

Fylde Coast Academy Trust



Fylde Coast Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
For the Year ended 31 August 2018

Company registration number:
08364709 (England and Wales)

Fylde Coast Academy Trust

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Fylde Coast Academy Trust

Reference and Administrative Details

Members	J O Boyle OBE Fylde Coast Teaching School Limited Rachel Graham Dawood Fard David Williamson
Directors	A M Nicholson M A Gutteridge J O Boyle OBE (Chair) A Frith J Gray L Knowles S Molloy (resigned 12 th April 2018) G Mawdsley J Arber P Murphy (appointed 31 st January 2018) N Galloway (appointed 16 th October 2018)
Company Secretary	J E McCumiskey
Senior Management Team	
CEO/Accounting Officer	A Nicholson
Deputy CEO	C Lickiss
Deputy CEO	Pamela Birch OBE
Executive Principal	S Bullen
Executive Principal	Philip Birch
Executive Principal	S Wilson
Executive Principal	G Alston
Principal and Registered Office	The Blackpool Sixth Form College Blackpool Old Road Blackpool, FY3 7LR
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 TSB Bank Plc Blackburn BB2 1JQ
Solicitors	Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG

Fylde Coast Academy Trust

Directors' Report

The Directors present their annual report together with the financial statements and auditor's report of Fylde Coast Academy Trust (FCAT) for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates nine academies for pupils aged 3 to 16 across Blackpool and West Lancashire. The academies have a combined pupil capacity of 5,640 and had a roll of 5,097 in the school census from 6 October 2018.

Structure, Governance and Management

Constitution

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

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

Members' Liability

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

Directors' Indemnities

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

Method of Recruitment and Appointment or Election of Directors

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

- Up to 9 Directors, appointed by the members by ordinary resolution
- The Directors may appoint Co-opted Directors. A 'Co-opted Director' means a person who is appointed to be a Director by being Co-opted by Directors who have not themselves been so appointed.
- The total number of Directors including the Chief Executive Officer if they so choose to act as 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

No formal policy has been adopted; 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.

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Directors' Report (continued)

Organisational Structure

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

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

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

Arrangements for setting pay and remuneration of key management personnel

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

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	25,494
Total pay bill	21,372,000
Percentage of total pay bill spent on facility time	0.12%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	8.99%
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Directors' Report (continued)

Related Parties and other Connected Charities and Organisations

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

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. In addition to Hodgson Academy and The Blackpool Sixth Form College, the Alliance includes the following educational organisations:

- Breck Primary School
- Flakefleet Primary School
- Highfurlong School
- Lytham Hall Park Primary School
- Millfield Science & Performing Arts College
- Norbreck Primary Academy
- Red Marsh Special School
- Roseacre Primary School
- St Mary's Catholic College
- Strike Lane Primary School
- Poulton St Chads Primary School
- Carelton St Hilda's Primary School
- St Nicholas Primary School

Role and Contribution of Sponsor

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

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

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Directors' Report (continued)

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.

Whilst remaining very closely linked to the Fylde Coast Teaching School Alliance it was felt that as a large and growing organisation, the Fylde Coast Academy Trust needed branding that was distinct from that of the teaching school. The resulting FCAT LOGO and strap line 'The best we can be' are now fully embedded within the Trust. This branding complements our six core values; respect, ambition, pride, resilience, integrity and excellence; as well as our seven non-negotiables; children first, high expectations, no excuses, 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 trust's vision states that it will:

- Provide world class education through:
 - The recruitment of outstanding staff
 - The enthusiasm, commitment and knowledge of its staff
- Maintain educational development and performance at the cutting edge through:
 - Outstanding CPD for all
 - Clear prioritisation and vision of its leadership team
- Optimise its partnerships between schools and key stakeholders in the community through:
 - The collaboration with the Fylde Coast Teaching School Alliance
 - Developing academies that are outward facing and enhance reputation
- Maximise educational, cultural, social and employability opportunities for young people through:
 - Meaningful extensions to the curriculum
 - Personalised guidance for all pupils
- Establish a reputation for excellence in all its activities through effective communication and engagement with all local stakeholders

The objectives and aims for 2018/19 are set out below:

