader Team

Our Executive Leader Team meets fortnightly and consists of all academy Headteachers, Heads of Schools, Associate and Deputy Headteachers, it also acts as a forum for our Central Team to communicate with the academies. The team operate under the leadership and direction of the CEO. The focus of the team is to ensure that Extol knows its academies quantitatively and qualitatively.

Senior Leadership Teams

At individual academy level, SLTs are responsible and accountable for the operations of the academy, they ensure that they:

- Develop a culture of high expectations with highly motivated staff and pupils
- Demonstrate compliance and alignment with regard to school policy and practice
- Maintain high standards of teaching and learning, with a relentless focus on school improvement, which raises standards of attainment and progress
- Ensure the effective safeguarding of pupils
- Utilise resources well, to ensure they impact on the quality of education.

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider that they, together with the Chief Executive Officer, Chief Financial Officer, and Headteachers/Heads of Schools comprise the key management personnel of Extol, in charge of directing and controlling, running and operating the Trust on a day to day basis. The Trustees give of their time freely and no Trustee, other than the Chief Executive Officer, received a salary in the year, however Trustees are remunerated for expenses as detailed in note 11.

As per Extol Academy Trust's Pay Policy all staff with responsibilities for Teaching and Learning are paid in line with the School Teachers Pay and Conditions document (STPC), other personnel are paid in line with Standard Local Government National Pay Spines.

A number of criteria are used in setting pay:

- nature of the role and responsibilities
- the sector average salary for comparable positions
- trends in pay

The pay and remuneration of the Senior Leadership Team is reviewed annually by the Trust's Remuneration Committee. The Committee ensure that any increments or performance related pay is evaluated against the individual's appraisal targets.

Trade union facility time

As the Extol Academy Trust employs more than 49 full time equivalent employees it must disclose information with regard to trade union facility time. Extol Academy Trust commissions such time via service level agreements rather than have employees undertake such work.

The Trust pays into a Local Authority Scheme that provides this service.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related Parties and other Connected Charities and Organisations

The Trust is conscious of the need for any person who is responsible for governance within the organisation, or, who are employees of the organisation, to declare any relevant business or pecuniary interests and this is particularly the case with related party transactions. To this end Trustees declare any such relationship or interest and remove themselves from any decisions pertaining to said connection. Further details are stated in note 26 to the Financial Statements.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal activity and objective of Extol Academy Trust is the advancement of education in the United Kingdom by establishing and maintaining high performing schools, offering a broad and balanced curriculum that meets the needs of its communities by providing a high quality learning environment.

In accordance with the Memorandum and Articles of Association, the company has adopted a Scheme of Governance approved by the Secretary of State for Education. The Scheme of Governance specified, amongst other things, the basis for admitting pupils to the Trust, the catchment areas from which the pupils are drawn and that the curriculum should comply with the substance of the national curriculum.

The main objectives for Extol Academy Trust for the year ended 31st August 2019 are as summarised below:

- To ensure pupils' attainment and progress was; New Silksworth Academies in line with National outcomes; Eldon Grove Academy above National outcomes
- Support all of our academies to secure a judgement of least "good" in Ofsted inspections
- To develop a Trust growth strategy securing sustainability of the Trust

Objectives, Strategies and Activities

Extol Academy Trust was formed on a strong principle of integrity and ethics; these are non-negotiable and shape the way Extol Academy Trust works with individual school communities, as well as how the Trust expects its academies to work together in partnership. Extol Academy Trust is now in a strong position to welcome other schools to the partnership. It is ambitious in its aim of ensuring all children attend "stand out schools" across the North East of England.

Our objectives are achieved by:

- schools working in partnership in order to achieve the aim of all pupils attending a "stand out" school; learning from and with each other
- developing, supporting and challenging high performing academies providing world class outcomes for all pupils
- investing in purposeful, relevant professional development for all staff to secure a highly professional and committed team
- engaging with external partners to enhance the Trust's provision.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

OBJECTIVES AND ACTIVITIES (continued)

Objectives, Strategies and Activities (continued)

Extol Academy Trust's Core Values

The strap line of Inspiration, Excellence and Partnership underpins the Trust's ethos and values.

Inspiration Extol Academy Trust is a MAT that inspires all of its academies to gain outstanding school status; to be that "stand out school". We are a reflective Trust who constantly seek inspiration from local, national and international initiatives/research and passionately believe that by investing in our workforce we develop an inspiring, professional team.

Excellence Excellent leadership, pedagogy and the sharing of best-practice across the Trust ensures that pupils have an outstanding and enriching educational experience.

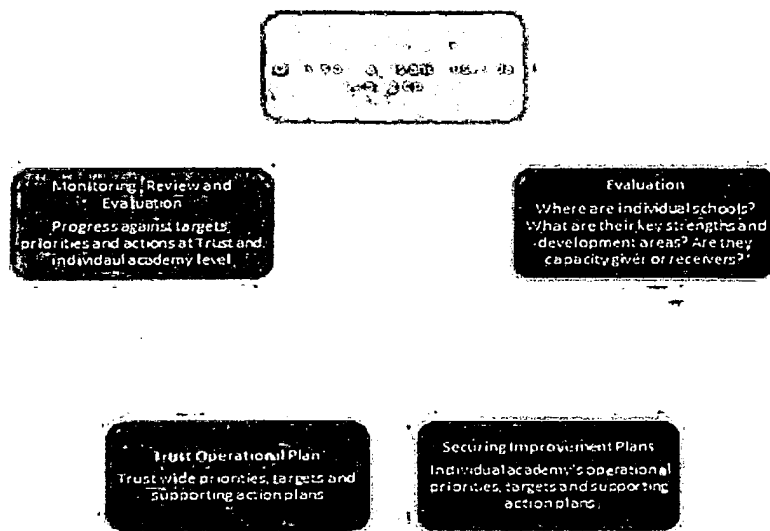
Partnership Each academy within the Trust is celebrated and recognised for its strengths, we believe that a true partnership allows us to learn with and from each other. We believe that by working in partnership we facilitate sustainable and far reaching academy improvement.

Extol Academy Trust's Ethos

The Trust's ethos is characterised by a culture of positive attitude, high expectation and aspiration. These are related to the whole learning community, pupils and staff.

- Everyone can succeed
- Everyone deserves the widest opportunities to achieve success
- Good pupil behaviour is expected at all times
- Outstanding standards are expected
- External factors must not be a barrier to learning or success
- Staff are expected to provide the highest standards as role models.

To ensure these aims are delivered, the Trust has a clear and robust cycle of activities; which are encapsulated in the Trust's strategic plan, annual operational plan and each individual schools' annual securing improvement plan.



EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

OBJECTIVES AND ACTIVITIES (continued)

Public Benefit

Extol Academy 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 Trustees have considered this guidance in deciding what activities the Trust should undertake.

STRATEGIC REPORT

Achievements and Performance

- All academies have been subject to an Ofsted inspection during the period of the report. It is pleasing to note that all three academies secured judgements of at least good in all areas inspected. This included our two sponsor academies and is testament to the robust improvement strategy deployed by the Trust.
- All academies continued to have a relentless focus on improving pupil outcomes regardless of their starting point.
- Improved standards of teaching and learning have been developed across the Trust through the delivery of meaningful and quality CPD.

