

Fylde Coast Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year ended 31 August 2020

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 (until 19 th August 2020) Dawood Fard David Williamson Rachel Graham (until 19 th August 2020)
Directors	J O Boyle, OBE (Chair) M A Gutteridge L Knowles J Arber S Chapman P Orr P Frew N Galloway (resigned 19 th August 2020) W Middlemas (resigned 19 th August 2020) J Gray (resigned 19 th August 2020, reappointed 6 th October 2020) I Siddall (resigned 19 th August 2020) P Murphy (resigned 9 th July 2020)
Company Secretary	J McCumiskey
Senior Management Team	
<ul style="list-style-type: none"> Interim Chief Executive Officer (CEO) Interim Director of Education & Accounting Officer Deputy CEO Executive Headteacher Executive Headteacher Executive Headteacher Executive Headteacher Chief Operating Officer 	R Pritchard S Bullen S Bamber C Lickiss C Dellow S Cox R Farley 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 2019 to 31 August 2020. 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 6,380 and had a roll of 5,813 in the school census from 3 October 2020.

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 up to a limit of £10,000,000.

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, Director of Education (if any), Chief Operating Officer and deputy CEOs of the trust. The Directors may delegate such powers and functions as they consider are required to the CEO and onwards to Executive Headteachers and Academy Headteachers for the internal organisation, management and control of the Academies. In addition to the Board of Directors, Academy Councils are appointed by the trust for each academy within the trust. These bodies 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 Search and Remuneration Committee. This committee has responsibility to advise and make recommendations to the Board of Directors on the appointment, terms and conditions, compensation, ongoing performance management, disciplinary and grievance procedures of the designated senior postholders and the Clerk, in line with the Articles of Association. The remuneration of senior postholders is decided 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	£30,011
Total pay bill	£24,976,054
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	7.6%
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Related Parties and other Connected Charities and Organisations

Up until 19 August 2020 the trust was 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 had 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

After their full involvement with FCAT as sponsors from the beginning of the trust, it was decided through mutual agreement that Blackpool Sixth Form and Hodgson Academy would cease to be sponsors of FCAT. In August 2020 the Department of Education gave approval for FCAT to become an academy sponsor in its own right. On 19th August 2020, new Articles of Association were adopted reflecting this change and the sponsor appointed Directors and members resigned their positions.

Engagement with Employees (including disabled persons)

The Board recognises the importance of engaging with its employees. Management regularly provides information to employees through a range of formal and informal channels, including via emails from the Chief Executive Officer and other senior executives, the FCAT newsletter, group meetings with the academy Headteachers and Executive Headteachers, website updates, and regular meetings with union representatives.

The trust SLT consult with employees or their representatives regularly so that the views of employees can be considered in making decisions which are likely to affect their interests, examples of consultations that have taken place in the current year include the pay policies, teacher appraisal policies, the FCAT code of professional conduct and risk assessments for academies and individual staff following the Coronavirus pandemic.

The trust conducts and publishes an anonymous employee survey to give an insight into employee views. The SLT use this survey to gain insight into the views of its employees and as a basis for prioritising actions across the year. The trust also operates a Work and Wellbeing group which has led to the development of the Work and Wellbeing charter. This charter displayed across the academies and published on the websites demonstrates the trust's commitment to securing the well being of all staff in its employ.

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 achieve 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.

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.

Engagement with suppliers, customers and others in a business relationship with the trust

As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

Directors' Report (continued)

Engagement with suppliers: The trust is continuing to develop a preferred suppliers register in order to build mutually beneficial relationships with valued suppliers who comply with all relevant legislation, offer value for money, understand and support the trust's values.

The Board recognises that the Coronavirus pandemic could have a significant impact on the financial security of its suppliers and has made every effort to ensure invoices are paid promptly and that, where relevant, guidance published under Procurement Policy Note PPN02/20 has been followed.

More detail of how we connect with our stakeholders including our sponsor, members and local community are included throughout the Directors' Report.

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.

Objectives, Strategies and Activities

The objectives and aims for 2020/21 are set out in the trust's six strand improvement plan:

- Leadership with vision and efficacy
 - Implement a COVID recovery plan, with trust wide clarity and expectations.
 - Ensure all academies are 'Good' or better.
 - Develop a growth plan, including the realisation of the Lancashire Rural Hub.
 - Ensure interim trust leadership arrangements are effective and ready for new CEO.
 - Develop and continue with effective processes of collaboration and sharing of best practice.
- Quality of Education
 - Ensure that the Curriculum leads to improved outcomes.
 - Continue to develop the improvement of Reading.
 - Embed cross phase approaches in core and foundation subjects.
 - Have a clear focus on Quality First Teaching within the principles of The FCAT Way.
 - Standardise Curriculum delivery and exam specifications in KS4.
 - Improve the education of children with SEND needs, following NASEN reviews.
 - Ensure consistently high quality provision in Early Years settings.
- Behaviour and Attitudes
 - Support students in their post COVID return with re-establishing good attitudes to learning.
 - Rationalise AP partnership work across the trust.

