

REGISTERED COMPANY NUMBER: 10084743 (England and Wales)

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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FOR THE YEAR ENDED 31 AUGUST 2019

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TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

C Kirker
J Mackenzie
D Perrett
V Stock
E Pellumbi

Trustees

J H Booth-Clibborn
Dr J Saxton
Dame S E John
Prof C R Lygo (Chair of the Strategic Board)
M Johal*
J King
G Cottle*
T Luke
M Buchanan (Chair of the Strategic Board)
Prof H James

Appointment at Companies
House

Resignation at Companies
House

- appointed 24.3.16
- appointed 24.3.16
- appointed 24.3.16 - resigned 3.7.19
- appointed 24.3.16 - resigned 3.7.19
- appointed 17.3.17
- appointed 13.4.18 - resigned 19.9.19
- appointed 1.2.18
- appointed 1.9.18
- appointed 9.7.19
- appointed 9.7.19

*members of the finance, audit and resources committee or members of the risk and remuneration committee.

Secretary

H Porter-Aslet

- appointed 19.2.18 - resigned 1.5.19

Senior Management Team:

Chief Executive Officer
Deputy Chief Executive
Chief Operating Officer
Director of Finance

Dr J Saxton
S Murphy (appointed 1.4.19)
H Porter-Aslet (from 19.2.18 to 1.5.19)
D Bowles (appointed 3.1.19)

Company Name

Turner Schools

Principal and Registered Office

4 Westbrook House, 58-60 Shorncliffe Road, Folkestone
Kent, CT20 2NQ

Registered Company Number

10084743 (England and Wales)

Independent Auditor

Zoe Longstaff-Tyrrell (Senior Statutory Auditor)
RSM, Statutory Auditors and Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Bankers

Lloyds Bank Plc
1st Floor, Threadneedle Street
London, EC1M 6HR

Solicitors

Stone King
Boundary House, 91 Charterhouse Street
Clerkenwell, London, EC1M 6HR

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

The Directors of the Turner Schools Trust Board present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The multi-academy trust operates four academy schools for pupils aged 2 to 19 within the town of Folkestone, Kent. The Trust had 2,476 pupils on roll as at October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Turner Schools are also the directors of the charitable company for the purposes of company law, and known as Directors. The charitable company is known as Turner Schools (company number 10084743). The charitable company operates Folkestone Academy, Martello Primary, Morehall Primary and Turner Free School.

Details of the Directors 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

Subject to the provisions of the Companies Act 2006, every trustee/director, officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of Trust in relation to the affairs of the Trust.

Method of Recruitment and Appointment or Election of Trustees

The Trust's Articles of Association set out the constitution and method of appointment of the Directors, including Parent Governors who are elected in accordance with Department for Education Guidelines. Suitability of Trustees is determined by their interest in the work of an Educational Charity, eligibility and personal competence and to ensure the Board of Directors has the breadth of skills and knowledge necessary to advance the Trust in all areas.

The Members and Directors of the Trust during were presented to and approved by the Office of the Regional Schools Commissioner and the South East England and South London Headteacher board at the point of Sponsor approval, and further screened by the Department for Education in respect of the approval and assessment of readiness to open of the Trust's successful Free School bid. South East England and South London RSC office is updated about changes to the Board's structure from time to time.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Policies and Procedures Adopted for the Induction and Training of Directors

The Board of Directors looks to ensure a mix of skills and appoint Trustees on the basis of background, experience and specialist skills. There is an induction plan for new Directors, and training in school performance and accountability is provided throughout the year. Directors also feed in to their training by requesting CPD in their annual skills audit and performance review. Annual Training on student safeguarding and the prevent duty is provided, as is annual Governance and Academies Financial Handbook updating. From time to time, the Trust arranges technical updates on topical matters for its Members, Directors, Governors and committee members.

Organisational Structure

The Board of Directors normally meet four times a year to set the strategic direction and policies of the Trust, review performance, take key decisions including adopting the Annual Report and Financial Statements, Budget, and make Senior appointments. It has formed a Finance, Audit & Resources Committee which meets three times a year in order to take a more detailed look at these areas and advise the Board of Directors in its decision making. In addition, the Board has formed Challenge and Community committees which meet at least once, and usually twice, each term to provide local governance and feedback to the board about the progress, attainment, safeguarding and well-being of pupils at the Trust's schools. A Risk and Remuneration Committee meets twice per year, and during the year a Standards Committee was formed.

The Chief Executive Officer, Deputy Chief Executive, Director of Finance, and the Principals are supported on a day to day basis by the wider central team, implementing policies, guidelines and targets agreed by the Board, and reporting back to them on progress. The Chief Executive Officer has the role of Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Trust appoints teaching staff with reference to the Standard Teachers Pay and Conditions Document pay scales, and support staff with reference to the Kent Ranges via a bespoke Academy range for non-teaching staff. Where these scales are not suitable, in the case of a minority of staff, the Trust can appoint on spot salaries in accordance with benchmarked terms via information sharing with other equivalent Trusts or to independent benchmarking evidence.

TURNER SCHOOLS
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1.8

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1% - 50%	
51% - 99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£0
Provide the total pay bill	£12,421,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0%

Paid trade union activities

Time spent of trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%
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Related Parties and other Connected Charities and Organisations

There were two related party transactions (RPT) during part of the period, both of which have now ceased. The first, due to Trust Director Dame Sue John's part-time post with Challenge Partners LLP, a school partnership and improvement charity. The South East South London Regional Schools Commissioner's office of the Department for Education recommends that schools in coastal isolation work with Challenge Partners. The Board considered the matter, without Dame Sue in attendance, and with Challenge Partners agreeing to work with the Trust's schools on non-profit terms, during the previous year. In this period Challenge Partners agreed to continue the at-cost non-profit terms for any activity to support Turner Schools. Dame Sue John does not undertake Challenge Partners work with the Trust. This RPT was disclosed to the Department for Education. This RPT no longer exists, however, as the Trust ceased to work with Challenge Partners at the end of March 2019, and Dame Sue also resigned from the board. During the period ended 31 August 2019 a total of £11,760 was charged (August 2018 – £8,400).