	2018				2019			
	All pupils	Disadvan	Others	National All	All pupils	Disadvan	Others	National All
EGA	83%	63%	89%	72%	80%	67%	84%	72%
NSAI	76%	62%	80%		77%	56%	84%	

- Extol Academy Trust has developed a programme of support for Recently Qualified Teachers to ensure they continue to develop Quality First Teaching.
- All academies are part of Educational Development Partnership programme, this includes a hub of schools across Wear and Tees Valley undertaking peer reviews.
- Leaders at all levels continue to be developed, though the partnership with Ambition Institute.
- Academies have worked collaboratively to develop a bespoke.
- A Shared Learning Platform has been developed to support the sharing of practice across the Trust's community of academies.

School and National Assessment Results

GLD

Y1 Phonics

	2018				2019			
	All pupils	Disadvan	Others	National All	All pupils	Disadvan	Others	*National All
EGA	89%	78%	81%	82%	88%	80%	94%	82%
NSAI	78%	79%	78%		83%	69%	88%	

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

STRATEGIC REPORT (continued)

Achievements and Performance (continued)

Year 2

EGA

	2018				2019			
	AT	GD	National AT	National GD	AT	GD	National AT*	National GD*
Reading	89%	47%	75%	26%	84%	23%	75%	25%
Writing	83%	34%	70%	16%	82%	18%	69%	15%
Maths	89%	39%	76%	22%	84%	28%	76%	22%
Combined	80%	29%	65%	12%	81%	18%	65%	11%

NSAI

	2018				2019			
	AT	GD	National AT	National GD	AT	GD	National AT*	National GD*
Reading	79%	21%	75%	26%	75%	31%	75%	25%
Writing	71%	16%	70%	16%	75%	19%	69%	15%
Maths	78%	19%	76%	22%	78%	31%	76%	22%
Combined	68%	14%	65%	12%	75%	19%	65%	11%

Year 6
Progress

	EGA		NSA	
	2018	2019	2018	2019
Reading	-0.33	-1.68	-2.28	-1.6
Writing	0.55	0.67	-0.15	-0.3
Maths	0.12	-1.32	-0.29	-0.9

Attainment

EGA

	2018				2019			
	AT	GD	National AT	National GD	AT	GD	National AT	National GD
Reading	83%	25%	75%	26%	78%	27%	73%	27%
Writing	90%	25%	70%	16%	90%	34%	79%	20%
Maths	83%	27%	76%	22%	85%	27%	79%	27%
GPS	88%	37%	78%	34%	80%	24%	78%	36%
Combined	78%	10%	64%	10%	73%	5%	65%	11%

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

STRATEGIC REPORT (continued)

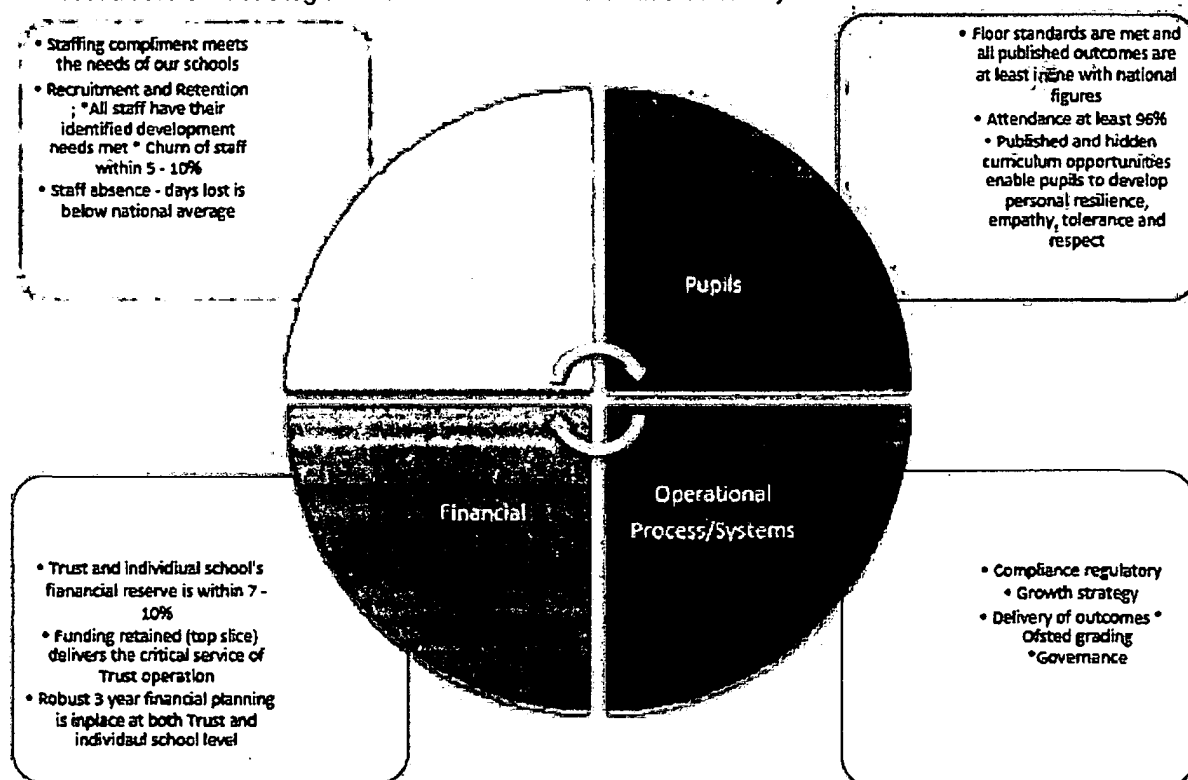
Achievements and Performance (continued)

NSAI

	2018				2019			
	AT	GD	National AT	National GD	AT	GD	National AT	National GD
Reading	55%	10%	75%	26%	80%	13%	73%	27%
Writing	80%	6%	70%	16%	90%	13%	79%	20%
Maths	68%	24%	76%	22%	79%	18%	79%	27%
GPS	71%	16%	78%	34%	75%	20%	78%	36%
Combined	51%	4%	64%	10%	64%	3%	65%	11%

Key Performance Indicators

The Trust Board's 12 strategic KPIs are reviewed and evaluated termly.



The Trust uses a colour system as a key to identify the position of the KPIs.

Red identifies KPIs which are a threat for which a solution has not been identified.

Amber identifies KPIs which are a threat for which a plan is in place.

Green identifies KPIs which are in the process of being delivered or for which the plan is on target.