Directors' Report (continued)

- Personal Development
 - Support students in their post COVID return with their mental health and personal development.
 - Introduce SRE framework across all our schools
- Systems, Policies, Monitoring and Intervention
 - Measure the effective use of additional funding, always ensuring value for money.
 - Ensure support staff have clear and engaging job roles, supporting the delivery of the trust's vision.
 - Implement a trust-wide HR Management Information System.
 - Centralise IT procurement through an IT strategy development group.
- A positive and expectant culture
 - Support all staff by developing a relevant and impactful CPD framework, including distance learning.
 - Embed the TEAM FCAT charter to improve work and wellbeing for all staff.
 - Look at new ways of working post COVID, supporting the health and safety of all staff.
 - Reduce our carbon footprint through new ways of working and investment in 'green' projects.
 - Define our future partnership with the Teaching school and ITT provision.
 - Through a search committee and other mechanisms identify and recruit high quality Governors

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

Unity Academy, Blackpool

Unity Academy, an all-through school, joined FCAT in September 2013 with an Ofsted rating of Requires Improvement. The academy was last inspected in October 2017 and the judgement was that the academy was Good across all areas.

Aspire Academy, Blackpool

Aspire Academy was formed in September 2014 as a merger of two OFSTED Grade 4 schools. The academy was judged as Good in its most recent inspection in December 2018.

Montgomery Academy, Blackpool

Montgomery High School joined the trust in October 2014 with an Ofsted rating of Inadequate, at the Ofsted inspection in March 2018 the academy received a rating of Requires Improvement. The academy received a monitoring visit in May 2019 where one of the main findings reported was that "It is evident that, since the last inspection, some features of the school have improved both significantly and quickly."

Hambleton Primary Academy

Hambleton joined the trust in November 2015. In its first inspection in June 2013 it was given a judgement of Outstanding across all areas.

Westcliff Primary Academy

Westcliff and Gateway Primary Academies, formerly Tower MAT joined FCAT in September 2016. The school was judged Good in June 2013 and continued to be judged as Good following a short inspection in October 2017.

Directors' Report (continued)Blackpool Gateway Academy

At its first inspection in June 2018, the academy was judged as Requires Improvement.

Mereside Primary Academy

Mereside converted to academy status and joined the trust in January 2017. At the inspection in November 2019 it continued to be rated as Good.

Garstang Community Academy

Garstang joined FCAT in September 2017 to lead the Lancashire rural hub. At both the full inspection in November 2014 and short inspection in January 2018 the academy was judged as Good.

Westminster Primary Academy, Blackpool

Formerly Claremont Primary School, Westminster Primary converted to an academy and joined the trust in September 2017. It is awaiting its first Ofsted inspection as an academy.

Armfield Academy, Blackpool

The trust opened its first free school, Armfield Academy, in September 2018. It is awaiting its first Ofsted inspection.

Associate Membership

To extend the positive reach of the trust and to offer a new route to membership, FCAT developed a bespoke 'Associate Membership' model. This work took place before the concept of Associate Membership attracted national attention through the then National Schools' Commissioner, Sir David Carter. This new facility has enabled Fleetwood High School to join the trust through a bespoke Service Level Agreement. Fleetwood wish to continue the model into 2020-21.

Curriculum Development and Teaching and Learning

At all our schools the curriculum has been reviewed to engender better sequencing of learning and progression for our pupils. This was carried out for 2 reasons, the first being that it is an important exercise to carry out of itself, the second being OFSTED's stress on curriculum. In addition the trust wide Peer Review process of Teaching and Learning was completed at all our schools with the exception of Mereside, which had a full OFSTED. Areas of strength were identified and areas to develop, in a process that fully utilised the experiences of the Executive Team and the Core Lead. All Peer Reviews were positive. The Core Lead will strategically be used as the FCAT school improvement team in the future.

Continuous Professional Development

Professional development continues to take a high priority within the trust and a number of key staff have followed nationally accredited Leadership training. Courses completed and followed during the year include NPQEL, NPQSL and NPQML.

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

Ormiston Trust

FCAT has continued to work in close partnership with Ormiston Academies Trust (OAT). This has included visits to OAT academies, sharing of best practice with the Central and Core Leads team, support of the OAT CEO in the first attempt at recruiting the new FCAT CEO, and from September 2020 the support of the OAT National Director of Education for 2 days a week as Interim CEO.

Directors' Report (continued)**Workload**

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' was implemented. It has already received widespread acclaim and is being circulated widely in the education sector as a model of best practice.