The second was between education charity The Brilliant Club and Turner Schools, as Dame Sue and Jo Saxton were Trustees of both. The Brilliant Club worked with the Trust on not for profit terms, under the threshold amount, and was nevertheless entered in to by the Board without either Dame Sue or Dr Saxton in attendance. The RPT has ceased with Dame Sue's resignation from Turner Schools and Jo Saxton's resignation from The Brilliant Club's board. Folkestone Academy continues to work with the Brilliant Club. During the period ended 31 August 2019 a total of £4,800 was charged (August 2018 – Nil).

TURNER SCHOOLS
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of four schools – Folkestone Academy, Martello Primary, Morehall Primary and Turner Free School (which opened September 2018), to provide education for pupils of all abilities between the ages of 2 and 19. The objects as specified in the Trust's articles of association are as follows:

- (a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the Mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative education is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs (SEN) ("the Special Academies").

In accordance with the articles of association the charitable company has entered into a Funding Agreement with the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the schools, arrangements for pupils with SEN and disabilities and that the curriculum provided to pupils up to the age of 16 shall be broad and balanced.

Objectives, Strategies and Activities

The Trust is committed to overcoming disadvantage and educational underperformance by running schools where children thrive and knowledge matters. Its values are encapsulated in the HEART acronym, which guides the work of our staff and education of our students. The Trust's aim is to lay the foundation for students to fulfil their potential and be citizens that the community can be proud of. The main objectives are as follows:

- To provide schools which are places where children thrive and knowledge matters;
- To operate according to the HEART values, having high expectations, enthusiasm in our approach, an academic subject-based curriculum, enabling reading for all, powered by team work;
- To have high expectations which will be reflected in the targets set for staff and students alike so that children reach their potential working towards and, where and when appropriate, exceeding national expectations;
- Harness the energies of students, staff, parents and the community to establish a genuine partnership for the benefit of all;
- Provide opportunities for the spiritual, moral, social and cultural as well as physical development of students;
- Ensure the effectiveness of all staff is maintained through continuous professional development as well as statutory performance management;
- To recruit and develop new staff who are similarly committed to eradicating educational under-performance;
- To overcome the effects of coastal isolation through sharing practice with high performing schools elsewhere and applying the lessons of high performing jurisdictions;
- To contribute to regeneration through education.

Public Benefit

The Directors confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the guidance in the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives that they have set. The main activity of the charitable company is the operation of the Trust's schools and educational activity. The purpose is to provide education for pupils of different abilities with an emphasis on a cumulative knowledge-led curriculum, which enables all children to thrive.

TURNER SCHOOLS
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES - continued

In setting the schools' objectives and planning their activities the Directors have given careful consideration to the charity commission general guidance on public benefit.

The Board, and all staff, adhere to the Nolan Principles for Public Life and these are promoted across the organisation, including via the Faculty Handbook.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Progress towards the achievement of objectives is monitored at regular intervals. During the period the Trust served 2,476 pupils, and expanded its operations with the opening of the Turner Free School.

The leadership and management of the Trust was found to be Good during inspection by Ofsted at Morehall Primary under Section 5 of the Education Act, and the school was found to be Good in all areas. This was the first time in the school's history that Ofsted had judged it as Good and not requires improvement, serious weaknesses or other category of concern. No other Trust school was inspected by Ofsted during the period. Academic results improved across the Trust in comparison with the previous year.

Significant investment and works in the premises and facilities of each school site were undertaken once again, improving learning and working environments.

Key Performance Indicators	Period ending 31 August 2019	Period ending 31 August 2018
Staff costs as a percentage of income from educational operations	72.3%	92.4%
Staff costs as a percentage of General Annual Grant income	89.4%	110.8%

Staff absence across the Trust has decreased by 20% when compared with the period ending 31 August 2018.

Attendance increases across Trust schools range from a 0.3 percentage point increase on the previous year at Morehall Primary (95.8%), to 0.9 percentage points at Folkestone Academy (90.9%), with the biggest increase in attendance returned at Martello Primary of 1.9 percentage points (92.5%).

Going Concern

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

FINANCIAL REVIEW

The majority of the Trust's income is obtained from the Department for Education (DfE), via the Education and Skills Funding Agency, in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the Trust. The GAG received during the period 1 September 2018 to 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE. 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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

FINANCIAL REVIEW – continued

In addition, the Trust gratefully received charitable donations during the period of £112,561. Friends of Folkestone Academy provided £37,998 for projects specific to Folkestone Academy and £73,500 was provided by Sir Roger De Haan Charitable Trust.

Expenditure for the period covered by this report was funded by the GAG received from the DfE and other income, such as voluntary income, activities for generating funds and investment income.

Reserves Policy

The Trust aims to maintain a level of reserves sufficient to provide a buffer against future funding uncertainties and provide a fund for future fixed assets replenishment.

The Academy had a defined benefit pension fund liability of £7,869k as at 31 August 2019 (2018: £5,159k). The liability is included in restricted reserves as the Trust will have to meet any long term liability out of restricted reserves. It should be noted however that this deficit will not crystallise in the foreseeable future and that the Trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. This level of contributions has been taken into account when preparing the Trust's budgets for the year ending 31 August 2020.

As at 31 August 2019, the Trust had a balance of £612k of unrestricted funds (2018: £798k), a fixed asset fund of £40,469k (2018: £35,823k), general restricted funds of £nil (2018: £nil) and a pension deficit of (£7,869k) (2018: £(5,159k)). Total reserves were £33,212 (2018: 31,462k).

Investment Policy

The Trust's policy is to invest surplus funds in low-risk short term bank deposits.

PRINCIPAL RISKS AND UNCERTAINTIES

Key risks for the Trust are:

- Standards at Key Stage 4 at Folkestone Academy, and its legacy issues, meaning the Trust does not yet consider the school to be at the standard that Ofsted could judge as Good.
- High pupil mobility at Martello Primary given its proximity to the Harbour, which undermines aggregated outcomes.
- Falling primary population in the region.
- Funding challenges, and lack of future visibility on the same due to government change.
- Brexit, given our proximity to the Port of Dover and Eurotunnel terminal.

Risk Management

The Directors have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the schools and their finances. A number of systems have been implemented to assess risks that the schools face, especially in the operational areas, and in relation to the control of finance. Systems are in place, including operational procedures and internal financial controls (see Statement on Internal Control) in order to minimise risk. Where significant financial risk remains Directors have ensured adequate insurance cover through the RPA and other policies. The Trust has an effective system of internal moderation of risk and of financial control which is explained in more detail in the Statement of Internal Control.