It is pleasing to note the positive shift in a number of KPIs

KPI	May 18	Nov 18	March 19	July 19
Number of green	3	5	5	7
Number of amber	7	6	6	4
Number of red	2	1	1	1

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

STRATEGIC REPORT (continued)

Key Performance Indicators (continued)

Financial Performance

Key Performance Indicator	Eldon Grove Academy	New Silksworth Infant Academy	New Silksworth Junior Academy
Total GAG funding per pupil	£3,835	£4,401	£4,128
Total income per pupil	£4,899	£5,249	£5,165
Direct Educational staff expenditure per pupil	£3,362	£2,967	£3,122
Direct Educational staff expenditure as a % of total expenditure	70.13%	61.20%	58.37%
Support staff expenditure per pupil	£181	£387	£366
Support staff expenditure as a % of total expenditure	3.78%	7.98%	6.84%
Total staffing expenditure per pupil	£3,544	£3,354	£3,488
Total staffing as a % of total expenditure	73.91%	69.19%	65.21%

It should be noted that revenue contributions to capital expenditure are included in the above expenditure levels. Also included within the total expenditure total are individual academy contributions to the central MAT function as per the Trust Central Retained Policy.

Going Concern

After making appropriate enquires, 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 Accounting Policies.

FINANCIAL REVIEW

Most of the Trust's income is obtained from the Department for 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.

In addition, the academies within the Trust receive Early Years funding from the Local Authority on numbers of pupils at each termly census. A similar grant is received in respect of funding for two-year old children; again this is based on pupil numbers. Each academy receives SEN funding as a notional amount within their GAG allocation, in addition to this additional funding is provided by the Local Authority for children where it has been assessed that their need requires specialist support.

The Trust also receives grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. During the year, £60,000 was received in respect of Devolved Capital Formula Grants.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

FINANCIAL REVIEW (continued)

During the year ended 31 August 2019, total expenditure of £4,938,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The in-year deficit, excluding the pension reserve and restricted fixed asset funds, was £9,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trust's objectives. The Trust invested £184,000 to further improve the assets of the Trust. The main projects completed during the year included New Silksworth Junior Academy staff well-being facilities and classroom improvements £64,000, Eldon Grove Academy classroom extension/ new meeting room £36,000 and investment in ICT upgrades at Eldon Grove Academy £30,000 and New Silksworth Infant Academy £4,000.

In addition the Trust expended £66,000 of Condition Improvement Funding on a replacement Flat Roof at New Silksworth Junior Academy.

At 31 August 2019 the net book value of fixed assets was £7,683,000 and movements in tangible fixed assets are shown in note 15 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 FRS 102 has been applied in full in respect of LGPS, resulting in a deficit of £1,735,000 recognised on the Balance Sheet.

The Trust held fund balances at 31 August 2019 of £6,949,000, comprising £6,451,000 of restricted funds, including £1,735,000 deficit on the pension reserves, and £498,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2019 was £778,000.

Reserves Policy

The purpose of carrying forward reserves is to ensure the stability of the Trust's organisational operations, including the need for the Trust to manage unplanned one off costs. Extol also holds reserves to help support long term plans for capital investment projects and in the supporting of revenue budgets over the next 3 financial years given the uncertainty of future government funding over this period including National Funding Formula and pay awards.

As per the Trust's reserves policy the Trust's preferred level of reserves to be held by an academy is between 7-10% of its most recent General Annual Grant Allocation.

The level of reserves is reviewed by Trustees throughout the year, this includes reflection of in year budget monitoring updates alongside detailed 3 year financial forward planning considerations. The Trustees review this policy on an annual basis.

As at 31 August 2019 such figures would be as follows:

School	GAG 18/19	7%	10%
EGA	£1,729,368	£121,056	£172,937
NIS	£673,387	£47,137	£67,339
NJS	£895,768	£62,704	£89,577
	£3,298,523	£230,897	£329,852

Each academy has specific reasons for holding reserves to a higher level than above, such reasons have been discussed extensively with both the Local Governing Bodies and Trust Board.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

FINANCIAL REVIEW (continued)

Reserves Policy (continued)

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

- To cover possible future government funding restrictions and longevity of teachers pension grant.
- 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 throughout the year. The minimum level of reserves for the ongoing needs for the Trust is reviewed by the Trustees on an annual basis. The review considers the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trustees are particularly mindful of the uncertainty in both revenue and capital funding in the future and consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in the fixed assets and restricted funds) of £300,000.

This is considered sufficient to cover 1 month's worth of wages.

The Trust's current level of reserves, excluding the fixed asset funds and pension reserve is £778,000 and the free reserves are £498,000. The Trust's current level of reserves is therefore higher than the level of reserves required for the ongoing needs of the Trust. The Trustees continue to consider additional activities and projects related to the Trust's objectives to which the excess reserves may be applied including:

- To cover Business Continuity Planning
- To cover information governance/ information security
- To cover leadership and management capacity for potential trust expansion
- To cover possible future government funding restrictions and longevity of teachers pension grant
- To cover contributions towards capital expenditure.

Investment Policy

Extol aims to manage its cash balance to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Our aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

The policy dictates that any investment of funds would require Resource Committee approval on the basis of in depth monitoring of cash flow forecasts. Extol made an investment of £300,000 during the Academic Year. Interest accrued as of 31st August 2019 was £1,756. The funds can be accessed within 32 days so that they can be appropriately utilised.

Principal Risks and Uncertainties

The Trust is subject to a number of risks and uncertainties in common with other academies and has in place, procedures to identify, record and mitigate all risks in a broad level of areas.

The Trustees have reviewed the risk register in full during the year via the Audit Committee. The Audit Committee are informed of detailed assessments concerning all risk, whilst those scoring a risk rating of high are passed to Trust's full Board for discussion in terms of additional control measures to be implemented.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

FINANCIAL REVIEW (continued)

Principal Risks and Uncertainties (continued)

The principal risks and uncertainties are centered upon the changes in the level of funding from the DfE/ESFA. One key risk concerning this area is the longevity of the Teachers Pension Grant given the vast increase in costs to the Trust.

In addition, the Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Trust Balance Sheet.

One key risk which has continued from the previous academic year is a small cohort within New Silksworth Infant Academy, this cohort will have an impact on GAG funding in New Silksworth Junior Academy in the medium term future, Trustees feel it is therefore vitally important to build up reserves to an adequate level within the Junior Academy, since conversion to academy this has been the case. Detailed financial forward planning projections show the academy is financially viable for when such a cohort will impact on funding.

Following the recent 'good' Ofsted inspection at New Silksworth Infant Academy it is hoped that reception in take numbers now increase.

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 school faces, 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. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trust mitigates any educational risk by having a highly knowledgeable and successful school improvement team. The team ensures standards are monitored and evaluated, that best practice is shared and investment in bespoke CPD programmes and teaching resources is given high priority.

The Trust also persists in the monitoring of, and focus on, academies' attendance data, working with our academies to identify and share the best strategies to deploy across the Trust to optimise pupil attendance, ensuring children receive the full offer of our broad curriculum

FUNDRAISING

Extol Academy Trust fundraising is limited to local schools raising funds via the local community to help support additional curricular enhancement projects in individual schools. The funds raised are minimal whilst such fundraising is not part of the financial statements and operates in a separate bank account. The Trust confirms that no commercial participators have been used to assist with fundraising during the reporting period.

PLANS FOR FUTURE PERIODS

Plans for the 2019/20 academic year are included in the 2018 – 2021 strategic plan. The growth of Extol will be the key objective over the next year. Growth plans included engaging as a sponsor for a two form entry primary and formally looking at the opportunities for growth through a merger with another starter MAT.