Quality Improvement Groups

Much positive work was completed in the Quality Improvement Groups (QIGs). The 'FCAT WAY' has now been shared with all academies within the trust and should underpin all aspects of the development and evaluation of 'Quality First Teaching'. These improvements were led by the Teaching and Learning QIG. Similar developments have been seen from the QIGs discussing Curriculum, Behaviour, Reading and of course those that have a subject specific focus.

Covid

The Covid -19 situation was unprecedented. The amount of guidance that senior leaders have had to read and then implement in school was extensive. The pressure they have been under intense. All our schools have responded with great resilience, one of the FCAT six core values.

The crisis in a sense had 3 parts:-

In the first schools went into a system of providing education at the school just for key workers and vulnerable students. All other students, well over 90%, were educated remotely, either through traditional methods or digitally. We know how hard all senior leaders worked in this first phase responding to the crisis.

In the second phase that began in June, specific year groups were invited into Primary, with some of our primaries before the end of the year 'open' for Nursery, Reception, Year 1, Year 5 and Year 6. In our secondaries Year 10 came in a quarter of a year group at a time. At all times there were still key worker and vulnerable groups in school. In addition 'Remote Education' also continued for all the others.

The third phase of Covid -19 for schools has been planning for full re-opening.

All the Exec and Heads have implemented new procedures with integrity and positivity in all our schools. During the crisis all the Heads have attended a weekly virtual meeting, which has allowed the trust to share key messages and supported joint ownership of this unique situation

The crisis has required regular updating of Risk Assessments, detailed reading of Governmental updates and new routines and procedures in school , including:-

- Social distancing and the use of bubbles
- Enhanced cleaning
- Increased use of sanitisers and hand washing
- Staggered starts
- A multitude of other adaptations to the 'New Normal'

Assessment Summer 2020

It is recognised at all levels within the trust that our principal challenge before Covid was the continued and rapid improvement of outcomes at Key Stage four. Key Stage Four results for 2019 did show improvements on the previous year, trust-wide, in all our four academies. We believe that small improvements may have been engendered again in 2020. However, there was a Centre Assessed Grade process and a national residual process that cannot be utilised for accountability purposes. What we do know is that Aspire, Garstang, Montgomery and Unity students received final grades that indicate small whole school improvements were made.

Directors' Report (continued)**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 maintain staffing costs at an average of 75%-77% of income. In the current year this percentage stands at 77% (2018/19 75%). In 20/21 the trust intends to invest current reserves into resources that aid with supporting pupils following the closures due to Covid, this will lead to temporary planned increases in this staffing percentage.

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.

Promoting the success of the company

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the trust to achieve its charitable purposes and for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Trust are appropriately informed by s172 factors.

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 increased by £17.8m to £66.2m. The General Restricted Fund increased by £0.7m in the year and at year end shows a closing surplus, before the actuarial losses on defined benefit pension schemes, of £4.5m. The Unrestricted Fund had a surplus of £0.06m in the year.

The closing Fixed Asset Funds has a reported closing surplus of £77.4m, this balance includes £1.3m of Capital grants carried forward to cover significant projects planned for future years. During the year the value of the leasehold land and buildings of Armfield Academy free school was added to the balance sheet and included within donations and capital grants line of the SOFA at a value of £20.2m

The cash position increased to £9.1m. The closing level of cash and reserves illustrates a healthy position from which to manage the academies going forward, invest resources to aid learning post covid 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 £16.3m to £18.8m.

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.

Directors' Report (continued)

- Fund capital projects and the replacement of equipment
- Enable the trust to respond to opportunities and implement the longer term strategic plan.
- Invest in resources in the short term to support the recovery from closures due to the pandemic

Reserves held as at 31 August 2020 were as follows:

	£000
Total reserves	66,209
Add back pension reserve	18,823
Less reserves attributable to fixed assets	(77,353)
Unrestricted and general restricted funds	7,679
Less designated capital funds	(1,187)
Free reserves	6,492

Reserves currently stand at 23% 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 whilst allowing investment in additional resources that will be required for the trust to meet its objective of implementing a trust-wide COVID recovery plan.

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.

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:

- Impact from COVID on pupil outcomes, finances and staff and pupil well being.
- 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.

Directors' Report (continued)

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 external fund-raisers.

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.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	7,086,005
<u>Scope 1 emissions in metric tonnes CO₂e</u>	
Gas consumption	860
Owned transport – mini-buses	2
Total scope 1	862
<u>Scope 2 emissions in metric tonnes CO₂e</u>	
Purchased electricity	562
<u>Scope 3 emissions in metric tonnes CO₂e</u>	
Business travel in employee owned vehicles	0.5
Total gross emissions in metric tonnes CO ₂ e	1,424
Intensity ratio	
Tonnes CO ₂ e per pupil	0.24

Quantification and Reporting Methodology:-

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have now installed LED lighting across a number of our academies, and increased video conferencing technology for staff meetings, to reduce the need for travel between sites. Energy saving impacts are a key consideration in determining the use of capital funding.