- Significantly improve outcomes through the impactful and purposeful actions of Quality Improvement Groups and the implementation of the FCAT Academy Improvement Strategy
- Embed the 6 core characteristics of the FCAT way in all our academies in order to provide high quality teaching across the trust, every lesson, every day

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Directors' Report (continued)

- Further alignment of systems and approaches driving improved culture, inclusivity, behaviour and attendance and sharing of best practice
- Develop relevant, rich and memorable curriculum and assessment models which support engagement and aspiration within our population, paying particular attention to the learning needs of boys and disadvantaged students
- Develop an age related approach to learning in English, Maths and Science which builds on best practice at KS2 and impacts on expectations and standards at KS3
- Ensure the workforce reform agenda delivers reduced time and pressure related demands on teachers and leaders, leading to more effective planning, better teaching and improved retention

Employees and disabled persons

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

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

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

Public Benefit

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

Strategic Report

Achievements and Performance

During the year, two new academies joined the trust, Garstang Community Academy and Westminster Primary Academy. Five of the Trust's academies were inspected under Section 5 during the course of the year, all judgements made matched the academies self-evaluation and that of the Trust. Unity Academy was judged Good in all areas after a previous history of having never been graded as such. Garstang and Westcliff were also judged Good in all areas. As the Trust evaluated,

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Directors' Report (continued)

both Montgomery and Gateway were judged to Require Improvement. Overall, the MAT now comprises one outstanding, five good and three RI academies, with one new academy, Armfield, yet to be inspected. This profile moves the Trust to one that more favourably represents a 'mixed economy MAT', and away from FCAT's earlier profile of predominantly schools in considerable difficulty.

During the year FCAT took part in the DfE sponsored 'MAT Development Programme', and was partnered up with the Ebor Trust from North Yorkshire. The Peer Review focused on Governance, Leadership, Quality Improvement Groups (QIGs), Central Services and shared practice within the Trust. A significant number of positive 'notable features' were reported upon, including effective collaboration, strong systems, central service provision, leadership capacity, professional opportunities and governance. Areas to further develop included increased clarity on QIG purposes, the further empowerment of senior leaders and further developing school improvement capacity.

Much work took place to market, plan and open the trust's first Free School, the all-through Armfield Academy. From an Open Evening in September with no school buildings and no teaching staff to show-case, the academy is now open, fully staffed and oversubscribed. Teaching and support staff recruitment was a positive process with strong applications in high numbers to make excellent appointments. The trust has also utilised secondments of staff from other Trust academies to fill essential roles which has in turn enabled us to provide development and career progression opportunities for our staff at different levels. The academy opened on time with all external assessments of readiness comfortably met.

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 Schools' Commissioner, Sir David Carter. This new facility has enabled Fleetwood High School to join the Trust through a bespoke Service Level Agreement. School improvement and data processing services are now provided to the school on an annual basis.

With the support of a DfE grant FCAT have built sufficient capacity around Garstang Community Academy to now offer a 'Hub' operation with Garstang fulfilling the role of lead academy. The concept is one of a rural Lancashire hub operation attracting membership from one or two similar secondary academies and a number of local feeder primaries.

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. Training for governors has also been provided through the Teaching School, FCAT and Local Authority providers. In addition to the Leadership SSIF, FCAT has actively engaged with professional development opportunities provided through the Opportunity Area led transition project, the Teaching School led maths transition SSIF project and the Bright Futures Educational Trust led secondary English project.

The trust knows its schools well and has actively engaged with all aspects of their strategic and operational activity. Principals met collaboratively on a regular basis, where the trust's 'all-through' approach to collective decision making was evidenced. The importance of the primary and secondary phases working closely together is supported at all times through meeting and developmental structures.

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Directors' Report (continued)

Much positive work was completed in the Quality Improvement Groups (QIGs) with perhaps the most notable being the development of a trust wide approach to teaching and learning. 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'.

The trust sponsors, Blackpool Sixth Form College and Hodgson Academy, both made additional internal appointments at SLT level to support the delivery of the sponsor role. In each institution, a SLT member now oversees FCAT related activity. The main area of focus from the Sixth Form College has been supporting English and support from Hodgson has principally been for maths.