The overriding objective however, irrespective of the size of Extol, remains the relentless drive to raise standards of attainment and progress within a broad curriculum and to ensure that academies within the Trust continue to improve and work collaboratively.

A key strength of the Trust is the range of expertise and talent available within the workforce and this will continue to be deployed in a collaborative manner to provide challenge and support. To further enhance the school improvement work of the Trust a shared learning platform is to be established, a portal, where staff and governors can access resources, journals and where best practice can be celebrated and shared. The Trust is also keen to submit an application for a Teaching School.

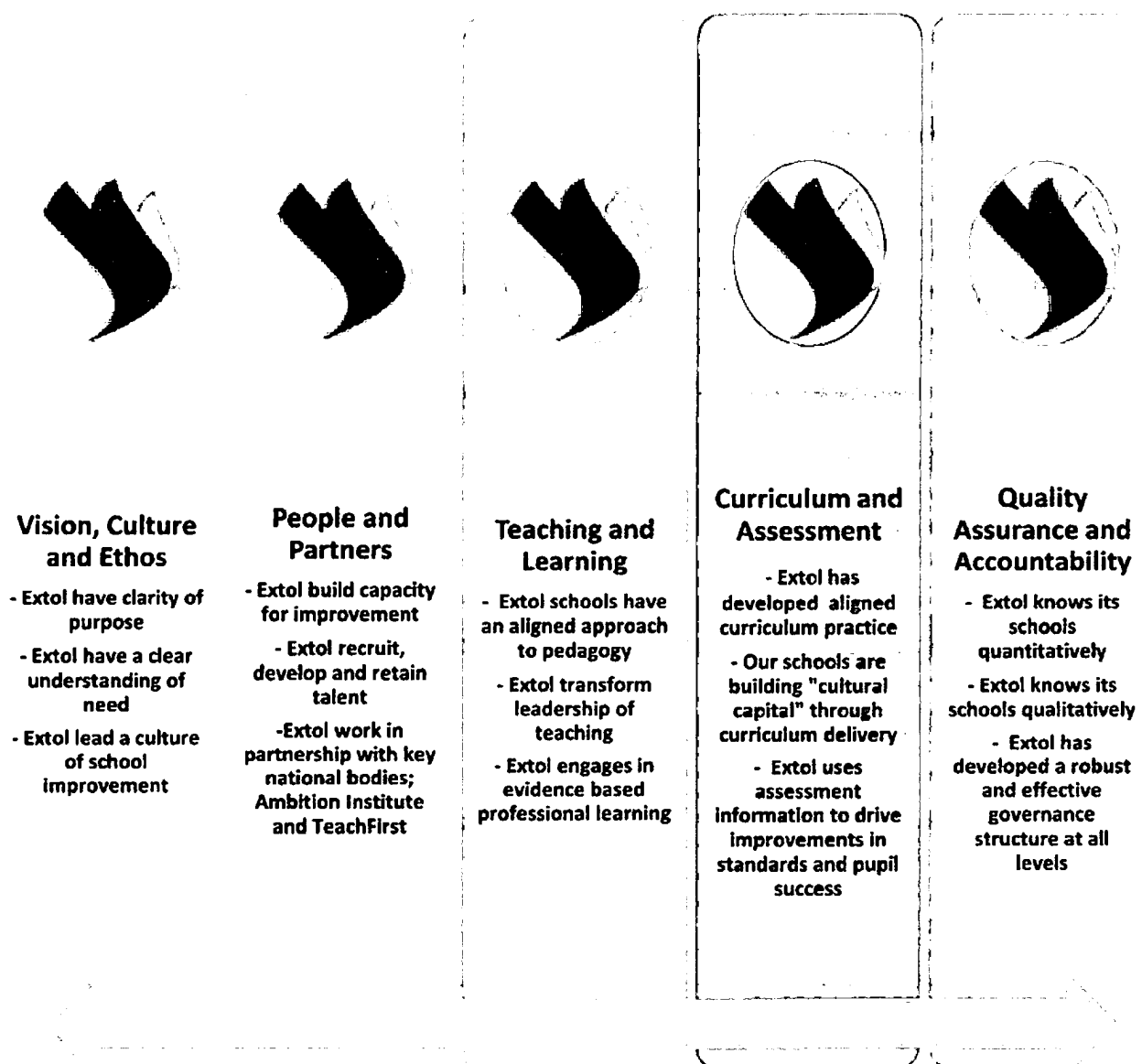
EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

PLANS FOR FUTURE PERIODS (continued)

Further improvement of the Trust's estate to maximise accessibility of premises ensuring compliance with requirements around the health, safety and welfare of pupils and other users of Trust buildings. The Trust commissions an Estates Manager who will develop and manage a 5 year Estates Plan to strategically map required and desired estate upgrades. It is hoped to secure additional investment through bids for available funding sources to support the implementation of the Trust's objectives.

It is our intention that our partnership of academiess and stakeholders are driven by our five key priorities:



FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

During the period, Extol Academy Trust has not held any funds as a custodian Trustee on behalf of others.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

AUDITOR

In so far 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

The appointment of the external auditors for the forthcoming academic year will be proposed at the annual general meeting following a procurement exercise and in accordance with section 485 of the Companies Act 2006.

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 Butterworth
Chair

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Extol Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The full Board of Trustees has formally met 3 times during the year excluding the Annual General Meeting. The Board met less than 6 times due to the clearly established committees/portfolio 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 D Deville, (Accounting Officer)	3	3
J Butterworth, Chair	3	3
M W Bretherick	1	3
L Gillen, Vice Chair	3	3
D Richardson	3	3
A S Blake	3	3
P M Tye	3	3
M E Bousfield	3	3

Extol Academy Trust's Board of Trustees have a wealth of skills, knowledge and attributes which have brought significant benefits to the Trust, evidence of which was noted in all school's recent Ofsted inspections. The Board continue to define and implement strategy whilst holding the leaders of academies and Trust to account. The Trustees have an acute awareness of the academy agenda and the associated freedoms, accountability and liabilities and as such have developed a robust strategy for growth, documented in their Strategic Plan.

The Trust's Members have utilised the Academy Ambassador programme, local businesses and the community to recruit high calibre Trustees with specific and appropriate skillsets.

Trustees are committed to their own development and as such utilise the DfE Competency Framework for Governance to ensure they continue to impact, they also ensure they are up to date and have relevant information; a number have engaged in additional training, including Ambition Institute's Governance Leadership Programme which covers.

- Ethical leadership, culture and values.
- Getting structures and processes right.
- Setting direction, managing change and working collaboratively.
- Building an effective team.
- Ensuring data-driven accountability and educational improvement.
- Financial performance and accountability.
- Managing compliance, risk and reputation.
- Board evaluation and effectiveness.

The Trust has ensured a clear demarcation between the Trust Board and the Local Governing Bodies of its

EXTOL ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

academies and the Trust continues to review this on an ongoing basis. The Local Governing Body of each academy operates according to the Trust's Scheme of Delegation and Governance is developed within each school.