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 (continued)

Directors' report, incorporating a strategic report, approved by order of the Board of Directors, on 8th December 2020 and signed on the Board's behalf by:

John Boyle

John Boyle, OBE

Chair

8th December 2020

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. As directors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Directors has delegated the day-to-day responsibility to the Interim Director of Education, 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 Boyle, OBE	6	6
J Arber	4	6
M Gutteridge	6	6
J Gray (resigned 19 th August 2020#0	5	6
W Middlemas (resigned 19 th August 2020)	6	6
N Galloway (resigned 19 th August 2020)	5	6
P Frew	6	6
S Chapman	4	6
L Knowles	6	6
P Orr	5	6
I Siddall (resigned 19 th August 2020)	6	6
P Murphy (resigned 9th July 2020)	2	5

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 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 adequate assurance could be placed on the effectiveness of internal controls. This review will be repeated within the next three years.

The **audit committee** is also a sub-committee of the main board of directors. 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:

Director	Meetings attended	Out of a possible
L Knowles	3	3
P Orr	3	3
P Murphy (resigned 9 th July 2020)	3	3

Review of Value for Money

As accounting officer the Interim Director of Education 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:

Effective use of Curriculum Led Financial Planning across the trust including deployment of staff between academies.

Making use of economies of scale when purchasing resources. Group purchasing of IT equipment, PPE and cleaning resources during the Covid period ensured all schools had access to the necessary supplies at trust negotiated prices.

Benchmarking costs across academies to drive efficiencies and share best practice across the trust.

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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

Governance Statement (continued)**The Risk and Control Framework**

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

- 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;
- identification and management of risks.

The Board of Directors has decided to buy-in an internal audit service from 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 and other systems. In particular the checks carried out in the current period included:

- Governance and Risk Management
- Procurement

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.

Three times a year, 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 and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

During the year, the planned audit of the Quality Assurance Framework had to be postponed due to the unforeseen closure of schools and offices due to the COVID pandemic. This audit has been included in the revised three year audit plan.

Review of Effectiveness

As Accounting Officer, the Interim Director of Education 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 financial management and governance self-assessment process or the school resource management self-assessment tool
- the work of the executive 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 8th December 2020 and signed on its behalf
by:



J Boyle, OBE
Chair



S Bullen
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 2019.

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 2019.

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.



S Bullen

Accounting Officer

8th December 2020

Statement of Directors' Responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education 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 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 8th December 2020 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 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 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 2020 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 2019 and the Academies Accounts Direction 2019 to 2020.

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 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. We have nothing to report in this regard.

**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

14/12/2020.....

**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 2019 to 2020, 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 2019 to 31 August 2020 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore and Smalley

**Reporting Accountant
MHA Moore and Smalley**

14/12/2020

Statement of Financial Activities for the Year Ended 31 August 2020
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2019/20 £000	2018/19 Restated £000
Income and endowments from:						
Donations and capital grants	2	20	11	21,469	21,500	1,663
Charitable activities:						
Funding for the academy trust's educational operations	3	940	35,083	-	36,023	32,503
Other trading activities	4	99	-	-	99	132
Investments	5	11	-	-	11	14
Total		1,070	35,094	21,469	57,633	34,312
Expenditure on:						
Raising funds	6	147	-	-	147	137
Charitable activities:						
Academy trust educational operations	6	698	35,399	2,703	38,800	34,982
Total		845	35,399	2,703	38,947	35,119
Net income/(expenditure)		225	(305)	18,766	18,686	(807)
Transfers between funds		(166)	(602)	768	-	-
Other recognised gains/ losses):						
Actuarial gains on defined benefit pension schemes		-	(935)	-	(935)	(4,808)
Net movement in funds		59	(1,842)	19,534	17,751	(5,615)
Reconciliation of funds						
Total funds brought forward	16	3,135	(12,496)	57,819	48,458	54,073
Total funds carried forward	16	3,194	(14,338)	77,353	66,209	48,458

Balance Sheet as at 31 August 2020

Company Number 08364709

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	12	77,496	58,483
Current assets			
Debtors	13	1,393	1,562
Cash at bank and in hand		9,086	7,778
		10,479	9,340
Liabilities			
Creditors: Amounts falling due within one year	14	(2,654)	(2,995)
Net current assets		7,825	6,345
Total assets less current liabilities		85,321	64,828
Creditors: Amounts falling due after more than one year	15	(289)	(95)
Net assets excluding pension liability		85,032	64,733
Defined benefit pension scheme liability	26	(18,823)	(16,275)
Total net assets		66,209	48,458
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	16	77,353	57,819
Restricted income fund	16	4,485	3,779
Pension reserve	16	(18,823)	(16,275)
Total restricted funds		63,015	45,323
Unrestricted income funds	16	3,194	3,135
Total funds		66,209	48,458

