

**Fylde Coast Academy Trust**

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year ended 31 August 2019

Company registration number:

08364709 (England and Wales)

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**Reference and Administrative Details**

Members	J O Boyle OBE Fylde Coast Teaching School Limited Rachel Graham Dawood Fard David Williamson
Directors	J O Boyle OBE (Chair) M A Gutteridge J Gray L Knowles J Arber P Murphy N Galloway W Middlemas (appointed 22 <sup>nd</sup> January 2019) S Chapman (appointed 22 <sup>nd</sup> January 2019) P Orr (appointed 22 <sup>nd</sup> January 2019) I Siddall (appointed 6 <sup>th</sup> May 2019) P Frew (appointed 13 <sup>th</sup> June 2019) G Mawdsley (resigned 22 <sup>nd</sup> January 2019) A Frith (resigned 22 <sup>nd</sup> January 2019) A M Nicholson (resigned 22 <sup>nd</sup> January 2019)
Company Secretary	J McCumiskey
Senior Management Team	
<ul style="list-style-type: none"><li>• CEO/Accounting Officer</li><li>• Deputy CEO</li><li>• Deputy CEO</li><li>• Executive Headteacher</li><li>• Executive Headteacher</li><li>• Executive Headteacher</li><li>• Executive Headteacher</li><li>• Chief Operating Officer</li></ul>	A Nicholson P Birch, OBE S Bullen C Lickiss S Wilson P Birch S Cox J McCumiskey
Principal and Registered Office	Armfield Academy, Lytham Road Blackpool, FY4 1TL
Company Name	Fylde Coast Academy Trust
Company Registration Number	08364709 (England and Wales)
Independent Auditor	MHA Moore & Smalley 9 Winckley Square Preston PR1 3HP
Bankers	Lloyds Bank Plc Blackburn BB2 1JQ
Solicitors	Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG

**Directors' Report**

The Directors 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 trust operates ten academies for pupils aged 3 to 16 across Blackpool and West Lancashire. The academies have a combined pupil capacity of 6,160 and had a roll of 5,617 in the school census from 3 October 2019.

**Structure, Governance and Management****Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Fylde Coast Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as the Fylde Coast Academy Trust.

Details of the directors who served during the year are included in the Reference and Administrative Details on page 3.

**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.

**Directors' Indemnities**

The trust has purchased insurance to cover directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business.

**Method of Recruitment and Appointment or Election of Directors**

The number of Directors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum. The articles of association set out the categories of Directors and this includes the following:

- Up to 9 Directors, appointed by the members by ordinary resolution
- The Directors may appoint Co-opted Directors. A 'Co-opted Director' means a person who is appointed to be a Director by being Co-opted by Directors who have not themselves been so appointed.
- The total number of Directors including the Chief Executive Officer if they were a Director who are employees of the Academy Trust shall not exceed one third of the total number of Directors.

**Policies and Procedure Adopted for the Induction and Training of Directors**

Training and induction will depend on the individual experience of the director based on a skills audit at the time of appointment. Each new director attends a director's induction overseen by the Chair of FCAT. Training requirements are discussed at meetings of the Board of Directors and implemented during the trust away day or through the Teaching School.

## Directors' Report (continued)

### Organisational Structure

The Members have an overview of the governance arrangements of the trust.

The Directors appoint the CEO and deputy CEOs of the trust. The Directors may delegate such powers and functions as they consider are required to the Executive Headteachers and Academy Headteachers for the internal organisation, management and control of the Academies. In addition to the Board of Directors, Academy Councils will be appointed for each academy within the trust. These bodies will report to the Board of Directors.

The Board of Directors has appointed an Audit Committee which reports to the full Board of Directors on internal control and related issues.

### Arrangements for setting pay and remuneration of key management personnel

The Board of Directors has appointed a remuneration committee. This committee has responsibility for setting the pay, and monitoring the performance, of key management personnel. The remuneration of the CEO, Deputy CEOs, and Executive Headteachers is decided by the remuneration committee using local and national benchmarks and taking into account the relevant skills and qualifications of the post holder.

### Trade union facility time

#### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	2.6

#### Percentage of time spent on facility time

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

#### Percentage of pay bill spent on facility time

Total cost of facility time	£29,219
Total pay bill	£24,085,000
Percentage of total pay bill spent on facility time	0.12%

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	8.99%
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### Related Parties and other Connected Charities and Organisations

The trust is sponsored by Fylde Coast Teaching School Limited (FCTS) which was formed by Hodgson Academy and The Blackpool Sixth Form College as subscribing members, all of which have Directors in common with the trust.

**Directors' Report (continued)****Related Parties and other Connected Charities and Organisations (continued)**

The trust also has professional links through the Fylde Coast Teaching School Alliance established by FCTS. The Fylde Coast Teaching School Alliance is an informal group, facilitated by FCTS, of local educational establishments which has been formed to improve educational outcomes for its members.

**Role and Contribution of Sponsor**

FCTS as the sponsor of the trust provides a partnership to promote excellence in teaching, learning and leadership. The trust's academies benefit from the following opportunities:

- Initial Teaching Training - School Direct trainee teachers based in the Teaching School Alliance partners.
- Collaborative CPD - A twilight programme targeting significant issues of the day e.g. curriculum innovations, best practice.
- Programmes to improve Teaching and Learning – A three phase programme enabling teachers to improve their practice at all levels of their career.
- Leadership Development (to include governance) - A middle leadership programme to support and develop aspiring leaders and access to the National Professional Qualifications for Middle Leaders and Senior Leaders.
- Research and Development Projects - Action research that improves teaching, learning or leadership in the home school as staff develop greater understanding of their own practice.
- Additional support from Specialist Leaders in Education (SLEs) and Local Leaders in Education (LLEs), National Leaders in Education (NLEs) and National Leaders in Governance (NLGs) - Tailored to the specific demands of the school, specialist support can quickly be put in place to meet the needs of the leadership team.
- Coaching - Coaching is deployed across all schools in the Fylde Coast Teaching School Alliance both within and across schools, both staff to staff and pupil to pupil.

**Objectives and Activities****Objects and Aims**

The trust's principle object is to advance, for the public benefit education, in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing academies offering a broad and balanced curriculum.

The FCAT six core values are fully embedded within the Trust; respect, ambition, pride, resilience, integrity and excellence; as well as the trusts' six non-negotiables; children first, no excuses, high expectations, passion for learning, working together, consistency and compliance and outward facing. Our mission statement remains 'a partnership to promote excellence in teaching, learning and leadership'.

Our key objectives are:

- To transform the lives of young people by raising aspirations and achievements.
- To give learners consistency of standards to enable confident progression to the next level.
- To share resources and knowledge to improve efficiency and provide outstanding value for money.
- To have one voice in a rapidly changing external environment.
- To provide professional learning communities to support teacher development.
- To raise attainment in English, Maths and Science.