The future financial and risk management objectives for the Trust include:

- Operation following Brexit
- Ensuring that the impact from the current tightening of funding and increased pension costs in the public sector is fully taken in to consideration when decisions about future spending are taken.
- Ensuring appropriate student recruitment as the Trust's positive work with pupils becomes known.
- Ensuring that the staffing is appropriate in terms of, remaining within Curriculum Led Financial Planning boundaries in the schools, and ensuring that the central functions are appropriately staffed to provide the best possible levels of service to the schools.
- Growth of Turner Free School and the commencement of works for its permanent site.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

FINANCIAL REVIEW – continued

FUNDRAISING

During the period covered by this report the Trust's fundraising activities comprised of applications for grants plus local fundraising via school Parent, Teachers and Friends Associations.

PLANS FOR FUTURE PERIODS

The Trust's immediate focus remains improving the quality of teaching and learning in its schools so that pupils reach their potential, meeting and - in time - exceeding National expectations in all measures.

The Trust would like to expand its provision for the most vulnerable in the community it serves and become further involved in the training of teachers.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

During the period covered by this report neither the Trust nor its Directors held any funds as a custodian trustee on behalf of any other charitable organisation.

AUDITOR

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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 report of the Trustees, incorporating a Strategic Report, was approved by order of the board of Trustees, as the company directors, on 12 December 2019 and signed on the board's behalf by:



Michael Buchanan
Chair of Trust Board

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Turner Schools 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, 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 Turner Schools 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 Report of the Trustees and in the Statement of Trustees' Responsibilities. The board of trustees as the strategic and accountable Board of the MAT formally met 5 times during the year ended 31 August 2019. The Risk and Remuneration Committee met twice during the year ended 31 August 2019. The Finance, Audit and Resources committee met three times, and the newly formed Standards Committee met twice during the period. Attendance during this period at meetings of the board of trustees was as follows:

Trustee Meetings	Meetings attended	out of a possible
<i>Member – AGM Meetings</i>		
C Kirker	2	2
J Mackenzie	2	2
E Pellumbi	1	2
D Perrett	1	2
V Stock	2	2
<i>Director – Board Meetings</i>		
J H Booth-Clibborn	5	5
G Cottle	5	5
M Johal	3	5
Dame S E John (resigned 3.7.19)	3	5
J King	3	5
Prof C R Lygo (resigned 3.7.19)	2	5
T Luke (appointed 1.9.18)	4	5
Dr J Saxton	5	5

The Academy Trust has three layers of governance: members who oversee the Academy Trust and directors who are responsible for the overall strategic direction and control of the Academy Trust. The directors are the same body of people as the trustees of the charity. The Directors are the strategic and accountable Governing Board.

The Governing Board has established sub Committees with clearly defined roles and responsibilities laid out in their Terms of Reference with a clear focus on holding the Trust and schools to account for academic standards, the efficient use of resources and ensuring that statutory duties are met. A third layer of governance is local to the individual schools, through Challenge and Community committees, which report to the main Trust Board, and meet at least six times per year.

There is a Trust wide policy renewal process in place and Directors use the services of external experts for validation of judgements where necessary and effectiveness is challenged further through an ongoing self-evaluation processes.

TURNER SCHOOLS
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

The purpose of governance at the Trust is to ensure the Trust complies with its Articles and all relevant statutory guidance. The purpose of the Local Governing Body is to assist the main Trust Board in driving up and reviewing the progress, attainment, safeguarding and well-being of the pupils in the constituent Academies as well as ensuring value for money.

Governance Reviews

This was the second full financial reporting period for the Trust, the prior period ran from August 2018 to August 2019. Carl Lygo, Sue John and Jennie King all left the board during the period due to changed commitments. Tracy Luke joined the board during the period.

During the period the Board's effectiveness was reviewed through a skills audit, and through a Board evaluation undertaken at the request of the Trust's Members. As a result of this additional Directors were recruited, and Directors no longer able to commit the requisite time resigned. Local governance was reviewed resulting in the reform of Local Governing Bodies to Challenge and Community committees, with clearer roles, responsibilities and more frequent meetings.

As part of review, the Board appointed new auditors, and engaged a new peer internal auditor.

During the reporting period the Finance, Audit and Resources Committee (FARC) and the Risk and Remuneration Committee (RREMO), both sub-committees of the Governing Board, contributed to oversight of the work of all schools in the Trust.

With regard to the Finance, Audit and Resources Committee, membership during the year comprised a minimum of two members. The Committee will be quorate with two members and the Accounting Officer or Director of Finance in attendance or where greater any one third. The Accounting Officer and the Director of Finance are not part of the committee for matters relating to audit. Its purpose is to oversee funding, cash flow, resources including systems, internal control, internal audit scope and external audit, and to report on such to the full board of trustees. This committee met 3 times in the year ended 31 August 2019. During the period ended 31 August 2019 the attendance was as follows:

	Meetings Attended	out of a possible
G Cottle	3	3
W Etchell (resigned 2.5.19)	0	2
M Johal (Chair)	2	3
M Taylor (resigned 7.12.19)	1	1
H Watchorn	3	3
J Fox	1	1

With regard to the Risk and Remuneration Committee, membership during the year comprised a minimum of three members. The committee will be quorate with three members in attendance. Its purpose is to assist and advise the Board on matters relating to remuneration and risk within the Trust, this includes the consideration of executive pay for which a benchmarking exercise is undertaken annually. During the period ended 31 August 2019 the attendance was as follows:

	Meetings attended	Out of a possible
A Alexander	2	2
J Bushby	2	2
G Cottle (Chair)	2	2
R Lever (resigned 31.08.19)	2	2
H Porter-Aslet (resigned 1.5.19)	2	2

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

Review of Value for Money

As Accounting Officer the Chief Executive 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:

Turner Schools' central principles of HEART have been embedded throughout the organisation and at every level. The schools place pupils at the centre of everything they do, with a focus on maintaining a culture of success, a positive climate for learning and pupil attainment, achievement and social and emotional development. In raising standards for its own pupils the Trust contributes to the raising of educational standards and achievement generally across the communities we serve through the mutual sharing of knowledge, expertise and resources.

The schools share central staff which facilitates greater savings by achieving economies of scale in for example procurement and staffing costs. The Trust actively bids for additional funds, and is meticulous in checking entitlements thus ensuring that our schools receive the maximum funding available to ensure that we can raise standards and bridge the attainment and isolation gap.