The financial statements on pages 26 to 48 were approved by the directors, and authorised for issue on 8th December 2020 and are signed on their behalf by



J Boyle, OBE
Chair

Statement of Cash Flows for the year ended 31 August 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	1,212	1,392
Cash flows from investing activities	22	(117)	(1,399)
Cash flows from financing activities	21	213	(34)
Change in cash and cash equivalents in the reporting period		1,308	(41)
Cash and cash equivalents at 1 September 2019		7,778	7,819
Cash and cash equivalents at 31 August 2020	23	9,086	7,778

Notes to the Financial Statements for the year ended 31 August 2020**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 2019 to 2020 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. The Directors have considered the impact of the Government response to Covid-19 on the activity of the Academy Trust in terms of both increased costs and compliance with guidelines and catch up in learning and also reduced income. The Directors 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.

Prior Year Restatement

Income from wrap around care has been reclassified as Other income from the academy trust's educational operations having previously been reported as Income from other charitable activities. The value of this restatement is £151,456.

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 2020 (continued)

1. Statement of Accounting Policies (continued)

- **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.

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

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

1. Statement of Accounting Policies (continued)

Tangible Fixed Assets (continued)

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	10 to 50 years
○ Leasehold buildings	10 to 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.

The transfer of the land and buildings for Armfield Academy from the ESFA has been included as a donation in the accounts. The land has been included at its purchase cost of £5.1 million and the building at the cost of the building contract incurred by the ESFA of £15.185 million.

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.

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.

Notes to the Financial Statements for the year ended 31 August 2020 (continued)**1. Statement of Accounting Policies (continued)****Leased Assets**

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

Financial Instruments

The 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.

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.

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

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

1. Statement of Accounting Policies (continued)

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.

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019/20 £000	Total 2018/19 £000
Capital grants	-	1,184	1,184	1,650
Donated fixed assets		20,285	20,285	-
Other donations	20	11	31	13
	20	21,480	21,500	1,663

The income from donations and capital grants was £21,500k (2019: £1,663k) of which £20k was unrestricted (2019: £10k), £11k restricted (2019: £3k) and £21,469k restricted fixed assets (2019: £1,650k).

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019/20 £000	Total 2018/19 Restated £000
DfE/ EFA grants				
General Annual Grant (GAG)	-	28,037	28,037	25,705
Other DfE Group grants	-	4,658	4,658	3,295
	-	32,695	32,695	29,000
Other Government grants				
Local authority grants	-	2,388	2,388	2,097
	-	2,388	2,388	2,097
Other income from the academy trust's educational operations	940	-	940	1,406
	940	35,083	36,023	32,503

The funding for academy trust's educational operations was £36,023k (2019:£32,503k) of which £940k was unrestricted (2019:£1,396k) and £35,083k restricted (2019:£31,107k).

Other DfE Group grants includes pupil premium funding, free school meals grants and teachers pay and pension grants.

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019/20 £000	Total 2018/19 Restated £000
Hire of facilities	69	-	69	44
Income from ancillary trading activities	30	-	30	88
	99	-	99	132

The income from other trading activities was £99k (2019:£132k) of which £99k was unrestricted (2019:£132k).

5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019/20 £000	Total 2018/19 £000
Short term deposits	11	-	11	14
	11	-	11	14

The income from investments was £11k (2019:£14k) of which £11k was unrestricted (2019:£14k)

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

6. Expenditure

	Non Pay Expenditure			
	Staff Costs £000	Premises £000	Other £000	Total 2019/20 £000
Expenditure on raising funds				
-Direct costs	90	-	4	94
-Allocated support costs	43		10	53
Academy's educational operations:				
-Direct costs	23,520	-	5,660	29,180
-Allocated support costs	5,779	1,732	2,109	9,620
	29,432	1,732	7,783	38,947
				35,119

The expenditure was £38,947k (2019:£35,119k) of which £35,399k was restricted (2019:£31,742k), £845k unrestricted (2019:£1,210k) and £2,703k restricted fixed assets (2019:£2,167k).

Net income/(expenditure) for the period includes:

	2019/20 £000	2018/19 £000
Operating lease rentals	127	150
Depreciation	2,584	2,099
Fees payable to auditor for:		
- audit	30	29
- other services	-	-

Included within expenditure are the following transactions.