The trust experienced largely positive outcomes in the primary sector with good progress being made on the previously successful year. KS2 results were good in all schools with the exception of Unity where there was a decline. Westcliff results proved to be the best in Blackpool and Mereside recorded a best-ever outcome. Hambleton results continued to be outstanding while Westminster improved performance on the previous year, achieving above national outcomes from a well below national ability intake. The combined 2018 KS2 results for the trust were 70.6 compared to a Local Authority average of 61.1 and national average of 64.2.

Secondary results were more mixed. Garstang performed very well with core subject areas recording some of the best results ever achieved at the academy, thus underlining its readiness to fulfil the role of Hub Lead. Aspire moved forward from the previous year, in line with the trajectory set. All key measures at Aspire improved, though the difference in performance of boys and girls is still an area to address. Some disappointing results occurred at Unity and Montgomery where there is work to do in 2018/19 to ensure outcomes are as they should be. Science across the trust continues to improve with particularly strong performances at Aspire. English results made progress on the previous year, but not by the amount desired. Maths results were largely in line with the previous year and will be a strong area of focus for 2018/19. BTEC examinations were positive, indicating the importance of vocational pathways for some of our learners. For 2018/19, the focus for FCAT will be on further improving secondary outcomes in core subjects and particularly for the boys.

Financial KPI's

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

Going Concern

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

Financial Review

Most of the trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes, i.e. the object of the trust.

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Directors' Report (continued)

On 1st September 2017 Garstang Community Academy joined the trust. The closing net assets of the predecessor school were transferred into the trust. The restricted and unrestricted general funds held at the time of transfer have been transferred into the funds of the trust.

The total value of these transfers are included in Donations and Capital Grants in the SOFA and detailed in note 2.

On 1st September 2017 Westminster Primary School converted to an academy and joined the trust. The reserves that transferred into the trust on conversion are shown on a separate line in the SOFA.

During the financial year total net assets increased by £13.0m to £54.1m, this increase was largely due to the transfer into FCAT of £10.7m of net assets from new academies. The General Restricted Fund increased by £0.3m in the year and at year end shows a closing surplus, before the actuarial losses on defined benefit pension schemes, of £3.3m. The Unrestricted Fund had a surplus of £0.7m in the year and a reported year end closing surplus of £2.9m, however £1.3m of these Unrestricted Funds have been designated to cover the depreciation of fixed assets purchased through unrestricted reserves and could only be released by disposing of fixed assets, leaving a net position of £1.6m.

The closing Fixed Asset Funds has a reported closing surplus of £57.9m, this balance includes £1.4m of Capital grants carried forward to cover significant projects planned for 2018/19.

The cash position improved by £1.9m to £7.8m. The closing level of cash and reserves illustrates a healthy position from which to manage the academies going forward and to fund the significant maintenance projects planned across the estate.

Reserves Policy

The amount of restricted and unrestricted reserves held are stated in the Financial Review noted above.

The directors review the level of reserves held by the trust each year alongside the latest 3 year projections for each academy. The trust has assessed that a minimum level of cash reserves equal to 8% of GAG income are required to enable it to deliver its long term strategic objectives whilst managing future variations in costs, funding and pupil numbers.

Cash reserves at 31st August 2018 are at £4.99m which equates to 21% of GAG. Cash reserves exclude £1.3m of designated unrestricted reserves. Reserves are budgeted to fall over the next three years as the trust continues to invest in educational resources and infrastructure.

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.

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Directors' Report (continued)

Principle Risks and Uncertainties

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

The principle risks faced by the trust are:

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

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

Fundraising

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

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

Plans for Future Periods

On 3rd September 2018 the trust opened its first free school, Armfield Academy, an all through school in Blackpool.

The trust will continue to develop and integrate its family of academies and aims to provide a world class education for local young people.

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.