Trustees scrutinise the work of the Trust through the incorporation of 12 strategic KPIs, evaluating work against these KPIs forms part of the termly quality assurance programme. They receive timely reports from key personnel and ensure they visit individual academies to QA work undertaken.

The Resource Committee is a sub-committee of the main Board of Trustees. Its purpose is to work closely with the CFO to assist in the management and monitoring of Financial, Human Resources & Estates matters across the Trust. It undertakes its tasks based on the Trust's in depth Terms of Reference.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
J D Deville	8	8
A S Blake	7	8
L Gillen	8	8
D Richardson (appointed 21st December 2018)	7	8

The Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to work closely with the CFO/CEO to assist in the management and monitoring of risks, internal controls and audits across the Trust. Attendance of the CEO/CFO is mandatory, alongside regular updates from both external and internal auditors. It undertakes its tasks based on the Trust's in depth Terms of Reference.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
J D Deville	4	4
M W Bretherick	3	4
J Butterworth	4	4
M E Bousfield (appointed 15th November 2018)	1	3

The Standard Committee is a sub-committee of the main Board of Trustees. It is responsible for ensuring that the highest possible standards are set, achieved and maintained across the MAT. It ensures that effective procedures are in place for the quality assurance of teaching and learning, the curriculum, inclusion, safeguarding and that the sharing of good practice is embedded across the Trust. It undertakes its tasks based on the Trusts in depth Terms of Reference.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J D Deville	3	3
P M Tye	3	3
J Butterworth	2	3
D Richardson	3	3
M E Bousefield	3	3

EXTOL ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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:

Strong Financial Oversight

The Chief Finance Officer (CFO) has closely adhered to the requirements of the 2018 Academies Financial Handbook and provided detailed monthly management accounts on a timely basis. This has ensured that Trustees are aware of any significant changes to in year budgets as soon as possible.

The Trustees also receive detailed cash flow forecasts which ensure the Trust has adequate funds in order to meet its day to day operations. By prudently managing the cash flow the Trust has managed to invest £300,000 in an investment account which has accrued £1.8k interest income. This income can then be re-invested in order to improve educational outcomes across the Trust.

During the year the CFO received accredited status as a School Resource Management Advisor. This has allowed the CFO to develop new techniques experienced in deployments for the benefit of Extol Academy Trust. During the budget setting process for the 2019/20 academic year, tools such as pupil contact ratio were used to ensure the staffing requirement for each academy was affordable in the medium term.

The Trust also continues to review its Financial Authorisation Appendix on an annual basis which ensures that services and goods purchased over a set amount are market tested to ensure good value. The Trust aligns with best practice and has for a number of years had a stand alone Audit Committee. The Committee robustly scrutinises all business functions through the use of planned internal audits.

In addition to the above, prior to budget setting, the Trustees were presented with an in depth 3 year financial forward plan for all academies. This ensured that immediate decisions took account of forward looking factors to ensure the financial viability of the Trust and its academies can be managed effectively both in the short, medium and long term.

Investment in staff

One of Extol Academy Trust's key tenets is the commitment to invest in its staff, the Trust views the recruitment, development and retention of talented, professional staff as fundamental in its drive to further improve the quality of education provided in all schools. The Trust invests in high quality and relevant professional development, which is led by skilled leaders or by external partners such as Ambition Institute. All staff access a shared model for appraisal, which is supported by a clear career stage expectation. The Trust continuously reflects on working practices to ensure staff well-being is addressed and our school communities reflect best practice as identified in the DfE Recruitment and Retention strategy.

Improving Educational Performance

Extol Academy Trust is committed to the school led system and believes that schools are better together, working in partnership and in collaboration. We believe Extol Academy Trust;

1. Adds value to the life chances of the pupils by improving attainment and achievement
2. Develops the system's next leaders
3. Ensures best practice is shared and learnt from; the expectation is that every school will be both a giver and receiver of support
4. Ensures no school is left behind

EXTOL ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

To achieve our aim of developing "stand out schools", leadership of teaching and learning is prioritised as the most important improvement activity. Leaders are supported by the highly skilled school improvement team to align pedagogical principles which are underpinned by a wide evidence base of proven practice.

The Trust is an outward facing and has formed key working relationships with external partners such as the Education Development Trust, EEF, Teach First and Ambition Institute. It is a key partner in Allied, a collaborative of smaller trusts in the North East who share best practice and resources.

Extol Academy Trust is mindful that each academy is on a different improvement trajectory and thus needs different support and challenge. The CEO has introduced a Classification of Schools framework co-constructed with the Headteachers to support in the identification and implementation of support.

Academies' own self-evaluation systems are challenged and verified termly by the Trust's Improvement Adviser which results in the production of a culminated annual report to the Trust Board.

Extol Academy Trust recognises the importance of being able to deliver central services to support the management of its academies. At this point in our development Trustees have made the decision not to invest heavily in building a permanently resourced central team as they did not want to be in a position of having to take a large percentage of funding from individual academies, thus we commission shared business services from external providers for HR, IT and Estate Management. That being said, one area that we believe is fundamental to our academy improvement work is that of finance. The Trust's CFO works with the Headteachers and LGBs to ensure robust financial planning is in order to meet the educational needs of the academy.

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 Extol Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 Audit 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;
- clear financial authorisation matrix;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Hartlepool Borough Council as internal auditor.

The internal auditor's 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 the Financial Management procedures
- Compliance Trust wide with GDPR
- Testing of Academy Trust Scheme of Delegation
- Testing of recruitment procedures.

On a bi-annually basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

Whilst the internal audit report states that there were no material control issues identified, advice has been given with regard to:

- Annual self-review of LGB performance is undertaken
- GDPR Compliance

All advice has been considered and taken on board.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- the scrutiny of the Trust audit committee;
- 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 above and a plan to address areas of further improvement of the system is in place.

EXTOL ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

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



J Butterworth
Chair



J D Deville
Accounting Officer

EXTOL ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Extol Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



J D Deville
Accounting Officer
Date: 5 December 2019

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

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

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

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

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

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

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

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



J Butterworth
Chair

EXTOL ACADEMY TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EXTOL ACADEMY TRUST

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

EXTOL ACADEMY TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EXTOL ACADEMY TRUST (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EXTOL ACADEMY TRUST (CONTINUED)

Responsibilities of trustees

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

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

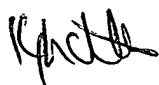
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of
Clive Owen LLP

Chartered Accountants and Statutory Auditors
140 Coniscliffe Road

Darlington
County Durham

DL3 7RT

5 December 2019

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 17 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 Extol Academy 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 Extol Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Extol Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Extol Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Extol Academy Trust's funding agreement with the Secretary of State for Education dated 27 June 2013 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EXTOL
ACADEMY 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 academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Trust's internal controls and review processes on regularity, supported by detailed tests on a sample of costs incurred by the Academy and on specific high risk transactions identified from our review.

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 Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- 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.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EXTOL
ACADEMY 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.