	Total £	Individual items above £5000
Unrecoverable debts	5,909	5,909

7. Charitable activities

	2019/20 £000	2018/19 £000
Direct costs - educational operations	29,180	26,032
Support costs – educational operations	9,620	8,950
	38,800	34,982

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

7. Charitable activities (continued)

	2019/20	2018/19
	£000	£000
Support staff costs	5,779	5,329
Depreciation	4	4
Technology costs	181	149
Premises costs	1,731	1,635
Legal costs	8	7
Other support costs	1,881	1,791
Governance costs	36	35
Total support costs	9,620	8,950

Expenditure on charitable activities was £38,800k (2019:£34,982k) of which £35,399k was restricted (2019:£31,742k), £698k unrestricted (2019:£1,073k) and £2,703k restricted fixed assets (2019:£2,167k).

8. Staff

a. Staff costs

Staff costs during the period were:

	2019/20	2018/19
	£000	£000
Wages and salaries	20,319	18,667
Costs recharged for seconded staff	122	85
Social security costs	1,832	1,735
Pension costs	5,977	4,508
	28,250	24,995
Agency staff costs	1,181	910
Staff restructuring costs	1	100
	29,432	26,005
Staff restructuring costs comprise:		
Redundancy payments		14
Severance payments	1	86
	1	100

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-contractual/non statutory severance payments totalling £1,060 (2019:£86,489). Individually the payments were: £1,060,

Staff numbers

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

	2019/20	2018/19
	No.	No.
Teachers	343	327
Administration and support	443	428
Management	16	17
	802	772

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

c. Higher paid staff

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

	2019/20 No.	2018/19 No.
£60,001 - £70,000	7	5
£70,001 - £80,000	7	7
£80,001 - £90,000	3	2
£90,001 - £100,000	1	2
£110,001 - £120,000	1	-
	19	16

d. Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team positions 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 £662k (2019:£696k).

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 and HSE services
- HR services
- Marketing and PR services
- IT services
- Data and DPO services

The trust charges for these services at a flat percentage of income agreed for the period as a percentage of GAG (3.25%-5.25%). The actual amounts charged during the year were as follows

	2019/20	2018/19
Unity Academy	270	205
Montgomery High School	313	243
Blackpool Aspire Academy	204	141
Hambleton Primary Academy	26	16
Westcliff Primary Academy	42	32
Blackpool Gateway Academy	92	57
Mereside Primary School	68	55
Garstang Community Academy	126	69
Westminster Primary Academy	91	66
Armfield Academy	125	54
	1,357	938

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

10. Related Party Transactions – Directors’ Remuneration and Expenses

No director has been paid remuneration or has received other benefits from an employment with the academy trust.

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 trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees’ and officers’ indemnity element from the overall cost of the RPA scheme membership..

12. Tangible Fixed Assets

	Leasehold Land & Buildings £000	Freehold Land & Buildings £000	Plant & Eqpt £000	Computer Eqpt £000	Vehicles £000	Total £000
Cost						
At 1 Sept 2019	49,406	14,373	2,201	1,680	44	67,704
Additions	20,851	422	45	279	-	21,597
Disposals	-	-	-	-	-	-
At 31 August 2020	<u>70,257</u>	<u>14,795</u>	<u>2,246</u>	<u>1,959</u>	<u>44</u>	<u>89,301</u>
Depreciation						
At 1 Sept 2019	4,963	1,687	1,444	1,110	17	9,221
Charged in year	1,563	258	356	403	4	2,584
Disposals	-	-	-	-	-	-
At 31 August 2020	<u>6,526</u>	<u>1,945</u>	<u>1,800</u>	<u>1,513</u>	<u>21</u>	<u>11,806</u>
Net Book Values						
At 31 August 2020	63,731	12,850	446	446	23	77,496
At 31 August 2019	44,443	12,686	757	570	27	58,483

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

13. Debtors

	2020	2019
	£000	£000
Trade debtors	50	124
VAT recoverable	204	329
Other debtors	46	253
Prepayments and accrued income	1,093	856
	1,393	1,562

14. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	538	1,019
Other taxation and social security	462	434
ESFA creditor: abatement of GAG	176	176
Salix Loans	53	34
Other creditors	203	126
Accruals and deferred income	1,222	1,206
	2,654	2,995

	2020	2019
	£000	£000
Deferred Income		
Deferred income at 1 September 2019	283	358
Resources deferred in the year	285	283
Released from previous years	(283)	(358)
Deferred Income at 31 August 2020	285	283

At the balance sheet date the academy trust was holding funds received in advance for rates charges, UIFSM, school trips and grants relating to 2020/21..