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Directors' Report (continued)

Directors' report, incorporating a strategic report, approved by order of the Board of Directors, on 11th December 2018 and signed on the Board's behalf by:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

John Boyle
Chair

11th December 2018

Fylde Coast Academy Trust

Governance Statement

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Fylde Coast Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 5 times during the period. Attendance during the period at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
J O Boyle OBE (Chair)	4	5
A M Nicholson	5	5
M Gutteridge	5	5
A Frith	3	5
J Gray	4	5
L Knowles	4	5
S Molloy (resigned 12 th April 2018)	1	2
G Mawdsley	5	5
J Arber	5	5
P Murphy (appointed 31 st Jan 2018)	3	4

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

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

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

Fylde Coast Academy Trust

Governance Statement (continued)

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

Governor	Meetings attended	Out of a possible
Maria Lane (resigned 18 th May 2018)	2	2
W Greene	3	3
S Pennington	2	3
L Knowles (appointed 19 th June 2018)	1	1
G Mawdsley (appointed 19 th June 2018)	0	1

Review of Value for Money

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

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

Appointment of a trust capital manager to oversee the allocation of capital funds, this ensures funds are impartially directed to areas of greatest need and maximises the impact the spend has on the students.

Continuing to develop benchmarking reports across schools within the trust to ensure best financial practice is shared and challenging areas of inconsistent spend. New finance systems have been introduced across FCAT to aid consistency in reporting thereby increasing the effectiveness of benchmarking.

Due to the geographical proximity of the FCAT schools where possible opportunities are taken to share resources across academies leading to efficiencies and cost savings. The opportunity to second staff across its schools, gives its staff increased training and development opportunities and helps retain staff through enabling wider scope for progression within the trust, avoiding some of the costs of recruitment and replacement of personnel.

The trust continues to develop its purchasing and tendering process to gain advantage from economies of scale. The trust continues to eliminate often expensive service level agreements in schools that join 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Fylde Coast Academy Trust

Governance Statement (continued)

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

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

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

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

- Business Continuity planning
- Health and Safety
- Safeguarding
- Cash Handling

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

Review of Effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the work of the managers within the Academy Trust who have responsibility of the development and maintenance of the internal control framework

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


Fylde Coast Academy Trust

Governance Statement (continued)

Approved by order of the members of the Board of Directors on 11th December 2018 and signed on its behalf by:



J Boyle
Chair



A Nicholson
Accounting Officer

Fylde Coast Academy Trust**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 2017.

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 2017.

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



A Nicholson
Accounting Officer

11th December 2018

Fylde Coast Academy Trust

Statement of Directors' Responsibilities

The directors (who act as governors of Fylde Coast Academy Trust and are also the trustees of the charitable company for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual 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:

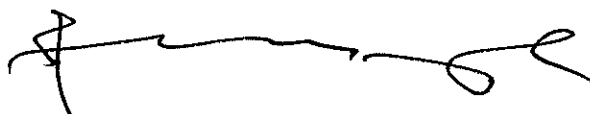
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 11th December 2018 and signed on its behalf by:



J Boyle
Chair

Fylde Coast Academy Trust

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 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

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 other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information. 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.

Fylde Coast Academy Trust

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.

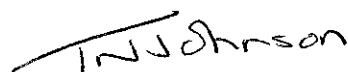
Auditor's responsibilities for the audit of the financial statements

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.

Fylde Coast Academy Trust**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

17 December 2018

Fylde Coast Academy Trust

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 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 an evaluation of the control environment of the School together with enquiry, analytical review and substantive testing of transactions.

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

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

MHA Moore & Smalley

Reporting Accountant
MHA Moore and Smalley

17 December 2018

Fylde Coast Academy Trust
Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017/18 £000	Total 2016/17 £000 As restated
Income and endowments from:						
Donations and capital grants	2	219	(1,084)	12,403	11,538	7,952
Transfer from local authority on conversion		321	(1,360)	2,226	1,187	2,057
Charitable activities:						
Funding for the academy trust's educational operations	3	729	28,547	-	29,276	22,482
Other trading activities	4	395	-	-	395	274
Investments	5	16	-	-	16	15
Total		1,680	26,103	14,629	42,412	32,780
Expenditure on:						
Raising funds	6	347	-	-	347	247
Charitable activities:						
Academy trust educational operations	6	435	29,345	1,613	31,393	24,309
Total		782	29,345	1,613	31,740	24,556
Net income/(expenditure)		898	(3,242)	13,016	10,672	8,224
Transfers between funds		(150)	(308)	458	-	-
Other recognised gains /(losses):						
Actuarial gains on defined benefit pension schemes		-	2,325	-	2,325	1,247
Net movement in funds		748	(1,225)	13,474	12,997	9,471
Reconciliation of funds						
Total funds brought forward	17	2,137	(5,485)	44,424	41,076	31,605
Total funds carried forward	17	2,885	(6,710)	57,898	54,073	41,076