**Directors' Report (continued)****Objectives, Strategies and Activities**

The objectives and aims for 2019/20 are set out in the trust's six strand improvement plan:

- Leadership with vision and efficacy
  - Hub development – capacity through balance.
  - Developing optimal leadership behaviours.
  - Strategic leadership development at all levels, including succession planning.
  - School Leadership focussed on the quality of teaching and learning.
- Quality in the classroom
  - Consistent application of 'The FCAT Way' in all classrooms.
  - Drive improved outcomes at KS4, whilst ensuring that high standards are prioritised in all phases.
  - Cross-phase approaches to strengthen pedagogy, subject leadership and standards of attainment.
- Curriculum design
  - Development, implementation and embedding of the 5-8 curriculum.
  - Further alignment of phase approaches to curriculum design.
  - Reading is a priority in ALL schools – strategies in place for all pupils to meet age related standards at ages 5-13.
- Monitoring and intervention
  - Development of Central Services SLA.
  - Peer Review for all schools – teaching and learning the FCAT way.
  - Drawing on each other's strengths - embedding collaborative approaches to school improvement.
  - Measuring the effective use of additional funding.
- Systems and policies
  - Development of MIS to enhance trust-wide effectiveness and impact.
  - Alignment of both educational and non-educational documentation and formats across the Trust – SIP, SEF, Principals' Reports, PoS and SoW.
  - IT – development of common platform.
- A positive and expectant culture
  - Development of a programme of relevant and impactful professional training for all support staff.
  - Review and maximise the impact of the QIGs on pupil outcomes.
  - Implementation of bold workforce reform strategies.
  - Ensuring colleagues have clear and engaging job roles which support the delivery of the Trust's vision.
  - Staff rewards and recognition.

**Employees and disabled persons**

Equal treatment involves much more than simply treating everyone alike; it requires recognition that some groups and individuals have particular and specific needs that need to be met if they are to enjoy equal access to the services offered by FCAT. FCAT recognises that it may need to provide services in a range of different or more flexible ways, in order to ensure genuine equality of access or opportunity for groups and individuals who approach those services from a position of persistent and longstanding disadvantage.

## **Directors' Report (continued)**

### **Employees and disabled persons (continued)**

FCAT is opposed to any discrimination against a person with disabilities based on assumptions of their ability or otherwise. Where an employee who has a disability is appointed to a post in an academy or a student is admitted, reasonable provision will be made for adjustments to the working conditions or environment where this is practicable.

FCAT and the recognised trade unions have a common objective in ensuring that FCAT provides excellence in the delivery of education and services to our students and their relatives/carers and that to enable this, employment practices within FCAT are conducted to the highest possible standard. To achieve excellence, FCAT and the trade unions are committed to working in partnership to ensure good employee relations and effective and efficient educational delivery and to achieving reasonable solutions in consideration of both factors. The parties undertake to negotiate constructively with a view to reaching joint agreements which are acceptable for staff wherever possible.

### **Public Benefit**

In setting our objectives and planning our activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit. The trust will deliver a public benefit in the provision of high quality education to its pupils.

## **Strategic Report**

### **Achievements and Performance**

FCAT is now a stable and sustainable Multi Academy Trust comprising ten academies. The trust has all-through provision at Unity and now also the newly opened Armfield Academy. Secondary academies include Montgomery, Garstang and Aspire, and primary provision is available at Gateway, Mereside, Westminster, Westcliff and Hambleton academies. Bespoke 'associate membership' arrangements are also in place for two local Secondary schools.

Primary performance in 2018/19 was again strong with continued high performance in both attainment and progress measures.

It is recognised at all levels within the trust that our principal challenge remains the continued and rapid improvement of outcomes at Key Stage four. Encouragingly, Key Stage Four results for 2019 did show improvements on the previous year trust-wide and in all our four academies. FCAT trust-wide three year trends in the table below give an encouraging picture of the progress we are making.

#### **FCAT Aggregated Results at KS4**

<b>Measure</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Ba4</b>	<b>46%</b>	<b>51%</b>	<b>54%</b>
<b>Ba5</b>	<b>24%</b>	<b>27%</b>	<b>32%</b>
<b>Ba7</b>	<b>4%</b>	<b>4%</b>	<b>7%</b>
<b>En4</b>	<b>60%</b>	<b>64%</b>	<b>67%</b>
<b>En5</b>	<b>41%</b>	<b>46%</b>	<b>51%</b>
<b>En6</b>	<b>9%</b>	<b>12%</b>	<b>15%</b>
<b>Ma4</b>	<b>58%</b>	<b>58%</b>	<b>61%</b>
<b>Ma5</b>	<b>33%</b>	<b>35%</b>	<b>36%</b>
<b>Ma7</b>	<b>9%</b>	<b>8%</b>	<b>10%</b>
<b>2x Sc4</b>	<b>-</b>	<b>62%</b>	<b>60%</b>
<b>2x Sc5</b>	<b>-</b>	<b>43%</b>	<b>40%</b>



## Directors' Report (continued)

### Strategic Report (continued)

Despite these improvements, there do still remain inconsistencies in the performance of individual academies that we must continue to address. In broad terms; Garstang performed well, Aspire continued its steady trajectory of incremental gains, Montgomery and Unity both show tangible and meaningful improvements though it remains the case that in both academies KS4 results do need to improve further.

Trust wide attendance figures are captured in the following table. The Trust continues to deploy a wide range of strategies to improve attendance, particularly in the secondary phase.

Phase	Actual Attendance	Authorised	Unauthorised
Primary	95.5%	2.3%	2.2%
Secondary	94.2%	2.9%	2.9%
All	94.8%	2.6%	2.6%

In January 2019 an Ofsted Summary Evaluation of the trust took place over four days and was reported on by letter from HMI in March. The report provides a positive view of the Trust and includes the following observations:

- Directors have a clear vision for the trust and are committed to making a positive difference to pupils' lives.
- The 'FCAT way' provides a shared vision and non-negotiables for enabling greater consistency in teaching and learning
- The quality of education in most of the trust's schools is improving,
- Pupils achieve well overall in the primary phase but are less successful in the secondary phase
- Leaders are currently developing a curriculum for Years 5 to 8 to build on pupils' knowledge and understanding as they move from key stage 2 to key stage 3.
- Leaders and teachers in the trust's schools benefit from the many opportunities that they have to collaborate and share good practice.
- Arrangements for safeguarding are effective in each of the trust's schools. All safeguarding policies and procedures are clear and up to date.
- The trust provides its schools with effective support
- Directors and academy council members provide a strong level of challenge and support to leaders.

Two academies were inspected during the academic year 2018/19. On 21<sup>st</sup> December 2018 Aspire academy was graded 'good' in a Section 5 report, after previously being graded 'Requires Improvement' and prior to that being the merger of two 'inadequate maintained schools. On 4th June 2019, Montgomery Academy in a Section 8 Monitoring Report, was judged to be taking 'effective action' to remove the school from its current Requires Improvement rating.