15. Creditors: amounts falling due in greater than one year

	2020	2019
	£000	£000
Loans	289	95
	289	95

Loans include a Condition Improvement Fund (CIF) loan originally for £100k from the ESFA which is provided at 2.04% interest rate repayable over 8 years. Also included are Salix loans originally totalling £364k provided at 0% interest and all repayable over 8 years.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

16. Funds

	Balance at 1 Sep 19 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 Aug 2020 £000
Restricted general funds					
General Annual Grant (GAG)	3,076	28,037	(26,721)	(602)	3,790
Pupil premium	60	2,780	(2,790)	-	50
Other grants	54	4,266	(4,218)	-	102
Other income	46	11	(57)	-	-
Transfer of assets from new academy	543	-	-	-	543
Pension reserve	(16,275)	-	(1,613)	(935)	(18,823)
	(12,496)	35,094	(35,399)	(1,537)	(14,338)
Restricted fixed asset funds					
Donated assets	33,483	20,285	(806)	-	52,962
Transfer of assets from new academy	18,828	-	(681)	-	18,147
Private sector capital	856	-	(105)	-	751
Capital expenditure from reserves	984	-	(336)	768	1,416
DfE/ESFA capital grants	3,668	1,184	(775)	-	4,077
	57,819	21,469	(2,703)	768	77,353
Total restricted funds	45,323	56,563	(38,102)	(769)	63,015
Unrestricted funds					
Unrestricted funds	3,135	1,070	(845)	(166)	3,194
Total unrestricted funds	3,135	1,070	(845)	(166)	3,194
Total funds	48,458	57,633	(38,947)	(935)	66,209

The academy trust is not subject to GAG carry forward limits.

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.

Other grants include monies from the DofE, ESFA and Local Authority for funding for higher needs, children's centres and nursery provision.

£1.1m 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 2020 (continued)

16. Funds (continued)

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

	Balance at 1 Sep 18 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 Aug 2019 £000
Restricted general funds					
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)
Restricted fixed asset funds					
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
Total restricted funds	51,188	32,760	(33,909)	(4,716)	45,323
Unrestricted funds					
Unrestricted funds	2,885	1,552	(1,210)	(92)	3,135
Total unrestricted funds	2,885	1,552	(1,210)	(92)	3,135
Total funds	54,073	34,312	(35,119)	(4,808)	48,458

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £000	2019 £000
Unity Academy	1,720	1,829
Blackpool Aspire Academy	1,320	1,040
Montgomery High School	1,037	942
Hambleton Primary Academy	332	343
Central services	507	443
Westcliff Primary Academy	472	604
Blackpool Gateway Academy	851	624
Mereside Primary School	385	396
Garstang Community Academy	296	149
Westminster Primary Academy	496	523
Armfield Academy	263	21
Total before fixed assets and pension reserve	7,679	6,914
Restricted fixed asset fund	77,353	57,819
Pension reserve	(18,823)	(16,275)
Total	66,209	48,458

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

16. Funds (continued)

Total cost analysis by academy

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

	Teaching & Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (exc Depr)	Total 2019/20	Total 2018/19
	£000	£000	£000	£000	£000	£000
Unity	4,529	1,178	690	615	7,012	6,586
Aspire	3,144	554	491	425	4,614	4,393
Montgomery	4,782	741	583	448	6,554	6,809
Hambleton	645	206	79	172	1,102	994
Central services	771	689	72	162	1,694	1,048
Westcliff	643	325	90	118	1,176	1,062
Gateway	1,430	335	192	277	2,234	1,792
Mereside	1,178	523	164	247	2,112	2,124
Garstang	2,921	545	300	694	4,460	4,349
Westminster	1,690	370	175	278	2,513	2,330
Armfield	1,787	447	247	411	2,892	1,533
Total	23,520	5,913	3,083	3,847	36,363	33,020

17. Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	1,187	-	76,309	77,496
Current assets	2,007	7,086	1,386	10,479
Current liabilities	-	(2,601)	(53)	(2,654)
Non-current liabilities	-	-	(289)	(289)
Pension scheme liability	-	(18,823)	-	(18,823)
Total net assets	3,194	(14,338)	77,353	66,209

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

17. 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	1,214	-	57,269	58,483
Current assets	1,921	6,740	679	9,340
Current liabilities	-	(2,961)	(34)	(2,995)
Non-current liabilities	-	-	(95)	(95)
Pension scheme liability	-	(16,275)		(16,275)
Total net assets	3,135	(12,496)	57,819	48,458

18. Capital commitments

	2020 £000	2019 £000
Contracted for but not provided in the financial statements	-	-
	-	-

19. Commitments under operating leases

Operating Leases

At 31 August 2020 the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £000	2019 £000
Amounts due within one year	98	109
Amounts due between one and five years	85	100
	183	209

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

	2019/20 £000	2018/19 £000
Net income for the reporting period	18,686	(807)
Adjusted for:		
Depreciation (note 12)	2,584	2,099
Capital grants from DfE and other capital income	(21,469)	(1,650)
Interest receivable (note 5)	(11)	(14)
Defined benefit pension scheme obligation inherited		
Defined benefit pension scheme cost less contributions payable (note 26)	1,328	1,132
Defined benefit pension scheme finance cost (note 26)	285	271
(Increase)/decrease in stocks	-	4
(Increase)/decrease in debtors	169	(94)
Increase/(decrease) in creditors	(360)	451
Net cash provided by Operating Activities	1,212	1,392