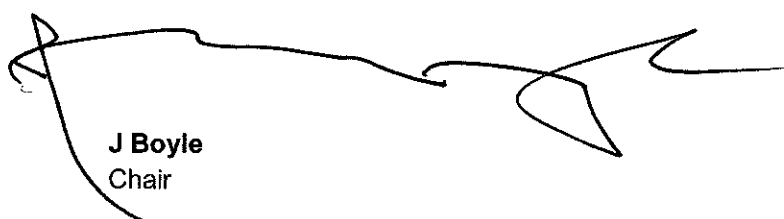
Fylde Coast Academy Trust

Balance Sheet as at 31 August 2018

Company Number 08364709

	Notes	2018 £000	2017 £000 As restated
Fixed assets			
Tangible assets	12	57,520	44,860
Current assets			
Stock	13	3	4
Debtors	14	1,468	630
Cash at bank and in hand		7,819	5,867
		9,290	6,501
Liabilities			
Creditors: Amounts falling due within one year	15	(2,544)	(1,611)
Net current assets		6,746	4,890
Total assets less current liabilities		64,266	49,750
Creditors: Amounts falling due after more than one year	16	(129)	(161)
Net assets excluding pension liability		64,137	49,589
Defined benefit pension scheme liability	26	(10,064)	(8,513)
Total net assets		54,073	41,076
Funds of the academy trust:			
Restricted funds			
• Fixed asset fund	17	57,898	44,424
• Restricted income fund	17	3,354	3,028
• Pension reserve	17	(10,064)	(8,513)
Total restricted funds		51,188	38,939
Unrestricted income funds	17	2,885	2,137
Total funds		54,073	41,076

The financial statements on pages 25 to 51 were approved by the directors, and authorised for issue on 11th December 2018 and are signed on their behalf by


J Boyle
Chair

Fylde Coast Academy Trust

Statement of Cash Flows for the year ended 31 August 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	1,644	1,505
Cash flows from investing activities	23	340	267
Cash flows from financing activities	22	(32)	195
Change in cash and cash equivalents in the reporting period		1,952	1,967
Cash and cash equivalents at 1 September 2016		5,867	3,900
Cash and cash equivalents at 31 August 2017	24	7,819	5,867

Fylde Coast Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Going Concern

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

Prior Year Adjustment

Leasehold land and buildings at Mereside Primary School were transferred in to the Trust in the year ended 31 August 2017. A Local Authority valuation was used for the transfer. Subsequently an ESFA valuation has been received. Since the difference between the valuations was material, a prior year adjustment has been included in the accounts to reflect the revised valuation

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.

Fylde Coast Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of Accounting Policies (continued)

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.

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

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

- **Transfer on conversion**

Where assets and liabilities are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

- **Transfer of existing academies into the trust**

Where assets and liabilities are received on the transfer of an existing academy into the trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as transfer of an existing academy into the trust within Donations and capital grant income to the net assets received.

- **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

Fylde Coast Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of Accounting Policies (continued)

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 expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

○ Freehold buildings	50 years
○ Long leasehold buildings	50 years
○ Fixtures, fittings plant and equipment	5 years
○ ICT equipment	3 years
○ Motor vehicles	5 years

Fylde Coast Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of Accounting Policies (continued)

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

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

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

Liabilities

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

Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not

Fylde Coast Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of Accounting Policies (continued)

deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stock

Unsold uniforms, curriculum and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

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

Pensions Benefits

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

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

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

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

Fylde Coast Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of Accounting Policies (continued)

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 2018. 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 2017/18 £000	Total 2016/17 £000
Capital grants	-	1,881	1,881	558
Assets transferred on academy merger	215	9,337	9,552	7,389
Other donations	4	101	105	5
	<u>219</u>	<u>11,319</u>	<u>11,538</u>	<u>7,952</u>

The income from donations and capital grants was £11,538 (2017: £7,952k) of which £219k was unrestricted (2017: £478k), -£1,084k restricted (2017: -£366k) and £12,403k restricted fixed assets (2017: £7,840k).