Taking these three Ofsted reports, FCAT, Aspire and Montgomery, together the trust has performed well under the external scrutiny of Ofsted teams.

FCAT as a 'hexagonal trust' was a notion born in 2018 out of our six core values and our six FCAT WAY essentials of high quality teaching and learning. The trust subsequently embarked on establishing six FCAT curriculum principles and further looked at representing the FCAT non-negotiables in six statements. In more recent times the trust has developed a six strand Trust Improvement Plan. Such coherent approaches have helped to communicate and build a clear, strong and united trust identity. A FCAT Hexagon graphic has received a very positive welcome from all the trust academies and strikingly captures the trust vision, passion and purpose.

**Directors' Report (continued)****Strategic Report (continued)**

FCAT has driven forward effective and impactful measures to reduce the workload of teachers and leaders. FCAT wishes to be an employer of choice and in that regard needs to provide the best possible working conditions and realistic expectations in a very hard to recruit and retain marketplace. An FCAT 'Work and Wellbeing Charter' has been collaboratively devised and agreed. It has already received widespread acclaim and is being circulated widely in the education sector as a model of best practice.

With the needs of 'Early Career Teachers' in mind, FCAT are working with a Blackpool Opportunity Area initiative to provide significant additional funded professional development. The purpose being to provide support to teachers facing the challenges of their first three years in teaching and to help ensure their retention in the profession

With regard to governance, working proactively FCAT has now assembled an extremely strong and capable board with diverse experiences and high-level skills. The composition, as planned for, is currently five independent directors, including the chair, four directors from sponsors organisations, Blackpool Sixth Form College and Hodgson Academy, and three directors representing Chairs from the Trust's Academy Councils.

In a similar way the trust has work diligently behind the scenes to attract and appoint capable and committed public spirited citizens to governance within our Academy Councils. Each Academy Council is made up of five FCAT appointments, Headteacher and Executive Headteacher, two staff and two parents. Directors and Academy Council governors provide excellent support and challenge and are a notable strength of the Trust.

**Key Financial Performance Indicators**

Despite ongoing pressure on budgets, during the year all academies within the trust recorded a positive closing reserves position at the financial year end. To ensure financial sustainability the trust aims to bring staffing costs to an average of 75%-77% of income. In the current year this percentage stands at 75% (2017/18 77%).

**Going Concern**

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

**Financial Review**

Most of the 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 object of the trust.

During the financial year total net assets reduced by £5.6m to £48.5m. The General Restricted Fund increased by £0.4m in the year and at year end shows a closing surplus, before the actuarial losses on defined benefit pension schemes, of £3.8m. The Unrestricted Fund had a surplus of £0.3m in the year.

The closing Fixed Asset Funds has a reported closing surplus of £57.8m, this balance includes £0.7m of Capital grants carried forward to cover significant projects planned for future years.

## Directors' Report (continued)

The cash position remained at £7.8m. The closing level of cash and reserves illustrates a healthy position from which to manage the academies going forward and to fund the significant improvement and maintenance projects planned across the estate.

The deficits in the Local Government Pension Scheme (LGPS) are recognised on the balance sheet in accordance with the provision of FRS102. It is noted that the pension liability increased from £10.1m to £16.3m leading to the decrease in total reported net assets in the year. Per the actuarial report, these large increases in LGPS deficits have been driven by a reduction in the discount rate during the year and little or no change in CPI inflation.

### Reserves Policy

The Trust has assessed that a minimum level of free reserves equal to 12% of GAG are required.

Reserves are required to:

- Ensure sustainability of the school in the event of reductions in funding, reductions in pupil numbers or unexpected increases in expenditure.
- Fund capital projects and the replacement of equipment
- Enable the Trust to respond to opportunities and implement the longer term strategic plan.

Reserves held as at 31 August 2019 were as follows:

	£000
Total reserves	48,458
Add back pension reserve	16,275
Less reserves attributable to fixed assets	(57,819)
Unrestricted and general restricted funds	6,914
Less designated capital funds	(1,214)
Free reserves	5,700

Reserves currently stand at 22% of GAG, ahead of the minimum required. The three-year financial plan includes significant investment in estates which will utilise reserves. The level of reserves held also reflects current uncertainties around funding levels.

The Trust reviews the level of reserves throughout the year as part of management reporting.

### Investment Policy

The trust considers the investment of surplus funds to reflect good stewardship and a formal investment policy is included within the financial regulations of FCAT. A return on working capital should be optimised whilst allowing easy access of the funds. In balancing risk against return, the trust's policy is clearly geared towards avoiding risk rather than to maximising return.

Monies surplus to the working requirements shall be invested in an account in the name of the trust with the approved institutions authorised by the Board of Directors. This may be a higher interest bearing account operated by the same bank that the Academy operates its current account with, or an alternative approved institution.

**Directors' Report (continued)****Principle Risks and Uncertainties**

The Directors have assessed the major risks to which the trust is exposed and are satisfied that systems are in place to manage the identified risks effectively. A Risk Register is maintained in which identified risks are recorded and an assessment of risk is a standing item on the agenda of meetings of the Board of Directors.

The principle risks faced by the trust are:

- Reduction in future funding from government
- Loss of reputation through falling standards
- Falling pupil numbers impacting on funding levels
- Failure to safeguard the pupils
- Failure to meet legal requirements
- Adverse changes to government funding policies
- Cost pressure from pay inflation and pension deficits

Systems and procedures are in place to minimise the risks identified including operational procedures and internal financial controls reviewed by the Audit Committee on a termly basis.

**Fundraising**

Under the provisions of the Charities (Protection and Social Investment) Act 2016 a statement regarding fundraising activities is required.

Although the trust does not undertake widespread fundraising from the general public, in relation to the above we confirm that all fundraising is managed internally, without involvement of commercial participators or professional fund-raisers, or third parties and conforms to recognised standards. The day to day management of all income generation is delegated to the CFO and Executive team, who are accountable to the Directors. The trust has received no complaints in relation to fundraising activities.

**Plans for Future Periods**

The trust will continue to develop and integrate its family of academies and aims to provide a world class education for local young people. Decisions on growth will be taken on a case by case basis after completing a thorough due diligence process.

**Auditor**

Insofar as the Directors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- 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.