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 Turner Schools for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function. Due to the Trust's scale in the period internal audit consisted of FARC determined remit, a responsible officer visit by the FARC Chair and an internal audit by a senior educational finance professional sector peer.

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 external professional advisors;
- the work of the external auditor;
- a Responsible Officer style visit;
- internal audit on an independent peer review basis;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 12 December 2019 and signed on its behalf by:



Michael Buchanan
Chair of Trust Board



Dr J Saxton
Chief Executive and Accounting Officer

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

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

As accounting officer of Turner Schools I have considered my responsibility to notify the academy trust Board of Trustees and the Education and 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.



Dr J Saxton
Chief Executive and Accounting Officer

Date: 12 December 2019

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

The trustees of Turner Schools (who are 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Education and Skills Funding Agency and Department for Education 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 December 12, 2019 and signed on its behalf by:



Michael Buchanan
Chair of Trust Board

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of Turner Schools (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies accounts direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies accounts direction 2018 to 2019 issued by the Education and 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

Opinions on other requirement of 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 which includes the Directors' Report and the Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 14, Trustees (who act as directors of the charitable company 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

Use of our report

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

RSM UK Audit LLP

Zoe Longstaff - Tyrrell (Reporting Accountant)
for and on behalf of RSM UK Audit LLP
Statutory Auditors and Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: 19 December 2019

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

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

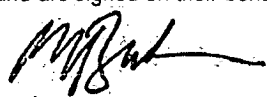
	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	31.08.19 Total Funds £'000	31.08.18 Total Funds £'000
Income and endowments from:						
Donations and capital grants	2	113	-	5,657	5,770	301
Transfer of existing academies into trust	2 & 25	-	-	-	-	25,893
Charitable activities:						
Funding for the trust's educational operations	3	554	14,643	-	15,197	11,738
Other trading activities	4	55	-	-	55	93
Investments	5	2	-	-	2	2
Total income		724	14,643	5,657	21,024	38,027
Expenditure on:						
Charitable activities:						
Trust's educational operations	6	594	15,173	1,391	17,158	14,418
Total expenditure	7	594	15,173	1,391	17,158	14,418
Net income / (expenditure) for the year		130	(530)	4,266	3,866	23,609
Transfers between funds	19	(316)	(64)	380	-	-
		(186)	(594)	4,646	3,866	23,609
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	19 & 23	-	(2,116)	-	(2,116)	2,049
Net movement in funds		(186)	(2,710)	4,646	1,750	25,658
Total funds brought forward	19	798	(5,159)	35,823	31,462	5,804
Net income/(expenditure) – carried forward		612	(7,869)	40,469	33,212	31,462

The notes form part of these financial statements

BALANCE SHEET
AS AT 31 AUGUST 2019

		31.08.19 £'000	31.08.19 £'000	31.08.18 £'000	31.08.18 £'000
	Notes				
Fixed assets					
Tangible assets	13		41,469		36,707
Current assets					
Stocks	14	8		17	
Debtors	15	1,202		2,169	
Cash at bank and in hand		810		393	
		2,020		2,579	
Current Liabilities					
Creditors: Amounts falling due within one year	16	1,496		1,474	
		1,496		1,474	
Net current assets			524		1,105
Total assets less current liabilities			41,993		37,812
Creditors					
Amounts falling due after more than one year	17		(912)		(1,191)
Net assets excluding pension liability			41,081		36,621
Pension scheme liability	23		(7,869)		(5,159)
Total net assets			33,212		31,462
Funds of the trust:					
Restricted funds					
Fixed asset funds	19	40,469		35,823	
General funds	19	-		-	
Pension reserve	19	(7,869)		(5,159)	
Total restricted funds			32,600		30,664
Unrestricted funds					
General funds	19	612		798	
Total unrestricted funds			612		798
Total funds			33,212		31,462

The financial statements on pages 17 to 42 were approved by the trustees, and authorised for issue on 12 December 2019 and are signed on their behalf by:



Michael Buchanan
Chair of Board

The notes form part of these financial statements

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	31.08.19 £'000	31.08.18 £'000
Cash flows from operating activities			
Net cash provided/(used in) by operating activities	1	1,190	(908)
Cash flows from investing activities	2	(494)	563
Cash flows from financing activities	3	(279)	-
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		<u>417</u>	<u>(345)</u>
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2018		<u>393</u>	<u>738</u>
		<hr/>	<hr/>
Cash and cash equivalents at 31 August 2019	4	<u>810</u>	<u>393</u>

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Reconciliation of net income to net cash flow from operating activities

	31.08.19 £'000	31.08.18 £'000
Net income / (expenditure) income for the period (as per the Statement of Financial Activities)	3,866	23,609
Adjusted for:		
Depreciation charges (note 13)	1,391	908
Capital grants from DfE/ESFA and other capital income (note 2)	(690)	(251)
Interest received (note 5)	(2)	(2)
Fixed assets donations on transfer into Trust (note 2 and note 25)	(4,967)	(30,000)
Defined benefit pension liability on transfer into Trust (note 25)	-	5,551
Defined benefit pension cost less contribution payable (note 23)	-	629
Defined benefit pension finance cost (note 23)	594	127
Cash on transfer from Folkestone Academy (note 25)	-	(1,444)
Decrease / (Increase) in stocks	9	(7)
Decrease / (Increase) in debtors	967	(865)
Increase / (Decrease) in creditors	22	837
Net cash (used in) / provided by operating activities	1,190	(908)

2. Cash flows from investing activities

	31.08.19 £'000	31.08.18 £'000
Dividends, interest and rents from investments	2	2
Cash on transfer from Folkestone Academy	-	1,444
Purchase of tangible fixed assets	(1,186)	(1,134)
Capital grants from DfE/ESFA	690	251
Net cash provided by investing activities	(494)	563

3. Cash flows from financing activities

	31.08.19 £'000	31.08.18 £'000
Cash outflows for loan repayments	(279)	-
Cash inflows from new borrowing	-	317
Net cash provided by financing activities	(279)	317

4. Analysis of cash and cash equivalents

	31.08.19 £'000	31.08.18 £'000
Cash in hand and at bank	810	393
Total cash and cash equivalents	810	393

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

1. STATEMENT OF ACCOUNTING POLICIES

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

Basis of preparation

The financial statements of the Trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency, the Charities Act 2011 and the Companies Act 2006.