Clive Owen LLP

Reporting Accountant
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 5 December 2019

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	7	-	257	264	342
Charitable activities	4	142	4,412	-	4,554	4,395
Other trading activities	5	103	-	-	103	72
Investments	6	2	-	-	2	1
Total income		254	4,412	257	4,923	4,810
Expenditure on:						
Charitable activities	8	254	4,521	163	4,938	4,543
Total expenditure		254	4,521	163	4,938	4,543
Net (expenditure)/income		-	(109)	94	(15)	267
Transfers between funds	18	-	(99)	99	-	-
Net movement in funds before other recognised gains/(losses)		-	(208)	193	(15)	267
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(613)	-	(613)	269
Net movement in funds		-	(821)	193	(628)	536
Reconciliation of funds:						
Total funds brought forward		498	(634)	7,713	7,577	7,041
Net movement in funds		-	(821)	193	(628)	536
Total funds carried forward		498	(1,455)	7,906	6,949	7,577

The notes on pages 36 to 63 form part of these financial statements.

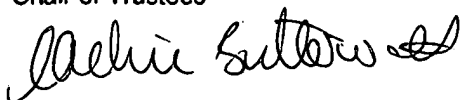
EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	14	-	3
Tangible assets	15	7,683	7,593
		<u>7,683</u>	<u>7,596</u>
Current assets			
Debtors	16	338	139
Cash at bank and in hand		875	981
		<u>1,213</u>	<u>1,120</u>
Creditors: amounts falling due within one year	17	(212)	(216)
Net current assets		<u>1,001</u>	<u>904</u>
Total assets less current liabilities		<u>8,684</u>	<u>8,500</u>
Net assets excluding pension liability		<u>8,684</u>	<u>8,500</u>
Defined benefit pension scheme liability	24	(1,735)	(923)
Total net assets		<u><u>6,949</u></u>	<u><u>7,577</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	18	7,906	7,713
Restricted income funds	18	280	289
		<u>8,186</u>	<u>8,002</u>
Restricted funds excluding pension asset	18	8,186	8,002
Pension reserve	18	(1,735)	(923)
Total restricted funds	18	<u>6,451</u>	<u>7,079</u>
Unrestricted income funds	18	<u>498</u>	<u>498</u>
Total funds		<u><u>6,949</u></u>	<u><u>7,577</u></u>

The financial statements on pages 33 to 63 were approved by the Trustees, and authorised for issue on 05 December 2019 and are signed on their behalf, by:

J Butterworth
Chair of Trustees



EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	43	240
Cash flows from investing activities	21	(149)	(310)
Change in cash and cash equivalents in the year		(106)	(70)
Cash and cash equivalents at the beginning of the year		981	1,051
Cash and cash equivalents at the end of the year	22	875	981

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Extol Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **Donations**

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

• **Other income**

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

EXTOL ACADEMY 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 academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Intangible assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on less their estimated residual value, over their expected useful life.

The estimated useful lives are as follows:

Computer software	- 3 years straight line
-------------------	-------------------------

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 on a straight-line basis over its expected useful life, as follows:

EXTOL ACADEMY 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)

The estimated useful lives are as follows:

Long-term leasehold property	- 125 years straight line
Long term leasehold property improvements	- 10-50 years straight line
Furniture and fixtures	- 5 years straight line
Plant and equipment	- 10 years straight line
Computer equipment	- 3 years straight line

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

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

1.7 Liabilities

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

1.8 Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

1.9 Operating leases

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

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 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 note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.12 Pensions

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

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

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

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

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.13 Fund accounting

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 and amortisation – Depreciation and amortisation are 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 and amortisation accounting policies. The value of depreciation and amortisation charge during the year was £163,000.

Critical areas of judgment:

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 £89k as at 31 August 2019.

EXTOL ACADEMY 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 (continued)

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 £12k which has been assessed to be immaterial to the financial statements.

Land and buildings – Land and buildings are held under 125 year leases from Sunderland City Council and Hartlepool Borough Council. These assets are included on the balance sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy 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 academy trust could use them without major modification.

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	7	7	14	149
Grants	-	250	250	193
	<u>7</u>	<u>257</u>	<u>264</u>	<u>342</u>
Total 2018	<u>7</u>	<u>335</u>	<u>342</u>	

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

4. Funding for the academy'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)	-	3,298	3,298	3,225
Start Up Grants	-	-	-	25
Pupil Premium	-	363	363	347
PE Teacher Grant	-	55	55	55
UIFSM	-	98	98	113
Rates	-	7	7	13
Other DfE Group grants	-	49	49	-
	<hr/> -	<hr/> 3,870	<hr/> 3,870	<hr/> 3,778
Other government grants				
SEN	-	48	48	47
Early Years Funding	-	422	422	372
Local Authority grants	-	67	67	42
	<hr/> -	<hr/> 537	<hr/> 537	<hr/> 461
Income from academies	19	-	19	14
Student Trips	54	-	54	51
Student Catering	69	-	69	73
Non Government grants	-	5	5	18
	<hr/> 142	<hr/> 5	<hr/> 147	<hr/> 156
	<hr/> 142	<hr/> 4,412	<hr/> 4,554	<hr/> 4,395
Total 2018	<hr/> 138	<hr/> 4,257	<hr/> 4,395	

EXTOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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	2	2	2
Rental income	3	3	-
Receipts from supply teacher insurance claims	37	37	25
Other income	61	61	45
	<u>103</u>	<u>103</u>	<u>72</u>

All income from other trading activities in 2018 was attributable to unrestricted funds.

6. Investment income

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

All investment income in 2018 was attributable to unrestricted funds.

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other costs 2019 £000	Total 2019 £000	Total 2018 £000
Activities:					
Direct costs	3,206	-	327	3,533	3,156
Support costs	446	349	610	1,405	1,387
	<u>3,652</u>	<u>349</u>	<u>937</u>	<u>4,938</u>	<u>4,543</u>
Total 2018	<u>3,361</u>	<u>338</u>	<u>844</u>	<u>4,543</u>	

In 2019, of the total expenditure, £254,000 (2018 - £258,000) was to unrestricted funds, £163,000 (2018 - £130,000) was to restricted fixed asset funds and £4,521,000 (2018 - £4,155,000) was to restricted funds.

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

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

There were no ex-gratia payments in the year.

8. Analysis of expenditure by activities

	Direct costs 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	<u>3,533</u>	<u>1,405</u>	<u>4,938</u>	<u>4,543</u>
Total 2018	<u>3,156</u>	<u>1,387</u>	<u>4,543</u>	

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

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	3,206	2,857
Educational supplies	247	195
Staff development	36	41
Technology costs	4	7
Staff expenses	3	-
Supply insurance	37	43
Other costs	-	13
	<u>3,533</u>	<u>3,156</u>

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Pension income	24	25
Staff costs	446	504
Depreciation	163	130
Technology costs	43	49
Staff expenses	4	15
Maintenance of premises and equipment	67	64
Cleaning	105	66
Other premises costs	27	35
Energy	54	55
Rent & rates	7	10
RPA fees	25	19
Catering	249	248
Operating lease rentals	20	19
Security	1	3
Other costs	144	125
Governance costs	26	20
	<u>1,405</u>	<u>1,387</u>

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

9. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2019 £000	2018 £000
Operating lease rentals	25	26
Depreciation of tangible fixed assets	160	126
Amortisation of intangible assets	3	4
Governance Internal audit costs	2	1
Fees paid to auditors for:		
- audit	8	9
- other services	1	1
	<u>1</u>	<u>1</u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	2,691	2,529
Social security costs	241	219
Operating costs of defined benefit pension schemes	627	544
	<u>3,559</u>	<u>3,292</u>
Agency staff costs	84	67
Staff restructuring costs	9	2
	<u>3,652</u>	<u>3,361</u>

Included within the operating costs of defined benefit pension scheme is £175,000 (2018: £113,000) in respect of movement in the LGPS pension deficit.