Directors' report, incorporating a strategic report, approved by order of the Board of Directors, on 10th December 2019 and signed on the Board's behalf by:



**John Boyle, OBE**  
Chair

10<sup>th</sup> December 2019

## Governance Statement

### Scope of Responsibility

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

The Board of Directors 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 Fylde Coast Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 6 times during the period. Attendance during the period at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
J O Boyle (Chair)	5	6
M A Gutteridge	6	6
J Gray	6	6
L Knowles	6	6
J Arber	6	6
P Murphy	5	6
N Galloway	6	6
W Middlemas (appointed 22 <sup>nd</sup> January 2019)	4	4
S Chapman (appointed 22 <sup>nd</sup> January 2019)	2	4
P Orr (appointed 22 <sup>nd</sup> January 2019)	3	4
I Siddall (appointed 6 <sup>th</sup> May 2019)	2	2
P Frew (appointed 13 <sup>th</sup> June 2019)	1	1
G Mawdsley (resigned 22 <sup>nd</sup> January 2019)	1	2
A Frith (resigned 22 <sup>nd</sup> January 2019)	0	2
A M Nicholson (resigned 22 <sup>nd</sup> January 2019)	2	2

At these meetings, the Board sets and reviews the vision and direction of the trust. Key financial information including budget monitoring reports and reports issued by internal auditors are reviewed and capital spend for individual academies authorised. FCAT policies are regularly reviewed and updated. Financial information provided throughout the year is compared to year end audited accounts to ensure data is acceptable.

Each year a report on FCAT director's skills is produced following completion of skills audit forms.

During the 2015/16 year, a governance audit took place, conducted by the trust's internal auditors Mazars. The scope for this audit was concerned with assessing whether Fylde Coast Academy Trust has in place adequate and appropriate policies, procedures and controls to manage key governance risks. The review concluded that substantial assurance could be placed on the effectiveness of internal controls. This review will be repeated within the next year.

The **audit committee** is also a committee comprised of directors and local governors. Its purpose is to review the arrangements for securing value for money, solvency and safeguarding of assets, provide assurance as to the effectiveness of the internal control system, consider internal audit reports and

## **Governance Statement (continued)**

external audit reports, review the Annual Report and Financial Statements and to monitor on an ongoing basis the Risk Register and Risk Management Policy.

Attendance at Audit Committee meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
W Greene	2	2
S Pennington (resigned 22 <sup>nd</sup> November 2018)	0	1
L Knowles	1	2
G Mawdsley (resigned 30 <sup>th</sup> April 2019)	2	2

## **Review of Value for Money**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of directors where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

Armfield academy opened in September 2018. Teaching and support staff were deployed into the academy from elsewhere in the trust. These deployments allow the new school to benefit from having access to experienced personnel whilst keeping staff metrics efficient. It also offers progression opportunities to those already employed within the trust.

The trust employs a highly qualified central team which offers support and advice to the academies across a range of areas including HR, finance, IT, data, PR and estates. This team enables academies to access specialist support without incurring third party costs and ensures consistency in approach and sharing of best practice across the trust.

The Trust is in the process of installing a centralised ICT network across its academies, this will lead to savings in licensing and printing costs as well as allowing staff to connect to systems from any location within our estate.

The trust continues to develop its purchasing and tendering process to gain advantage from economies of scale. The use of preferred contractors across the estates has reduced premises, facilities management and HSE costs as well as leading to service improvements.

## **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Fylde Coast Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Governance Statement (continued)****Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

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

The Board of Directors has considered the need for a specific internal audit function and has appointed Mazars LLP.

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

- Estates Management
- Data Security and GDPR
- Core Financial Controls

The internal auditor also produces a follow up report detailing actions taken by the trust as a result of matters highlighted in previous years' reports.

The auditor reports to the board of directors, through the audit committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

**Review of Effectiveness**

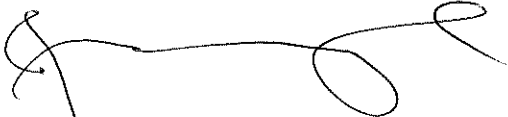
As Accounting Officer, the chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor
- the work of the external auditor
- the work of the managers within the Academy Trust who have responsibility of 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**Governance Statement (continued)**

Approved by order of the members of the Board of Directors on 10<sup>th</sup> December 2019 and signed on its behalf by:



**J Boyle, OBE**  
Chair



**A Nicholson**  
Accounting Officer

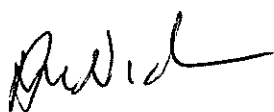


**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Fylde Coast Academy Trust I have considered my responsibility to notify the Academy Trust Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 Directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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



**A Nicholson**  
Accounting Officer

10<sup>th</sup> December 2019

**Statement of Directors' Responsibilities**

The directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Academies Accounts Direction 2018 to 2019 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 directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to:

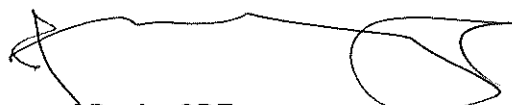
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The directors 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 directors 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 ESFA/DfE have been applied for the purposes intended.

The directors 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 Directors on 10<sup>th</sup> December 2019 and signed on its behalf by:



**J Boyle, OBE**  
Chair

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYLDE COAST ACADEMY TRUST****Opinion**

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

In our opinion the accounts:

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

The Trustees are responsible for the other information included in the annual report other than the accounts and our auditor's report thereon. Other information includes Reference and Administrative details, Trustees Report incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement of Regularity, Propriety and Compliance and the Trustees Responsibilities Statement. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYLDE COAST ACADEMY TRUST  
(CONTINUED).**

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

**Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYLDE COAST ACADEMY TRUST  
(CONTINUED).**

**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. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Tracey Johnson**  
**Senior Statutory Auditor**  
**for and on behalf of MHA Moore and Smalley**  
**Chartered Accountants and Statutory Auditor**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

16 December 2019

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

In accordance with the terms of our engagement letter dated 23 September 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fylde Coast Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Fylde Coast Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Fylde Coast Academy Trust's funding agreement with the Secretary of State for Education dated 31 July 2013 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes consideration of governance issues, an evaluation of the control environment of the Academy Trust together with enquiry, analytical review and substantive testing

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
FYLDE COAST ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY  
(CONTINUED).**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore & Smalley

**Reporting Accountant  
MHA Moore and Smalley**

16 December 2019

**Statement of Financial Activities for the Year Ended 31 August 2019**  
**(including Income and Expenditure Account)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	<b>Total 2018/19 £000</b>	Total 2017/18 £000 Restated
<b>Income and endowments from:</b>						
Donations and capital grants	2	10	3	1,650	<b>1,663</b>	11,538
Transfer from local authority on conversion		-	-	-	-	1,187
Charitable activities:						
Funding for the academy trust's educational operations	3	1,245	31,107	-	<b>32,352</b>	29,424
Other trading activities	4	283	-	-	<b>283</b>	247
Investments	5	14	-	-	<b>14</b>	16
<b>Total</b>		<b>1,552</b>	<b>31,110</b>	<b>1,650</b>	<b>34,312</b>	<b>42,412</b>
<b>Expenditure on:</b>						
Raising funds	6	137	-	-	<b>137</b>	225
Charitable activities:						
Academy trust educational operations	6	1,073	31,742	2,167	<b>34,982</b>	31,515
<b>Total</b>		<b>1,210</b>	<b>31,742</b>	<b>2,167</b>	<b>35,119</b>	<b>31,740</b>
<b>Net income/(expenditure)</b>		<b>342</b>	<b>(632)</b>	<b>(517)</b>	<b>(807)</b>	<b>10,672</b>
<b>Transfers between funds</b>		<b>(92)</b>	<b>(346)</b>	<b>438</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/losses):</b>						
Actuarial gains on defined benefit pension schemes		-	(4,808)	-	<b>(4,808)</b>	2,325
<b>Net movement in funds</b>		<b>250</b>	<b>(5,786)</b>	<b>(79)</b>	<b>(5,615)</b>	<b>12,997</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	17	2,885	(6,710)	57,898	<b>54,073</b>	41,076
<b>Total funds carried forward</b>		<b>3,135</b>	<b>(12,496)</b>	<b>57,819</b>	<b>48,458</b>	<b>54,073</b>