Turner Schools meets the definition of a public benefit entity under FRS102. The trust presents its results rounded to the nearest thousand pound sterling.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

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

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

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

- **Sponsorship Income**

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED AUGUST 2019

1. STATEMENT OF ACCOUNTING POLICIES – continued

- **Other income**
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.
- **Donated goods, facilities and services**
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.
- **Transfer of existing academies into the Trust**
Where assets are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust, which is on signing of the transfer agreement with the transferring Trust. An equal amount of income is recognised for the Transfer of an existing academy into the Trust within Donations and capital grant income.
- **Donated fixed assets (excluding Transfers on conversion/into the Trust)**
Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**
This includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable activities**
These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

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

1. STATEMENT OF ACCOUNTING POLICIES – continued

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 economic life, as follows:

Leasehold land	- 0%
Buildings	- 2%
Building Maintenance	- 5% - 20%
Furniture and equipment	- 10% - 20%
Computer equipment	- 25%
Motor vehicles	- 20%

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.

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 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.

Provisions

Provisions are recognised when the 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.

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

1. STATEMENT OF ACCOUNTING POLICIES – continued

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement basis 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 15. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 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.

Stock

Unsold uniform stock is valued at the lower of cost and net realisable value.

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 Part 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.

Pensions Benefits

Retirement benefits to employees of the 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 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 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 the 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.

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

1. STATEMENT OF ACCOUNTING POLICIES – continued

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education and Skills Funding Agency and the local authority.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of leasehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of leasehold property which relates to land is deemed to have a finite life of 125 years and is depreciated accordingly. The element of leasehold property which does not relate to land is depreciated on a straight line basis of 50 years, being the estimated useful economic life and it is assumed that the asset has no residual value on the basis of its specialised nature. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

Critical areas of judgement

The trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 26.

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	31.08.19 Total Funds £'000	31.08.18 Total Funds £'000
Capital grants	-	690	690	251
Donated fixed assets	-	4,967	4,967	25,893
Other donations	113	-	113	50
	<u>113</u>	<u>5,657</u>	<u>5,770</u>	<u>26,194</u>

Donated fixed asset income of £4,967,000 was received on 1 September 2018 from Kent County Council for the Turner Free School site. This comprised of land valued at £716,000 and buildings valued at £4,250,494.

Donated fixed asset income as at 31 August 2018 relates to the trust taking control of Folkestone Academy from the 1 December 2017, and includes tangible fixed assets and defined benefit pension schemes.

3. FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	31.08.19 Total Funds £'000	31.08.18 Total Funds £'000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	12,160	12,160	9,533
Other DfE Group grants	-	1,670	1,670	1,238
	<u>-</u>	<u>13,830</u>	<u>13,830</u>	<u>10,771</u>
Other government grants				
Local authority grants	-	784	784	646
Other income from the Trust's educational operations	554	29	583	321
Total education operations	<u>554</u>	<u>14,643</u>	<u>15,197</u>	<u>11,738</u>

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	31.08.19 Total Funds £'000	31.08.18 Total Funds £'000
Hire of facilities	27	-	27	29
Uniform sales	5	-	5	35
Other income	23	-	23	29
	<u>55</u>	<u>-</u>	<u>55</u>	<u>93</u>

5. INVESTMENTS INCOME

	Unrestricted Funds £	Restricted Funds £	31.08.19 Total Funds £'000	31.08.18 Total Funds £'000
Deposit account interest	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>

6. EXPENDITURE

	Staff Costs £'000	Premises Costs £'000	Other Costs £'000	31.08.19 Total £'000	31.08.18 Total £'000
Expenditure on raising funds					
<i>Academy's educational operations</i>					
Direct costs	9,802	-	1,085	10,887	9,012
Allocated support costs	<u>2,619</u>	<u>1,020</u>	<u>2,632</u>	<u>6,271</u>	<u>5,406</u>
	<u>12,421</u>	<u>1,020</u>	<u>3,717</u>	<u>17,158</u>	<u>14,418</u>

Net income / (expenditure) for the period includes:

	31.08.19 £'000	31.08.18 £'000
Operating lease rentals	35	173
Depreciation	1,391	908
Auditor's remuneration	20	16
Auditor's' remuneration for non-audit work	1	5

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED AUGUST 2019

7. CHARITABLE ACTIVITIES – TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	31.08.19 Total £'000	31.08.18 Total £'000
Direct costs				
Direct costs – educational operations	270	10,617	10,887	9,012
	<u>270</u>	<u>10,617</u>	<u>10,887</u>	<u>9,012</u>
Allocated support costs				
Support staff costs	263	2,220	2,483	2,303
Depreciation	-	1,391	1,391	908
Technology costs	-	284	284	98
Maintenance of premises and equipment	30	374	404	150
Rent, rates and water	-	266	266	76
Energy costs	16	271	287	191
Insurance	-	63	63	42
Bank interest and charges	-	17	17	5
Governance costs	-	31	31	21
Professional services	-	181	181	111
Defined benefit pension net interest cost	-	136	136	127
Other support costs	15	713	728	1,374
	<u>324</u>	<u>5,947</u>	<u>6,271</u>	<u>5,406</u>
	<u>594</u>	<u>16,564</u>	<u>17,158</u>	<u>14,418</u>

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Gifts made	528.38	Not applicable	Not applicable

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED AUGUST 2019

8. STAFF

a) Staff costs

Staff costs during the year were:

	31.08.19 £'000	31.08.18 £'000
Wages and salaries	8,409	7,350
Social security costs	816	698
Pension Costs	1,936	1,823
	<u>11,161</u>	<u>9,871</u>
Supply teacher costs	1,166	584
Staff restructuring costs	86	108
	<u>12,413</u>	<u>10,563</u>

Staff restructuring costs comprise:

Redundancy payments	6	108
Severance payments	80	-
	<u>86</u>	<u>108</u>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £79,508 (2018: £Nil). Individually, the payments were: £19,306, £3,452, £7,000, £20,000, £4,750 and £25,000.

c) Staff numbers

The average number of persons (including senior management team) employed by the trust during the year expressed as head count and full time equivalents was as follows:

	31.08.19		31.08.18	
Charitable activities	Head count	FTE	Head count	FTE
Teachers and educational support	263	221	228	189
Administration and support	67	50	67	49
Management	9	9	8	8
	<u>339</u>	<u>280</u>	<u>303</u>	<u>246</u>

d) Higher paid staff

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

	31.08.19	31.08.18
£60,001 - £70,000	2	2
£70,001 - £80,000	1	0
£80,001 - £90,000	2	0
£110,001 - £120,000	1	0
£140,001 - £150,000	1	1
	<u>7</u>	<u>3</u>

TURNER SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

8. STAFF – continued

e) Key management personnel

The key management personnel of the Trust comprise the trustees and the senior leadership 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 trust was £981,586. (2018: £652,850).