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

21. Cash flows from financing activities

	2019/20 £000	2018/19 £000
Repayments of borrowing	(40)	(34)
Cash inflows from new borrowing	253	-
Net cash provided by/(used in) financing activities	213	(34)

22. Cash flows from investing activities

	2019/20 £000	2018/19 £000
Dividends, interest and rents from investments	11	14
Purchase of tangible fixed assets	(1,312)	(3,062)
Capital grants from DfE/ESFA	1,184	1,073
Capital funding received from sponsors and others	-	576
Net cash inflow/(outflow) from capital expenditure and financial investment	(117)	(1,399)

23. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Total cash and cash equivalents	9,086	7,778

24. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	Acquisition / disposal of subsidiaries £000	New finance leases £000	Other non-cash changes £000	At 31 August 2020 £000
Cash	7,778	1,308	-	-	-	9,086
Loans falling due within one year	(34)	(19)	-	-	-	(53)
Loans falling due after more than one year	(95)	(194)	-	-	-	(289)
Total	7,649	1,095				8,744

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.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**26. Pension and similar obligations (continued)**

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

Contributions amounting to £193k (2019: £115k) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £3,018k (2019: £1,963k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £1,646k (2019: £1,387k) of which employer's contributions totalled £1,297k (2019: £1,075k) and employees contributions

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

26. Pension and similar obligations (continued)

totalled £349k (2019:£312k). The agreed contribution rates for future years are 15.7% to 22.2% 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.

Principle Actuarial Assumptions

	2020	2019
Rate of increase in salaries	3.8%	3.5%
Rate of increase for pensions in payment/inflation	2.4%	2.1%
Discount rate for scheme liabilities	1.8%	1.8%
Inflation assumption (CPI)	2.3%	2.0%

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

	2020	2019
<i>Retiring today</i>		
Males	22.3	22.7
Females	25.0	25.4
<i>Retiring in 20 years</i>		
Males	23.8	25.0
Females	26.8	28.0
Sensitivity analysis	2020	2019
Discount rate +0.1%	(774)	(732)
Mortality assumption – 1 yr increase	987	522
CPI rate +0.1%	790	750

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

	2020	2019
	£000	£000
Equities	7,328	6,397
Debt instruments	1,110	215
Property	2,186	1,179
Cash/liquidity	290	242
Other	5,157	5,357
Total market value of assets	16,071	13,390

The actual return on scheme assets was -£116k (2019:£1,467k)

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

26. Pension and similar obligations (continued)

Amount recognised in the statement of financial activities

	2020 £000	2019 £000
Current service cost (net of employee contributions)	1,613	1,403
Total operating charge	1,613	1,403

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

	2019/20 £000	2018/19 £000
At 1 September	29,665	20,740
Curtailments	21	-
Current service cost	2,312	1,568
Past service cost	256	603
Interest cost	539	595
Employee contributions	349	312
Actuarial (gain)/loss	1,993	5,949
Benefits/transfers paid	(241)	(125)
Business combinations	-	23
At 31 August	34,894	29,665

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

	2019/20 £000	2018/19 £000
At 1 September	13,390	10,676
Adjustment to opening balance	-	-
Interest income	254	324
Transferred during the year	-	-
Actuarial gain/(loss)	1,058	1,141
Employer contributions	1,297	1,075
Employee contributions	349	312
Administrative expenses	(36)	(27)
Business combinations	-	14
Benefits paid	(241)	(125)
At 31 August	16,071	13,390

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:

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

27.Related Party Transactions (continued)

Expenditure Related Party Transactions

- Hodgson Academy – sponsor of Fylde Coast Academy Trust. Purchases totalling £5,179 relating to the provision of educational and administration support. There were no amounts outstanding at 31st August 2020 (2019: £nil)
- Fylde Coast Teaching School – sponsor of Fylde Coast Academy Trust. Purchases totalling £10,779 relating to the provision of CPD, ABS and educational support. There were no amounts outstanding at 31st August 2020 (2019: £nil)

Income Related Party Transactions

- The Blackpool Sixth Form College – sponsor of Fylde Coast Academy Trust. Sales of £39,750 relating to the provision of clerking services and educational support. There were no amounts outstanding at 31st August 2020. (2019: £2,530)
- Hodgson Academy – sponsor of Fylde Coast Academy Trust. Sales of £10,251 relating to the supply of administrative support.
- Fylde Coast Teaching School - Sponsor and member of the trust. Sales of £39,750 relating to the salary reimbursements for the secondment of staff. £2,687 outstanding at 31st August 2020. (2019: £4,370)

All transactions were charged at cost.