## Balance Sheet as at 31 August 2019

Company Number 08364709

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	12	58,483	57,520
<b>Current assets</b>			
Stock	13	-	3
Debtors	14	1,562	1,468
Cash at bank and in hand		7,778	7,819
		<u>9,340</u>	<u>9,290</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	15	(2,995)	(2,544)
<b>Net current assets</b>		<u>6,345</u>	<u>6,746</u>
<b>Total assets less current liabilities</b>		<u>64,828</u>	<u>64,266</u>
Creditors: Amounts falling due after more than one year	16	(95)	(129)
<b>Net assets excluding pension liability</b>		<u>64,733</u>	<u>64,137</u>
Defined benefit pension scheme liability	26	(16,275)	(10,064)
<b>Total net assets</b>		<u>48,458</u>	<u>54,073</u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>			
Fixed asset fund	17	57,819	57,898
Restricted income fund	17	3,779	3,354
Pension reserve	17	(16,275)	(10,064)
<b>Total restricted funds</b>		<u>45,323</u>	<u>51,188</u>
<b>Unrestricted income funds</b>	17	3,135	2,885
<b>Total funds</b>		<u>48,458</u>	<u>54,073</u>

The financial statements on pages 24 to 46 were approved by the directors, and authorised for issue on 10th December 2019 and are signed on their behalf by

  
**J Boyle, OBE**  
 Chair

## Statement of Cash Flows for the year ended 31 August 2019

	Notes	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	1,392	1,644
<b>Cash flows from investing activities</b>	23	(1,399)	340
<b>Cash flows from financing activities</b>	22	(34)	(32)
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(41)</u>	<u>1,952</u>
<b>Cash and cash equivalents at 1 September 2018</b>		7,819	5,867
<b>Cash and cash equivalents at 31 August 2019</b>	24	<u>7,778</u>	<u>7,819</u>

**Notes to the Financial Statements for the year ended 31 August 2019****1. Accounting Policies**

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

**Basis of Preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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 ESFA, the Charities Act 2011 and the Companies Act 2006.

Fylde Coast Academy Trust meets the definition of a public benefit entity under FRS 102.

**Going Concern**

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

**Income**

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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 grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is an entitlement and are not deferred over the life of the asset on which they are expended.

## Notes to the Financial Statements for the year ended 31 August 2019 (continued)

### 1. Statement of Accounting Policies (continued)

The academy trust is benefiting from the ESFA's Free School Building Programme. The funding for the programme is not recognised as a capital grant until there is an unconditional entitlement from costs being incurred, and the development occurring on a site where the academy trust controls through lease the site where the development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

- **Donated fixed assets**

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

- **Charitable Activities**

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

## Notes to the Financial Statements for the year ended 31 August 2019 (continued)

### 1. Statement of Accounting Policies (continued)

All resources expended are inclusive of irrecoverable VAT.

#### Tangible Fixed Assets

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

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

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

○ Freehold buildings	50 years
○ Leasehold buildings	50 years
○ Leasehold Land	Over the term of the lease
○ Fixtures, fittings plant and equipment	5 years
○ ICT equipment	3 years
○ Motor vehicles	10 years

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

A full year's depreciation is charged in the year of acquisition.

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 academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### Provisions

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

**Notes to the Financial Statements for the year ended 31 August 2019 (continued)****1. Statement of Accounting Policies (continued)**

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of 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.

**Leased Assets**

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

**Financial Instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 15 and 16. 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 uniforms, curriculum and catering stocks are valued at the lower of cost or net realisable value.

**Taxation**

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Pensions Benefits**

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

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

**Notes to the Financial Statements for the year ended 31 August 2019 (continued)****1. Statement of Accounting Policies (continued)**

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

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

**Fund Accounting**

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

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.

**Critical accounting estimates and areas of judgement**

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

*Critical accounting estimates and assumptions*

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount 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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## Notes to the Financial Statements for the year ended 31 August 2019 (continued)

## 2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018/19 £000	Total 2017/18 £000
Capital grants	-	1,650	1,650	1,881
Assets transferred on academy merger	-	-	-	9,552
Other donations	10	3	13	105
	<b>10</b>	<b>1,653</b>	<b>1,663</b>	<b>11,538</b>

The income from donations and capital grants was £1,663k (2018: £11,538k) of which £10k was unrestricted (2018: £219k), £3k restricted (2018: -£1,084k) and £1,650k restricted fixed assets (2018: £12,403k).

## 3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018/19 £000	Total 2017/18 £000 Restated
<b>DfE/ EFA grants</b>				
General Annual Grant (GAG)	-	25,705	25,705	24,051
Other DfE Group grants	-	3,295	3,295	2,988
	-	29,000	29,000	27,039
<b>Other Government grants</b>				
Local authority grants	-	2,097	2,097	1,508
	-	2,097	2,097	1,508
Other income from the academy trust's educational operations	1,245	10	1,255	877
	<b>1,245</b>	<b>31,107</b>	<b>32,352</b>	<b>29,424</b>

The funding for academy trust's educational operations was £32,352k (2018:£29,424k) of which £1,245k was unrestricted (2018:£877k) and £31,107k restricted (2018:£28,547k).

## 4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018/19 £000	Total 2017/18 £000 Restated
Hire of facilities	44	-	44	28
Income from ancillary trading activities	239	-	239	219
	<b>283</b>	<b>-</b>	<b>283</b>	<b>247</b>

The income from other trading activities was £283k (2018:£247k) of which £283k was unrestricted (2018:£247k).



## Notes to the Financial Statements for the year ended 31 August 2019 (continued)

## 5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018/19 £000	Total 2017/18 £000
Short term deposits	14	-	14	16
	14	-	14	16

The income from investments was £14k (2018:£16k) of which £14k was unrestricted (2018:£16k)

## 6. Expenditure

	Non Pay Expenditure				Total 2017/18 £000 Restated
	Staff Costs £000	Premises £000	Other £000	Total 2018/19 £000	
Expenditure on raising funds					
-Direct costs	84	-	1	85	277
-Allocated support costs	38		14	52	70
Academy's educational operations:					
-Direct costs	20,554	-	5,478	26,032	22,763
-Allocated support costs	5,329	1,635	1,986	8,950	8,630
	26,005	1,635	7,479	35,119	31,740

The expenditure was £35,119k (2018:£31,740k) of which £31,742k was restricted (2018:£29,345k), £1,210k unrestricted (2018:£782k) and £2,167k restricted fixed assets (2018:£1,613k).