Fylde Coast Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017/18 £000	Total 2016/17 £000
DfE/ EFA grants				
General Annual Grant (GAG)	-	24,051	24,051	18,305
Start Up Grants	-	-	-	13
Other DfE/EFA grants	-	2,988	2,988	2,486
	-	27,039	27,039	20,804
Other Government grants				
Local authority grants	-	1,508	1,508	1,052
Special educational projects	-	-	-	-
	-	1,508	1,508	1,052
Other income from the academy trust's educational operations	729	-	729	626
	729	28,547	29,276	22,482

The funding for academy trust's educational operations was £29,276k (2017:£22,482k) of which £729k was unrestricted (2017:£626k) and £28,547k restricted (2017:£21,856k).

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017/18 £000	Total 2016/17 £000
Hire of facilities	28	-	28	14
Income from ancillary trading activities	367	-	367	260
	395	-	395	274

The income from other trading activities was £395k (2017:£274k) of which £395k was unrestricted (2017:£274k).

5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017/18 £000	Total 2016/17 £000
Short term deposits	16	-	16	15
	16	-	16	15

The income from investments was £16k (2017:£15k) of which £16k was unrestricted (2017:£15k)

Fylde Coast Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

6. Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2017/18 £000	Total 2016/17 £000 As restated
Expenditure on raising funds	186	-	161	347	247
Academy's educational operations:					
-Direct costs	18,861	-	3,902	22,763	17,847
-Allocated support costs	5,088	1,424	2,118	8,630	6,462
	24,135	1,424	6,181	31,740	24,556

The expenditure was £31,740k (2017:£24,556k) of which £29,345k was restricted (2017:£22,520k), £782k unrestricted (2017:£743k) and £1,613k restricted fixed assets (2017:£1,293k).

Net income/(expenditure) for the period includes:

	2017/18 £000	2016/17 £000
Operating lease rentals	156	122
Depreciation	1,418	1,196
Fees payable to auditor for:		
- audit	28	22
- other services	-	1

Included in expenditure are the following transactions

	Total £	Individual items above £5000
		Amount £ Reason
Unrecoverable debts	7,142	

7. Charitable activities

	2017/18 £000	2016/17 £000 As restated
Direct costs - educational operations	22,763	17,847
Support costs – educational operations	8,630	6,462
	31,393	24,309

Fylde Coast Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

7. Charitable activities (continued)

	2017/18 £000	2016/17 £000 As restated
Support staff costs	5,088	3,682
Depreciation	3	3
Technology costs	83	58
Premises costs	1,424	980
Other support costs	1,996	1,705
Governance costs	36	34
Total support costs	8,630	6,462

The expenditure on charitable activities was £31,393k (2017:£24,309k) of which £29,345k was restricted (2017:£22,520k), £435k unrestricted (2017:£496k) and £1,613k restricted fixed assets (2016:£1,293k).

8. Staff

a. Staff costs

Staff costs during the period were:

	2017/18 £000	2016/17 £000
Wages and salaries	17,620	13,556
Costs recharged for seconded staff	50	98
Social security costs	1,625	1,243
Operating costs of defined benefit pension schemes	4,100	2,795
	23,395	17,692
Agency staff costs	714	538
Staff restructuring costs	26	73
	24,135	18,303
Staff restructuring costs comprise:		
Severance payments	26	73

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-contractual/non statutory severance payments totalling £25,672 (2017:£72,622). Individually the payments were: £21,481 paid 31st August 2018; £2,465, paid 7th May 2018; £1,721, paid 25th July 2018.

c. Staff numbers

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

	2017/18 No.	2016/17 No.
Teachers	309	214
Administration and support	415	212
Management	15	28
	739	454

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

d. Higher paid staff

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

	2017/18 No.	2016/17 No.
£60,001 - £70,000	5	5
£70,001 - £80,000	5	3
£90,001 - £100,000	2	2
£100,001 - £110,000	1	-
£110,001 - £120,000	1	1
	14	11

e. Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £664k (2017:£656k).