Staff restructuring costs comprise:

	2019 £000	2018 £000
Severance payments	9	2
	<u>9</u>	<u>2</u>

b. Non-statutory/non-contractual staff severance payments

Included in compensation payments are non-statutory/non-contractual severance payment totalling £nil (2018: £2,000).

EXTOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

10. Staff costs (continued)

c. Staff numbers

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

	2019 No.	2018 No.
Teaching staff	48	54
Administration and support	60	58
Management	7	9
	<u>115</u>	<u>121</u>

d. 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	2	1
In the band £90,001 - £100,000	1	1

e. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £532,000 (2018:£ 459,000). The increase reflects a newly created role to help with the expansion of the Trust.

11. Trustees' remuneration and expenses

The Executive Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Trustees. The value of Trustees' remuneration was as follows:

		2019 £000	2018 £000
Julie Deville, Chief Executive, Executive Headteacher	Remuneration	90 - 95	90 - 95
	Pension contributions paid	15 - 20	15 - 20

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

During the year ended 31 August 2019, travel and subsistence expenses totalling £1,467 were reimbursed or paid directly to 2 Trustees (2018 - £1,776 to 2 Trustees).

EXTOL ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Central services

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

- Teaching staff (including the time spent by the Chief Executive Officer on running the Trust)
- Finance and administrative staff
- External Audit Fees
- Internal Audit Fees
- Accountancy Fees (relating to consolidation of accounts – monthly & annual)
- Bank Charges
- Annual actuary valuation fees
- PS Financials Licence costs
- Financial Forward Planning Licence costs
- School Improvement Advisor
- HR Bespoke service
- Estates Management Advice
- Data Protection Officer Service (GDPR)
- Trust Level Benchmarking Service

These services are paid for by each academy in the Trust based on a recharge of 5.5% of general annual grant income.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Eldon Grove Academy	95	93
New Silksworth Academy Infant	37	34
New Silksworth Academy Junior	49	50
Total	181	177

13. Trustees' and Officers' insurance

The academy trust has opted into the Department of 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 academy 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 membership.

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

14. Intangible assets

	Computer software £000
Cost	
At 1 September 2018	10
At 31 August 2019	<u>10</u>
Amortisation	
At 1 September 2018	7
Charge for the year	3
At 31 August 2019	<u>10</u>
Net book value	
At 31 August 2019	<u><u>0</u></u>
At 31 August 2018	<u><u>3</u></u>

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

15. Tangible fixed assets

	Long-term leasehold property £000	Assets under construction £000	Plant and machinery £000	Furniture and equipment £000	Computer equipment £000	Long-term leasehold property improvements £000	Total £000
Cost or valuation							
At 1 September 2018	6,944	-	58	80	167	752	8,001
Additions	-	28	-	6	34	182	250
At 31 August 2019	<u>6,944</u>	<u>28</u>	<u>58</u>	<u>86</u>	<u>201</u>	<u>934</u>	<u>8,251</u>
Depreciation							
At 1 September 2018	225	-	27	30	111	15	408
Charge for the year	55	-	6	17	45	37	160
At 31 August 2019	<u>280</u>	<u>-</u>	<u>33</u>	<u>47</u>	<u>156</u>	<u>52</u>	<u>568</u>
Net book value							
At 31 August 2019	<u>6,664</u>	<u>28</u>	<u>25</u>	<u>39</u>	<u>45</u>	<u>882</u>	<u>7,683</u>
At 31 August 2018	<u>6,719</u>	<u>-</u>	<u>31</u>	<u>50</u>	<u>56</u>	<u>737</u>	<u>7,593</u>

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

16. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	10	5
VAT repayable	23	14
Prepayments & Accrued income	305	120
	<u>338</u>	<u>139</u>

17. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Accruals and deferred income	<u>212</u>	<u>216</u>
	2019 £000	2018 £000
Deferred income at 1 September 2018	75	65
Resources deferred during the year	66	75
Amounts released from previous periods	(75)	(65)
	<u>66</u>	<u>75</u>

At the balance sheet date the Trust was holding funds received in advance relating to grant funding for free school meals and rates relief which straddle the financial year end.

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

18. 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						
Unrestricted funds	498	254	(254)	-	-	498
Restricted general funds						
General Annual Grant	280	3,298	(3,199)	(99)	-	280
Pupil Premium	-	363	(363)	-	-	-
Sponsor Grant	9	-	(9)	-	-	-
Other DfE/ESFA grants	-	209	(209)	-	-	-
SEN	-	48	(48)	-	-	-
Other Government grants	-	489	(489)	-	-	-
Other grant funding	-	5	(5)	-	-	-
Pension reserve	(923)	-	(199)	-	(613)	(1,735)
	<u>(634)</u>	<u>4,412</u>	<u>(4,521)</u>	<u>(99)</u>	<u>(613)</u>	<u>(1,455)</u>
Restricted fixed asset funds						
Assets						
Transferred on Conversion	6,761	-	(71)	-	-	6,690
Other capital grants	833	257	(62)	-	-	1,028
Capital expenditure from GAG	119	-	(30)	99	-	188
	<u>7,713</u>	<u>257</u>	<u>(163)</u>	<u>99</u>	<u>-</u>	<u>7,906</u>
Total Restricted funds	<u>7,079</u>	<u>4,669</u>	<u>(4,684)</u>	<u>-</u>	<u>(613)</u>	<u>6,451</u>
Total funds	<u><u>7,577</u></u>	<u><u>4,923</u></u>	<u><u>(4,938)</u></u>	<u><u>-</u></u>	<u><u>(613)</u></u>	<u><u>6,949</u></u>

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

18. Statement of funds (continued)

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

General Annual Grant - this is the money provided to the academy for normal school running costs. £99,000 was spent on fixed assets and has been transferred into restricted fixed assets.

The Pupil Premium is paid based upon the number of pupils with service parents or who are entitled to free school meals. This funding has paid for support assistants within classrooms.

The Sponsor Grant brought forward was additional funding supplied for help with the costs of conversion and improvement of a second academy when one is added to the trust. This funding has been spent on resources and admin salaries for the schools which joined the Trust in the previous years.

Universal Free School Meals (included within Other DfE/ESFA Grants) is funding to provide a free school lunch to all pupils in reception, year 1 and year 2.

Other DfE/ESFA Grants also includes the PE and sport premium grant, rates relief, teachers pay grant, free school meal supplementary grant, NSS bursary grant and the KS2 phonics grant.