Net income/(expenditure) for the period includes:

	2018/19 £000	2017/18 £000
Operating lease rentals	150	156
Depreciation	2,099	1,418
Fees payable to auditor for:		
- audit	29	28
- other services	-	-

## 7. Charitable activities

	2018/19 £000	2017/18 £000 Restated
Direct costs - educational operations	26,032	22,763
Support costs – educational operations	8,950	8,630
	34,982	31,393

## Notes to the Financial Statements for the year ended 31 August 2019 (continued)

## 7. Charitable activities (continued)

	2018/19	2017/18
	£000	£000
Support staff costs	5,329	5,088
Depreciation	4	3
Technology costs	149	83
Premises costs	1,635	1,424
Other support costs	1,798	1,996
Governance costs	35	36
<b>Total support costs</b>	<b>8,950</b>	<b>8,630</b>

Expenditure on charitable activities was £34,982k (2018:£31,393k) of which £31,742k was restricted (2018:£29,345k), £1,073k unrestricted (2018:£435k) and £2,167k restricted fixed assets (2018:£1,613k).

## 8. Staff

## a. Staff costs

Staff costs during the period were:

	2018/19	2017/18
	£000	£000
Wages and salaries	18,667	17,620
Costs recharged for seconded staff	85	50
Social security costs	1,735	1,625
Pension costs	4,508	4,100
	<b>24,995</b>	<b>23,395</b>
Agency staff costs	910	714
Staff restructuring costs	100	26
	<b>26,005</b>	<b>24,135</b>
Staff restructuring costs comprise:		
Redundancy payments	14	-
Severance payments	86	26
	<b>100</b>	<b>26</b>

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

Included in staff restructuring costs are non-contractual/non statutory severance payments totalling £86,489 (2018:£25,672). Individually the payments were: £16,599, £10,891, £12,419, £12,419, £10,000, £8,129, £7,176, £4,856, £4,000

## c. Staff numbers

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

	2018/19	2017/18
	No.	No.
Teachers	327	309
Administration and support	428	415
Management	17	15
	<b>772</b>	<b>739</b>

**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**
**d. Higher paid staff**

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

	2018/19	2017/18
	No.	No.
£60,001 - £70,000	6	5
£70,001 - £80,000	7	5
£80,001 - £90,000	3	-
£90,001 - £100,000	2	2
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1
	<b>18</b>	<b>14</b>

**e. Key management personnel**

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £696k (2018:£664k).

**9. Central Services**

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

- Educational support services
- Financial services
- Governance and Clerking services
- Estate Management services
- HR services
- Marketing and PR services
- IT services
- Data Services

The trust charges for these services at a flat percentage of income agreed for the period as a percentage of GAG (2%-4%). The actual amounts charged during the year were as follows

	2018/19	2017/18
Unity Academy	205	196
Montgomery High School	243	254
Blackpool Aspire Academy	141	142
Hambleton Primary Academy	16	16
Westcliff Primary Academy	32	33
Blackpool Gateway Academy	57	48
Mereside Primary School	55	49
Garstang Community Academy	69	67
Westminster Primary Academy	66	64
Armfield Academy	54	-
	<b>938</b>	<b>869</b>

## Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

**10. Related Party Transactions – Directors’ Remuneration and Expenses**

One or more directors has been paid remuneration or has received other benefits from an employment with the academy trust. The CEO and other staff directors only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment.

The value of directors’ remuneration and other benefits was as follows:

A Nicholson (CEO and director, resigned as a director, on 22 January 2019)

Remuneration 5 months to 31<sup>st</sup> August 2019: £30,000 - £35,000 (12 months 2018: £70,000 - £75,000)

Employer's pension contributions paid 5 months to 31<sup>st</sup> August 2019: £5,000 - £10,000 (12 months 2018: £10,000 - £15,000)

Travel and subsistence expenses paid 5 months to 31<sup>st</sup> August 2019: £127 (12 months 2018: £574)

**11. Directors’ and Officers’ Insurance**

The academy trust has opted into the Department for Education’s risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. The cost of this insurance is included in the total insurance cost.

**12. Tangible Fixed Assets**

	<b>Leasehold Land &amp; Buildings £000</b>	<b>Freehold Land &amp; Buildings £000</b>	<b>Plant &amp; Eqpt £000</b>	<b>Computer Eqpt £000</b>	<b>Vehicles £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
<b>Cost</b>							
At 1 Sept 2018	47,498	13,633	2,069	903	25	514	64,642
Additions	1,908	740	132	263	19	-	3,062
Reclassification of asset type	-	-	-	514	-	(514)	-
Disposals	-	-	-	-	-	-	-
At 31 August 2019	49,406	14,373	2,201	1,680	44	-	67,704
<b>Depreciation</b>							
At 1 Sept 2018	3,821	1,446	1,059	783	13	-	7,122
Charged in year	1,142	241	385	327	4	-	2,099
Disposals	-	-	-	-	-	-	-
At 31 August 2019	4,963	1,687	1,444	1,110	17	-	9,221
<b>Net Book Values</b>							
At 31 August 2019	44,443	12,686	757	570	27	-	58,483
At 31 August 2018	43,677	12,187	1,010	120	12	514	57,520

## Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

**13. Stock**

	2019 £000	2018 £000
Catering	-	2
Books and stationery	-	1
	<u>-</u>	<u>3</u>

**14. Debtors**

	2019 £000	2018 £000
Trade debtors	124	130
VAT recoverable	329	239
Other debtors	253	416
Prepayments and accrued income	856	683
	<u>1,562</u>	<u>1,468</u>

**15. Creditors: Amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	1,019	696
Other taxation and social security	434	428
ESFA creditor: abatement of GAG	176	176
Salix Loans	34	34
Other creditors	126	264
Accruals and deferred income	1,206	946
	<u>2,995</u>	<u>2,544</u>

	2019 £000	2018 £000
<b>Deferred Income</b>		
Deferred income at 1 September 2018	358	119
Resources deferred in the year	283	358
Released from previous years	(358)	(119)
Deferred Income at 31 August 2019	<u>283</u>	<u>358</u>

At the balance sheet date the academy trust was holding funds received in advance for rates charges, UIFSM, school trips and grants relating to 2019/20.

**16. Creditors: amounts falling due in greater than one year**

	2019 £000	2018 £000
Loans	95	129
	<u>95</u>	<u>129</u>

Loans include a CIF loan of £100k from the ESFA which is provided at 2.04% interest rate repayable over 8 years. Also included are Salix loans totalling £110k provided at 0% interest and all repayable over 8 years.

## Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

## 17. Funds

	Balance at 1 Sep 18 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 Aug 2019 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	2,611	25,705	(24,894)	(346)	3,076
Pupil premium	140	2,666	(2,746)	-	60
Other grants	26	2,727	(2,699)	-	54
Other income	34	12	-	-	46
Transfer of assets from new academy	543	-	-	-	543
Pension reserve	(10,064)	-	(1,403)	(4,808)	(16,275)
	(6,710)	31,110	(31,742)	(5,154)	(12,496)
<b>Restricted fixed asset funds</b>					
Donated assets	33,909	-	(463)	37	33,483
Transfer of assets from new academy	19,717	-	(898)	9	18,828
Private sector capital	290	577	(11)	-	856
Capital expenditure from reserves	658	-	(112)	438	984
Adjustment to PY depreciation	46	-	-	(46)	-
DfE/ESFA capital grants	3,278	1,073	(683)	-	3,668
	57,898	1,650	(2,167)	438	57,819
<b>Total restricted funds</b>	<b>51,188</b>	<b>32,760</b>	<b>(33,909)</b>	<b>(4,716)</b>	<b>45,323</b>
<b>Unrestricted funds</b>					
Unrestricted funds	2,885	1,552	(1,210)	(92)	3,135
<b>Total unrestricted funds</b>	<b>2,885</b>	<b>1,552</b>	<b>(1,210)</b>	<b>(92)</b>	<b>3,135</b>
<b>Total funds</b>	<b>54,073</b>	<b>34,312</b>	<b>(35,119)</b>	<b>(4,808)</b>	<b>48,458</b>

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

The General Annual Grant (GAG) must be used for the normal running costs of the academies.

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

Other grants include monies from the DfE, ESFA and LA for conversion costs of new academies, funding for higher needs, children's centres and nursery provision.

£1.2m of the unrestricted funds is designated to fund the depreciation of capital purchased in prior years.

## Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

## 17. Funds (continued)

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

	Balance at 1 Sep 17 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 Aug 2018 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	2,461	24,051	(23,693)	(208)	2,611
Pupil premium	54	2,441	(2,355)	-	140
Other grants	74	2,056	(2,104)	-	26
Other income	32	3	-	-	35
Transfer of assets from new academy	407	236	-	(100)	543
Pension reserve	(8,513)	(2,683)	(1,193)	2,325	(10,064)
	<u>(5,485)</u>	<u>26,103</u>	<u>(29,345)</u>	<u>2,017</u>	<u>(6,710)</u>
<b>Restricted fixed asset funds</b>					
Donated assets	32,142	2,226	(459)	-	33,909
Transfer of assets from new academy	9,969	10,424	(676)	-	19,717
Private sector capital	57	239	(6)	-	290
Capital expenditure from reserves	367	-	(167)	458	658
Adjustment to PY depreciation	46	-	-	-	46
DfE/ESFA capital grants	1,843	1,740	(305)	-	3,278
	<u>44,424</u>	<u>14,629</u>	<u>(1,613)</u>	<u>458</u>	<u>57,898</u>
<b>Total restricted funds</b>	<u>38,939</u>	<u>40,732</u>	<u>(30,958)</u>	<u>2,475</u>	<u>51,188</u>
<b>Unrestricted funds</b>					
Unrestricted funds	2,137	1,680	(782)	(150)	2,885
<b>Total unrestricted funds</b>	<u>2,137</u>	<u>1,680</u>	<u>(782)</u>	<u>(150)</u>	<u>2,885</u>
<b>Total funds</b>	<u>41,076</u>	<u>42,412</u>	<u>(31,740)</u>	<u>2,325</u>	<u>54,073</u>

## Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Unity Academy	1,829	1,987
Blackpool Aspire Academy	1,040	936
Montgomery High School	942	696
Hambleton Primary Academy	343	280
Central services	443	426
Westcliff Primary Academy	604	632
Blackpool Gateway Academy	624	411
Mereside Primary School	396	289
Garstang Community Academy	149	179
Westminster Primary Academy	523	403
Armfield Academy	21	-
Total before fixed assets and pension reserve	<u>6,914</u>	<u>6,239</u>
Restricted fixed asset fund	57,819	57,898
Pension reserve	(16,275)	(10,064)
<b>Total</b>	<u>48,458</u>	<u>54,073</u>

**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**
**17. Funds (continued)**
**Total cost analysis by academy**

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

	<b>Teaching &amp; Educational Support Staff Costs</b>	<b>Other Support Staff Costs</b>	<b>Educational Supplies</b>	<b>Other Costs (exc Depr)</b>	<b>Total 2018/19</b>	<b>Total 2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unity	4,034	1,124	815	613	<b>6,586</b>	5,851
Aspire	2,815	675	482	421	<b>4,393</b>	4,271
Montgomery	4,610	909	804	486	<b>6,809</b>	6,605
Hambleton	557	142	98	195	<b>994</b>	1,022
Central services	317	502	46	183	<b>1,048</b>	1,543
Westcliff	592	246	84	139	<b>1,062</b>	1,185
Gateway	1,135	234	168	255	<b>1,792</b>	1,428
Mereside	1,220	492	167	245	<b>2,124</b>	1,905
Garstang	2,730	585	372	662	<b>4,349</b>	3,865
Westminster	1,541	310	226	254	<b>2,330</b>	2,420
Armfield	1,003	232	124	175	<b>1,533</b>	-
<b>Total</b>	<b>20,554</b>	<b>5,451</b>	<b>3,386</b>	<b>3,628</b>	<b>33,020</b>	<b>30,095</b>

**18. Analysis of net assets between funds**

Fund balances at 31 August 2019 are represented by:

	<b>Unrestricted Funds</b>	<b>Restricted General Funds</b>	<b>Restricted Fixed Asset Funds</b>	<b>Total Funds</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible fixed assets	1,214	-	57,269	<b>58,483</b>
Current assets	1,921	6,740	679	<b>9,340</b>
Current liabilities	-	(2,961)	(34)	<b>(2,995)</b>
Non-current liabilities	-	-	(95)	<b>(95)</b>
Pension scheme liability	-	(16,275)	-	<b>(16,275)</b>
<b>Total net assets</b>	<b>3,135</b>	<b>(12,496)</b>	<b>57,819</b>	<b>48,458</b>



## Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

## 18. Analysis of net assets between funds (continued)

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	1,250	-	56,270	57,520
Current assets	1,635	5,866	1,789	9,290
Current liabilities	-	(2,511)	(34)	(2,544)
Non-current liabilities	-	-	(129)	(129)
Pension scheme liability	-	(10,064)	-	(10,064)
<b>Total net assets</b>	<b>2,885</b>	<b>(6,710)</b>	<b>57,898</b>	<b>54,073</b>

## 19. Capital commitments

	2019 £000	2018 £000
Contracted for but not provided in the financial statements	-	-
	-	-