9. Central Services

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

- Educational support services
- Financial services
- Estate management services
- HR services
- Marketing services
- HSE services
- IT services
- Data services

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

	2017/18 £000	2016/17 £000
Unity Academy	196	192
Montgomery High School	254	266
Blackpool Aspire Academy	142	139
Hambleton Primary Academy	16	34
Westcliff Primary Academy	33	34
Blackpool Gateway Academy	48	30
Mereside Primary School	49	32
Garstang Community Academy	67	-
Westminster Primary Academy	64	-
	869	726

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

10. Related Party Transactions – Directors' Remuneration and Expenses

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

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

A Nicholson (CEO and director)

Remuneration £70,000 - £75,000 (2017: £50,000 - £55,000)

Employer's pension contributions paid £10,000 - £15,000 (2017: £5,000 - £10,000)

Travel and subsistence expenses £574

11. Directors' and Officers' Insurance

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

12. Tangible Fixed Assets

	Leasehold Land & Buildings £000	Freehold Land & Buildings £000	Plant & Eqpt £000	Computer Eqpt £000	Vehicles £000	Assets under construction £000	Total £000
Cost							
At 1 Sept 2017 (as restated)	32,712	13,618	1,471	608	25	-	48,434
Acquisitions	13,958	-	370	149	-	-	14,477
Additions	828	16	228	146	-	514	1,731
Disposals	-	-	-	-	-	-	-
At 31 August 2018	47,498	13,633	2,069	903	25	514	64,642
Depreciation							
At 1 Sept 2017 (as restated)	1,358	1,220	484	502	10	-	3,574
Acquisitions	1,597	-	177	130	-	-	1,904
Charged in year	866	226	398	151	3	-	1,644
Disposals	-	-	-	-	-	-	-
At 31 August 2018	3,821	1,446	1,059	783	13	-	7,122
Net Book Values							
At 31 August 2018	43,677	12,187	1,010	120	12	514	57,520
At 31 August 2017	31,354	12,398	987	106	15	-	44,860

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

13. Stock

	2018 £000	2017 £000
Catering	2	-
Books and stationery	1	4
	<u>3</u>	<u>4</u>

14. Debtors

	2018 £000	2017 £000
Trade debtors	130	40
VAT recoverable	239	87
Other debtors	416	-
Prepayments and accrued income	683	503
	<u>1,468</u>	<u>630</u>

15. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	696	419
Other taxation and social security	428	335
ESFA creditor: abatement of GAG	176	176
Salix Loans	34	34
Other creditors	264	78
Accruals and deferred income	946	569
	<u>2,544</u>	<u>1,611</u>

Deferred Income

	2018 £000	2017 £000
Deferred income at 1 September 2017	119	53
Resources deferred in the year	358	119
Released from previous years	(119)	(53)
Deferred Income at 31 August 2018	<u>358</u>	<u>119</u>

At the balance sheet date the academy trust was holding funds received in advance for rates charges, UIFSM, school trips and grants relating to 2018/19.

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

	2018 £000	2017 £000
Loans	129	161
	<u>129</u>	<u>161</u>

Salix loans includes a CIF loan of £100k from the ESFA which is provided at 2.04% interest rate repayable over 8 years. Also included are Salix loans from the ESFA totalling £95k provided at 0% interest and all repayable over 8 years.

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17. Funds

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

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

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

Under the funding agreement with the Secretary of State, the trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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

£1.3m of the unrestricted funds is designated to fund the depreciation of capital purchased in prior years.

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17. Funds (continued)

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

	Balance at 1 Sep 16 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 Aug 2017 £000 (as restated)
Restricted general funds					
General Annual Grant (GAG)	2,359	18,305	(18,279)	75	2,461
Pupil premium	110	1,911	(1,967)	-	54
Other grants	-	1,640	(1,566)	-	74
Other income	29	3	-	-	32
Transfer of assets from new academy	68	339	-	-	407
Pension reserve	(7,322)	(1,730)	(708)	1,247	(8,513)
	(4,755)	20,468	(22,520)	1,322	(5,485)
Restricted fixed asset funds					
Donated assets	29,989	2,805	(653)	-	32,141
Transfer of assets from new academy	2,984	7,282	(216)	(81)	9,969
Private sector capital	58	10	(11)	-	57
Capital expenditure from reserves	361	-	-	6	367
Adjustment to PY depreciation	46	-	-	-	46
DfE/ESFA capital grants	1,708	548	(413)	-	1,843
	35,146	10,645	(1,293)	(75)	44,424
Total restricted funds	30,391	31,113	(23,813)	1,247	38,939
Unrestricted funds					
Unrestricted funds	1,213	1,667	(743)	-	2,137
Total unrestricted funds	1,213	1,667	(743)	-	2,137
Total funds	31,604	32,780	(24,556)	1,247	41,076