9. CENTRAL SERVICES

The Trust has provided central services in the form of strategic and operational management, legal and professional support services (including educational support and fundraising) to its academies during the period.

The Trust withholds between 4.9% and 5.8% of funds depending on the circumstances of each Academy. This is approved and reviewed at Board level.

The actual amounts charged during the period were as follows:

	31.08.19 £'000	31.08.18 £'000
Morehall Primary	50	44
Martello Primary	40	51
Folkestone Academy	595	522
Turner Free School	35	-
	<u>720</u>	<u>617</u>

10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from employment with the Trust. The Chief Executive and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of staff members under their contracts of employment. Other trustees did not receive any payments from the Trust, including expenses, in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Dr J Saxton	Chief Executive and trustee
	Remuneration - £149,783 (2018 £140,000 - £145,000)
	Employer's pension contributions - £30,916 (2018 £25,000 - £30,000)

During the period ended 31 August 2019, travel and subsistence expenses totalling £336 (2018 £61) were reimbursed to two trustees. Other related party transactions involving the trustees are set out in note 24.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2019 was £51,939 (2018: £41,035). The cost of this insurance is included in the total insurance cost.

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

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	31.8.18 Total Funds £'000
Income from:					
Donations and capital grants	2	50	-	251	301
Transfer of existing academies into trust	2 & 25	1,444	(5,551)	30,000	25,893
<i>Charitable activities:</i>					
Funding for the Trust's educational operations	3	312	11,426	-	11,738
Other trading activities	4	93	-	-	93
Investments	5	2	-	-	2
Total income		<u>1,901</u>	<u>5,875</u>	<u>30,251</u>	<u>38,027</u>
Expenditure on:					
<i>Charitable activities:</i>					
Trust's educational operations	6	<u>701</u>	<u>12,809</u>	<u>908</u>	<u>14,418</u>
Total expenditure	7	<u>701</u>	<u>12,809</u>	<u>908</u>	<u>14,418</u>
Net income / (expenditure) for the year before other recognised gains and losses		1,200	(6,934)	29,343	23,609
Transfer between funds		<u>(416)</u> 784	<u>416</u> (6,518)	<u>-</u> 29,343	<u>-</u> 23,609
Other recognised gains and losses					
Remeasurement losses on defined benefit pension schemes	19 & 23	-	2,049	-	2,049
Net movement in funds		784	(4,469)	29,343	25,658
Reconciliation of funds	19				
Total funds brought forward		<u>14</u>	<u>(690)</u>	<u>6,480</u>	<u>5,804</u>
Total funds carried forward		<u>798</u>	<u>(5,159)</u>	<u>35,823</u>	<u>31,462</u>

TURNER SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

13. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold land and buildings	Furniture and equipment	Computer equipment	Motor vehicles	Totals
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 1 September 2018	30,296	6,400	527	376	2	37,601
Additions	5,451	-	317	385	-	6,153
Disposals	-	-	-	-	-	-
At 31 August 2019	<u>35,747</u>	<u>6,400</u>	<u>844</u>	<u>761</u>	<u>2</u>	<u>43,754</u>
DEPRECIATION						
At 1 September 2018	522	168	66	136	2	894
Charge for year	872	202	127	190	-	1,391
Eliminated on disposal	-	-	-	-	-	-
At 31 August 2019	<u>1,394</u>	<u>370</u>	<u>193</u>	<u>326</u>	<u>2</u>	<u>2,285</u>
NET BOOK VALUE						
At 31 August 2019	<u>34,353</u>	<u>6,030</u>	<u>651</u>	<u>435</u>	<u>-</u>	<u>41,469</u>
At 31 August 2018	<u>29,774</u>	<u>6,232</u>	<u>461</u>	<u>240</u>	<u>-</u>	<u>36,707</u>

Tangible Fixed Assets have been reclassified from the 31 August 2018 published accounts, net book value has not changed.

TURNER SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

14. STOCKS

	31.08.19 £'000	31.08.18 £'000
Uniforms	8	12
Stationery	-	1
Catering	-	4
	<u>8</u>	<u>17</u>

15. DEBTORS

	31.08.19 £'000	31.08.18 £'000
Trade debtors	39	19
VAT recoverable	139	514
Prepayments and accrued income	869	493
Other debtors	155	1,143
	<u>1,202</u>	<u>2,169</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.08.19 £'000	31.08.18 £'000
Loans	110	111
ESFA Advance	104	55
Trade creditors	780	670
Other taxation and social security	192	204
Other creditors	49	86
Accruals and deferred income (deferred income - note 18)	261	348
	<u>1,496</u>	<u>1,474</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.08.19 £'000	31.08.18 £'000
Loans	889	1,104
ESFA Advance	23	87
	<u>912</u>	<u>1,191</u>

The loans and advances from the ESFA/advance and are provided on the following terms:

	Original loan £'000	Duration	Term remaining	Due < 1 year £'000	Due > 1 year £'000
ESFA	84	4 years	1 years	21	-
ESFA	173	5 years	2 years	83	23
ESFA	1,100	10 years	9 years	110	889
Total				<u>214</u>	<u>912</u>

TURNER SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)

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

18. DEFERRED INCOME

	31.08.19	31.08.18
	£'000	£'000
Deferred income at 1 September	187	34
Resources deferred in the year	139	187
Amounts released from previous years	(187)	(34)
Deferred income at 31 August	<u>139</u>	<u>187</u>

Deferred income at 31 August 2019 represents rates relief income of £26,400 (2018: £70,529); Universal Infant Free School Meal income of £50,220 (2018: £58,950); KCC funding of £35,965; Surrey County Council £11,011, FFA funding of £1,040; Head Start funding of £1,338; funding for a School Games Organiser of £13,883 and sundry other funding of £1,098. All deferred funds have been received in advance but relate to the period 1 September 2019 to 31 August 2020.