The SEN funding has been used to pay for classroom assistants.

Other Government grants are received from Hartlepool Borough Council and Sunderland City Council to cover nursery funding and teaching assistants.

Other Grant funding is a Teach First Mentoring grant and is distributed to the Trust in respect of the Trust as a National Leader in Education undertaking specific tasks in line with strict grant conditions.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 21.

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

Unrestricted funds include the income from letting, catering and other sundry income streams with the relevant costs allocated accordingly.

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

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

18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Eldon Grove Academy	298	245
New Silksworth Academy Infant	265	185
New Silksworth Academy Junior	165	205
Trust	50	152
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	778	787
Restricted fixed asset fund	7,906	7,713
Pension reserve	(1,735)	(923)
	<hr/>	<hr/>
Total	6,949	7,577
	<hr/> <hr/>	<hr/> <hr/>

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
Eldon Grove Academy	1,757	122	124	395	2,398	2,177
New Silksworth Academy Infant	560	151	45	205	961	912
New Silksworth Academy Junior	721	89	78	214	1,102	927
Trust	168	84	-	62	314	397
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Academy trust	3,206	446	247	876	4,775	4,413
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

18. 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						
Unrestricted funds	538	219	(258)	(1)	-	498
Restricted general funds						
General Annual Grant	122	3,225	(2,997)	(70)	-	280
Pupil Premium	-	347	(347)	-	-	-
Sponsor Grant	57	25	(3)	(70)	-	9
Other DfE/ESFA grants	-	181	(181)	-	-	-
SEN	-	47	(47)	-	-	-
Other Government grants	-	414	(414)	-	-	-
Start up grant	29	-	-	(29)	-	-
Other grant funding	18	17	(30)	(5)	-	-
Pension reserve	(1,056)	-	(136)	-	269	(923)
	<u>(830)</u>	<u>4,256</u>	<u>(4,155)</u>	<u>(174)</u>	<u>269</u>	<u>(634)</u>
Restricted fixed asset funds						
Other Capital Grants	367	335	(38)	169	-	833
Assets Transferred on Conversion	6,897	-	(71)	(65)	-	6,761
Capital expenditure from GAG	69	-	(21)	71	-	119
	<u>7,333</u>	<u>335</u>	<u>(130)</u>	<u>175</u>	<u>-</u>	<u>7,713</u>
Total Restricted funds	<u>6,503</u>	<u>4,591</u>	<u>(4,285)</u>	<u>1</u>	<u>269</u>	<u>7,079</u>
Total funds	<u>7,041</u>	<u>4,810</u>	<u>(4,543)</u>	<u>-</u>	<u>269</u>	<u>7,577</u>

EXTOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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19. 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	-	-	7,683	7,683
Current assets	517	438	258	1,213
Creditors due within one year	(19)	(158)	(35)	(212)
Provisions for liabilities and charges	-	(1,735)	-	(1,735)
Total	498	(1,455)	7,906	6,949

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	-	-	7,593	7,593
Intangible fixed assets	-	-	3	3
Current assets	639	364	117	1,120
Creditors due within one year	(141)	(75)	-	(216)
Provisions for liabilities and charges	-	(923)	-	(923)
Total	498	(634)	7,713	7,577

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

20. 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)	(15)	267
Adjustments for:		
Amortisation	3	4
Depreciation	160	126
Interest receivable	(2)	(1)
Defined benefit pension scheme cost less contributions payable	175	111
Defined benefit pension scheme finance cost	24	25
Decrease/(increase) in debtors	(199)	45
(Decrease) in creditors	(4)	(2)
Capital grants from DfE and other capital income	(99)	(335)
Net cash provided by operating activities	43	240

21. Cash flows from Investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	2	1
Purchase of tangible fixed assets	(250)	(711)
Proceeds from the sale of tangible fixed assets	-	65
Capital grants from DfE Group	99	193
Capital funding received from sponsors and others	-	142
Net cash used in Investing activities	(149)	(310)

22. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	875	981
Total cash and cash equivalents	875	981

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

23. Capital commitments

	2019 £000	2018 £000
Contracted for but not provided in these financial statements	<u>193</u>	<u>-</u>

24. Pension commitments

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

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

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

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%.

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

The TPS valuation for 2012 determined an employer rate of 16.4%, 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 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £275,000 (2018 - £258,000).

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 academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £229,000 (2018 - £226,000), of which employer's contributions totalled £177,000 (2018 - £173,000) and employees' contributions totalled £ 52,000 (2018 - £53,000). The agreed contribution rates for future years are 17.5% and 25.2% per cent for employers and 5.5% - 6.5% per cent for employees.

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

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 Years	2018 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

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

Tyne and Wear 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	<u>75.00</u>	<u>75.00</u>

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	25.1	26.4
<i>Retiring in 20 years</i>		
Males	23.6	25.1
Females	<u>26.9</u>	<u>28.7</u>

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	3,987	2,862
Discount rate -0.1%	4,199	3,013
Mortality assumption - 1 year increase	3,956	2,854
Mortality assumption - 1 year decrease	4,230	3,021
CPI rate +0.1%	4,155	2,983
CPI rate -0.1%	<u>4,030</u>	<u>2,893</u>

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

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	1,676	1,418
Government bonds	47	38
Corporate bonds	130	106
Property	200	163
Cash and other liquid assets	179	213
Other	125	76
Total market value of assets	2,357	2,014

The actual return on scheme assets was £125,000 (2018 - £121,000).

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

	2019 £000	2018 £000
Current service cost	(263)	(284)
Past service cost	(89)	-
Interest income	59	45
Interest cost	(83)	(70)
Total amount recognised in the Statement of Financial Activities	(376)	(309)

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

	2019 £000	2018 £000
At 1 September	2,937	2,780
Current service cost	263	284
Interest cost	83	70
Employee contributions	52	53
Actuarial losses/(gains)	679	(193)
Benefits paid	(11)	(57)
Past service costs	89	-
At 31 August	4,092	2,937

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

24. Pension commitments (continued)

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

	2019 £000	2018 £000
At 1 September	2,014	1,724
Expected return on schemes' assets	59	45
Actuarial gains	66	76
Employer contributions	177	173
Employee contributions	52	53
Benefits paid	(11)	(57)
At 31 August	<u>2,357</u>	<u>2,014</u>

25. Operating lease commitments

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

	2019 £000	2018 £000
Within 1 year	21	24
Between 1 and 5 years	23	41
	<u>44</u>	<u>65</u>

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

26. Related party transactions

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

Emmerson Marketing Limited - a company owned by a close family member of L Gillen, a Trustee:

- The academy trust purchased educational supplies from Emmerson Marketing Limited totalling £5,000 (2018: £28,000) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which L Gillen neither participated in, nor influenced.
- In entering into the transaction 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' and Emmerson Marketing Limited has provided a statement of assurance confirming this.

A Blake, the daughter of A S Blake, a Trustee, is employed within the academy trust as a teacher. A Blake's appointment was made prior to conversion in open competition and the Trustee was not involved in the decision making process regarding appointment. A Blake is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Trustee.