## 20. Commitments under operating leases

## Operating Leases

At 31 August 2018 the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts due within one year	109	110
Amounts due between one and five years	100	133
	<b>209</b>	<b>243</b>

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

	2018/19 £000	2017/18 £000
Net income for the reporting period	(807)	10,672
Adjusted for:		
Depreciation (note 12)	2,099	1,644
Capital grants from DfE and other capital income	(1,650)	(14,629)
Interest receivable (note 5)	(14)	(16)
Defined benefit pension scheme obligation inherited	-	2,683
Defined benefit pension scheme cost less contributions payable (note 26)	1,132	896
Defined benefit pension scheme finance cost (note 26)	271	297
(Increase)/decrease in stocks	4	-
(Increase)/decrease in debtors	(94)	(838)
Increase/(decrease) in creditors	451	934
<b>Net cash provided by Operating Activities</b>	<b>1,392</b>	<b>1,644</b>

## Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

**22. Cash flows from financing activities**

	2018/19 £000	2017/18 £000
Repayments of borrowing	(34)	(32)
Cash inflows from new borrowing	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>(34)</b>	<b>(32)</b>

**23. Cash flows from investing activities**

	2018/19 £000	2017/18 £000
Dividends, interest and rents from investments	14	16
Purchase of tangible fixed assets	(3,062)	(1,731)
Capital grants from DfE/EFA	1,073	1,740
Capital funding received from sponsors and others	576	314
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>	<b>(1,399)</b>	<b>340</b>

**24. Analysis of cash and cash equivalents**

	2019 £000	2018 £000
<b>Total cash and cash equivalents</b>	<b>7,778</b>	<b>7,819</b>

**25. 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

**26. Pension and similar obligations**

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

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

Contributions amounting to £115k (2018: £91k) 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' Pensions Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**26. Pension and similar obligations (continued)**

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

**Valuation of the Teachers' Pension Scheme**

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

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website

**Scheme Changes**

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

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

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

The employer's pension costs paid to the TPS in the period amounted to £1,963k (2018: £1,850k).

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,387k (2018: £1,327k) of which employer's contributions totalled £1,075k (2018:£1,024k) and employees contributions totalled £312k (2018:£303k). The agreed contribution rates for future years are 12.0% to 17.1% for employers and 5.5% to 12.5% for employees.

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

## Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

## 26. Pension and similar obligations (continued)

## Principle Actuarial Assumptions

	2019	2018
Rate of increase in salaries	3.5%	3.7%
Rate of increase for pensions in payment/inflation	2.1%	2.2%
Discount rate for scheme liabilities	1.8%	2.9%
Inflation assumption (CPI)	2.0%	2.2%

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

	2019	2018
<i>Retiring today</i>		
Males	22.7	22.7
Females	25.4	25.4
<i>Retiring in 20 years</i>		
Males	25.0	25.0
Females	28.0	28.0
<b>Sensitivity analysis</b>	<b>2019</b>	<b>2018</b>
Discount rate +0.1%	(732)	(512)
Mortality assumption – 1 yr increase	522	364
CPI rate +0.1%	750	521
Pay growth +0.1%	160	122

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

	2019	2018
	£000	£000
Equities	6,397	4,689
Debt instruments	215	426
Property	1,179	982
Cash/liquidity	242	95
Other	5,357	4,484
<b>Total market value of assets</b>	<b>13,390</b>	<b>10,676</b>

The actual return on scheme assets was £1,467k (2018:£570k)

## Amount recognised in the statement of financial activities

	2019	2018
	£000	£000
Current service cost (net of employee contributions)	1,403	1,193
<b>Total operating charge</b>	<b>1,403</b>	<b>1,193</b>

## Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

## 26. Pension and similar obligations (continued)

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

	2018/19 £000	2017/18 £000
<b>At 1 September</b>	<b>20,740</b>	<b>14,765</b>
Adjustment to Opening balance	-	437
Transferred during the year	-	3,202
Current service cost	1,568	1,698
Past service cost	603	-
Interest cost	595	507
Employee contributions	312	303
Actuarial (gain)/loss	5,949	(1,993)
Benefits/transfers paid	(125)	(18)
Business combinations	23	1,839
<b>At 31 August</b>	<b>29,665</b>	<b>20,740</b>

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

	2018/19 £000	2017/18 £000
<b>At 1 September</b>	<b>10,676</b>	<b>6,252</b>
Adjustment to opening balance	-	215
Interest income	324	235
Transferred during the year	-	1,879
Actuarial gain/(loss)	1,141	332
Employer contributions	1,075	1,024
Employee contributions	312	303
Administrative expenses	(27)	(25)
Business combinations	14	479
Benefits paid	(125)	(18)
<b>At 31 August</b>	<b>13,390</b>	<b>10,676</b>

## 27. Related Party Transactions

Owing to the nature of the academy trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period:

Expenditure Related Party Transactions

- The Blackpool Sixth Form College – sponsor of Fylde Coast Academy Trust. Purchases totalling £1,105 relating to the provision of educational and administration support. There were no amounts outstanding at 31<sup>st</sup> August 2019 (2018: £nil)
- Hodgson Academy – sponsor of Fylde Coast Academy Trust. Purchases totalling £3,508 relating to the provision of educational and administration support. There were no amounts outstanding at 31<sup>st</sup> August 2019 (2018: £nil)

**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)****27.Related Party Transactions (continued)**

- Fylde Coast Teaching School – sponsor of Fylde Coast Academy Trust. Purchases totalling £8,535 relating to the provision of CPD, ABS and educational support. There were no amounts outstanding at 31<sup>st</sup> August 2019 (2018: £nil)

**Income Related Party Transactions**

- The Blackpool Sixth Form College – sponsor of Fylde Coast Academy Trust. Sales of £22,280 relating to the provision of clerking services and educational support. There was a balance of £2,530 outstanding at 31<sup>st</sup> August 2019. (2018: £nil)
- Hodgson Academy – sponsor of Fylde Coast Academy Trust. Sales of £11,100 relating to the supply of administrative support.
- Fylde Coast Teaching School - Sponsor and member of the trust. Sales of £64,606 relating to the salary reimbursements for the secondment of staff and SSIF monies for educational support. There was a balance of £4,370 outstanding at 31<sup>st</sup> August 2018. (2018: £1,240)

All transactions were charged at cost.

**28.Post Balance Sheet Event**

As at 31<sup>st</sup> August 2019, Fylde Coast Academy Trust had access to Armfield Academy under a licence to occupy. It is anticipated that the lease will be finalised in the current year at which point the land and buildings will be recognised as donated fixed assets in the accounts of Fylde Coast Academy Trust. No rental is payable under the licence and it is not practicable to estimate rental value and include this as an expense with a related donation in kind.

**29.Prior year adjustment**

The prior year SOFA has been restated to correctly reflect the nature of income and expenditure relating to school trips. There is no change in the overall totals of income and expenditure.