19. FUNDS

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	(39)	12,160	(12,096)	(25)	-
Other DfE/ESFA grants	-	1,670	(1,670)	-	-
Other government grants	27	784	(784)	(27)	-
Other restricted funding	12	29	(29)	(12)	-
Pension reserve	(5,159)	-	(594)	(2,116)	(7,869)
	<u>(5,159)</u>	<u>14,643</u>	<u>(15,173)</u>	<u>(2,180)</u>	<u>(7,869)</u>
Restricted fixed asset funds					
Assets	<u>35,823</u>	<u>5,657</u>	<u>(1,391)</u>	<u>380</u>	<u>40,469</u>
	<u>35,823</u>	<u>5,657</u>	<u>(1,391)</u>	<u>380</u>	<u>40,469</u>
Total restricted funds	<u>30,664</u>	<u>20,300</u>	<u>(16,564)</u>	<u>(1,800)</u>	<u>32,600</u>
Unrestricted funds					
Unrestricted funds	<u>798</u>	<u>724</u>	<u>(594)</u>	<u>(316)</u>	<u>612</u>
Total unrestricted funds	<u>798</u>	<u>724</u>	<u>(594)</u>	<u>(316)</u>	<u>612</u>
Total funds	<u>31,462</u>	<u>21,024</u>	<u>(17,158)</u>	<u>(2,116)</u>	<u>33,212</u>

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

General Annual Grant (GAG)

Funds must be used for the normal running costs of the Trust. Under the master funding agreement with the Secretary of State, the Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2019.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED AUGUST 2019

19. FUNDS – continued

Other restricted general funds

Funding is provided by government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

Restricted fixed asset funds

Funding is provided by way of government grants or capital expenditure from the GAG or unrestricted funds in order to acquire specified fixed assets for use by the Trust in achieving its educational objectives.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the Trust.

Transfers

A transfer of £64,000 was made in the period from restricted general funds (GAG funds £25,000, other DfE/ESFA grants £27,000 and other restricted funding £12,000) and a transfer of £316,000 from unrestricted funds to total a move of £380,000 to the restricted fixed asset capital funds. These transfers bring the restricted fixed asset and capital funds in line with long term loan repayments due which were used to purchase major fixed asset expenditure. (2018: £416,000 unrestricted funds to restricted funds for overspend of in period GAG funds).

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	172	9,533	(10,161)	417	(39)
Other government grants	-	1,238	(1,238)	-	-
Other DfE/ESFA grants	27	646	(646)	-	27
Other restricted funding	12	9	(8)	(1)	12
Pension reserve	(901)	(5,551)	(756)	2,049	(5,159)
	<u>(690)</u>	<u>5,875</u>	<u>(12,809)</u>	<u>2,465</u>	<u>(5,159)</u>
Restricted fixed asset funds					
Assets	<u>6,480</u>	<u>30,251</u>	<u>(908)</u>	<u>-</u>	<u>35,823</u>
	<u>6,480</u>	<u>30,251</u>	<u>(908)</u>	<u>-</u>	<u>35,823</u>
Total restricted funds	<u>5,790</u>	<u>36,126</u>	<u>(13,717)</u>	<u>2,465</u>	<u>30,664</u>
Unrestricted funds					
Unrestricted funds	<u>14</u>	<u>1,901</u>	<u>(701)</u>	<u>(416)</u>	<u>798</u>
Total unrestricted funds	<u>14</u>	<u>1,901</u>	<u>(701)</u>	<u>(416)</u>	<u>798</u>
Total funds	<u>5,804</u>	<u>38,027</u>	<u>(14,418)</u>	<u>2,049</u>	<u>31,462</u>

TURNER SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED AUGUST 2019

19. FUNDS – continued

Analysis of academies by fund balance

Fund balances at 31 August were allocated as follows:

	2019 £'000	2018 £'000
Martello Primary	126	69
Morehall Primary	(105)	(90)
Folkestone Academy	88	-
Turner Free School	(58)	-
Turner Schools MAT	561	819
	<hr/>	<hr/>
Total before fixed assets and pension reserve	612	798
Restricted fixed asset fund	40,469	35,823
Pension reserve	(7,869)	(5,159)
	<hr/>	<hr/>
Total	<u>33,212</u>	<u>31,462</u>

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 £'000
Martello Primary	657	92	37	165	951
Morehall Primary	700	90	41	110	941
Folkestone Academy	7,347	1,335	874	1,498	11,054
Turner Free School	605	136	72	234	1,047
Turner Schools MAT	493	966	62	253	1,774
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>9,802</u>	<u>2,619</u>	<u>1,086</u>	<u>2,260</u>	<u>15,767</u>

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

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding Depreciation) £'000	Total £'000
Martello Primary	573	129	8	160	870
Morehall Primary	702	137	9	160	1,008
Folkestone Academy	6,697	1,148	431	1,673	9,949
Turner Schools MAT	288	889	13	493	1,683
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>8,260</u>	<u>2,303</u>	<u>461</u>	<u>2,486</u>	<u>13,510</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED AUGUST 2019

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	41,469	41,469
Current assets	612	1,408	-	2,020
Current liabilities	-	(1,385)	(111)	(1,496)
Non-current liabilities	-	(23)	(889)	(912)
Pension scheme liability	-	(7,869)	-	(7,869)
Total net assets	<u>612</u>	<u>(7,869)</u>	<u>40,469</u>	<u>33,212</u>

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

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	36,707	36,707
Current assets	798	1,565	216	2,579
Current liabilities	-	(1,383)	(91)	(1,474)
Non-current liabilities	-	(182)	(1,009)	(1,191)
Pension scheme liability	-	(5,159)	-	(5,159)
Total net assets	<u>798</u>	<u>(5,159)</u>	<u>35,823</u>	<u>31,462</u>

21. MEMBERS LIABILITY

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

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

22. PENSION AND SIMILAR OBLIGATIONS

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

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

Contributions amounting to £nil (2017 £23,402) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion.
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion.
- Notional past service deficit of £22 billion.
- Discount rate is 2.4% in excess of CPI.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teachers' pension contribution grant to cover the additional costs during the 2019-20 academic year.

The employer's pension costs paid to TPS in the period amounted to £808,000 (2018: £513,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

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

22. PENSION AND SIMILAR OBLIGATIONS – continued

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2019 was £704,000 (2018: £670,000), of which employer's contributions totalled £544,000(2018: £513,000) and employees' contributions totalled £160,000 (2018: £157,000).

The agreed contribution rates for future years are 20% for employers between 5.5 per cent and 12.5 per cent for employees.

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

Principal actuarial assumptions

	31.08.19	31.08.18
Discount rate	1.9%	2.7%
Price increases	2.15%	2.3%
Future salary increases	3.65%	3.8%
Future pension increases	2.15%	2.3%
Commutation of pension to lump sums	50.0%	50.0%

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

	31.08.19	31.08.18
Retiring today		
Males	22.1	23.1
Females	24.0	25.2
Retiring in 20 years		
Males	23.7	25.3
Females	25.8	27.5

Sensitivity analysis

Change in assumptions:	Increase in obligation at 31 August 2019 £,000	Increase in obligation at 31 August 2018 £,000
0.1% decrease in real discount rate	1,253	1,344
1 year increase in member life expectancy	1,258	1,349
0.1% increase in the salary increase rate	1,217	1,309
0.1% increase in the pension increase rate	1,253	1,340

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED AUGUST 2019

22. PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme - continued

The Trust's share of the assets and the liabilities in the scheme were:

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equities	6,082	5,379
Gilts	64	61
Other bonds	805	701
Property	1,040	976
Cash/liquidity	238	242
Absolute Return Fund	693	534
Total market value of assets	8,922	7,893
Present value of scheme liabilities		
- Funded	(16,791)	(13,052)
Deficit in the scheme	(7,869)	(5,159)

The total return on the fund assets for the period to 31 August 2019 is £371,000 (2018: £334,000).

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

	31.08.19 £'000	31.08.18 £'000
Current service cost (net of employee contributions)	(1,033)	(1,142)
Past service cost	(173)	-
Net liabilities assumed	-	(5,551)
Interest income	222	149
Interest cost	(354)	(276)
Administration expense	(4)	-
Total operating charge	(1,342)	(6,820)
Recognised in other gains / losses:		
Re-measurement (losses) / gains	(2,116)	2,049
Total gain / (cost) recognised	(3,285)	(4,771)

The actuarial re-measurements for the current year are recognised in the Statement of Financial Activities.

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

22. PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme – continued

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

	31.08.19 £'000	31.08.18 £'000
Opening defined benefit obligation	13,052	1,824
Liabilities assumed on settlements	-	11,786
Current service cost	1,033	1,142
Employee contributions	157	157
Interest cost	354	276
Past service cost	173	-
Change in demographic assumptions	(765)	-
Estimated benefits paid net of transfers in	(70)	(111)
(Gains)/losses on changes in financial assumptions	2857	(2,022)
	<u>16,791</u>	<u>13,052</u>

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

	31.08.19 £'000	31.08.18 £'000
Opening fair value of scheme assets	7,893	923
Employer contributions	575	513
Employee contributions	157	157
Interest on plan assets	222	149
Estimated benefits paid plus unfunded net of transfers in	(70)	(111)
Administration expenses	(4)	-
Settlement prices received	-	6,077
Return on plan assets (excluding net interest on the net defined benefit liability)	149	185
	<u>8,922</u>	<u>7,893</u>

The estimated value of employer contributions for the year ending 31 August 2020 is £548,000.

23. RELATED PARTY TRANSACTIONS

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

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

23. RELATED PARTY TRANSACTIONS – continued

Challenge Partners LLP a school partnership and improvement charity of which trustee Dame Sue John is Executive Director provided services to Folkestone Academy, Martello Primary and Morehall Primary for a subscription fee of £9,801(2018: £6,960 for Morehall Primary and Martello Primary's subscriptions). The Department for Education recommends schools in coastal isolation to work with Challenge Partners and so the Board considered the matter without Dame Sue John in attendance, and agreed that Challenge Partners should work with the Trust's primary schools on non-profit terms in accordance with the Academies Financial Handbook.

A RPT between education charity The Brilliant Club and Turner Schools, as Dame Sue and Jo Saxton were Trustees of both. The Brilliant Club worked with the Trust on not for profit terms, under the threshold amount, and was nevertheless entered in to by the Board without either Dame Sue or Dr Saxton in attendance. The RPT has ceased with Dame Sue's resignation from Turner Schools and Jo Saxton's resignation from The Brilliant Club's board. Folkestone Academy continues to work with The Brilliant Club.

Transactions relating to trustees' remuneration and expenses are disclosed in note 10.

24. ACADEMY COMBINATIONS

Turner Schools took control of Folkestone Academy, an existing academy, from the 1st of December 2017. On transfer of these academies into Turner Schools the acquired assets and liabilities were as follows:

	Value reported by transferring Trust £'000	Fair value adjustments £'000	Transfer in recognised £'000
Tangible fixed assets			
Leasehold land and buildings	29,350	-	29,350
Motor vehicles	2	-	2
Fixtures and fittings	430	-	430
Computer equipment	218	-	218
Current assets			
Cash	1,444		1,444
Pensions			
Pensions – pension scheme assets	5,908	-	5,908
Pensions – pension scheme liabilities	(11,459)	-	(11,459)
Net assets / (liabilities)	25,893	-	25,893

25. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2019 the trust received £32,899 (2018: £42,769) and disbursed £22,731 (2018: £27,794). A balance of £25,623 is held in other creditors (2018: £14,975).

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

The trust is continuing to benefitting from the ESFA's Free School building programme for the construction of Turner Free School. The trust took control of the school on the 1st of September 2018.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
TURNER SCHOOLS AND THE EDUCATION AND SKILLS FUNDING AGENCY**

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 10 July 2019 and further to the requirements of the Education and Skills Funding Agency (the 'ESFA') as included in the Academies accounts direction 2018 to 2019, we have carried out an engagement to obtain assurance about whether the expenditure disbursed and income received by Turner Schools during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, [except for the matters listed below] nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies accounts direction 2018 to 2019 Annex B: Regularity Reporting. We are independent of Turner Schools in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of Turner Schools' accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Turner Schools' funding agreement with the Secretary of State for Education dated 21 December 2016 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Trustees (who act as directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Turner Schools and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently, a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion guidance in regularity' in Academies accounts direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

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

RSM UK Audit LLP

RSM UK Audit LLP
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Date: 19 December 2019