A current year 12 months and prior year 12 months combined position is as follows

	Balance at 1 Sep 16 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 Aug 2018 £000
Restricted general funds					
General Annual Grant (GAG)	2,359	42,355	(41,971)	(133)	2,611
Pupil premium	110	4,352	(4,322)	-	140
Other grants	-	3,696	(3,670)	-	26
Other income	29	6	-	-	35
Transfer of assets from new academy	68	575	-	(100)	543
Pension reserve	(7,322)	(4,413)	(1,901)	3,572	(10,064)
	(4,755)	46,571	(51,864)	3,339	(6,710)

Fylde Coast Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)
17. Funds (continued)

Donated assets	29,989	5,031	(1,112)	-	33,909
Transfer of assets from new academy	2,984	17,706	(892)	(81)	19,717
Private sector capital	58	249	(17)	-	290
Capital expenditure from reserves	361	-	(167)	464	658
Adjustment to PY depreciation	46	-	-	-	46
DfE/ESFA capital grants	1,708	2,288	(718)	-	3,278
	35,146	25,274	(2,906)	383	57,898
Total restricted funds	30,391	71,845	(54,770)	3,722	51,188
Unrestricted funds					
Unrestricted funds	1,213	3,347	(1,525)	(150)	2,885
Total unrestricted funds	1,213	3,347	(1,525)	(150)	2,885
Total funds	31,604	75,192	(56,295)	3,572	54,073

Total funds analysis by academy

Fund balances at 31 August 2018 were allocated as follows:

	2018 £000	2017 £000
Unity Academy	1,987	1,821
Blackpool Aspire Academy	936	990
Montgomery High School	696	371
Hambleton Primary Academy	280	196
Central services	426	506
Westcliff Primary Academy	632	747
Blackpool Gateway Academy	411	249
Mereside Primary School	289	285
Garstang Community Academy	179	-
Westminster Primary Academy	403	-
Total before fixed assets and pension reserve	6,239	5,165
Restricted fixed asset fund	57,898	44,424
Pension reserve	(10,064)	(8,513)
Total	54,073	41,076

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17. Funds (continued)

Total cost analysis by academy

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

	Teaching & Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (exc Depr) £000	Total 2017/18 £000	Total 2016/17 £000
Unity	3,659	982	579	630	5,851	6,110
Aspire	2,749	606	445	471	4,271	4,357
Montgomery	4,759	769	560	518	6,605	7,250
Hambleton	554	171	84	213	1,022	1,065
Central services	469	748	91	237	1,543	896
Westcliff	652	275	87	170	1,185	1,167
Gateway	879	222	132	195	1,428	1,132
Mereside	1,062	502	129	213	1,905	1,272
Garstang	2,538	522	273	531	3,865	-
Westminster	1,584	434	167	235	2,420	-
Total	18,904	5,231	2,547	3,413	30,095	23,249

18. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	1,250	-	56,270	57,520
Current assets	1,635	5,866	1,789	9,290
Current liabilities	-	(2,511)	(34)	(2,544)
Non-current liabilities	-	-	(129)	(129)
Pension scheme liability	-	(10,064)	-	(10,064)
Total net assets	2,885	(6,710)	57,898	54,073

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

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18. Analysis of net assets between funds (continued)

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	1,285	(194)	43,769	44,860
Current assets	852	4,799	850	6,501
Current liabilities	-	(1,577)	(34)	(1,611)
Non-current liabilities	-	-	(161)	(161)
Pension scheme liability	-	(8,513)	-	(8,513)
Total net assets	2,137	(5,485)	44,424	41,076

19. Capital commitments

	2018 £000	2017 £000
Contracted for but not provided in the financial statements	-	-
	-	-

20. Commitments under operating leases

Operating Leases

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

	2018 £000	2017 £000
Amounts due within one year	110	75
Amounts due between one and five years	133	118
	243	193

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

	2017/18 £000	2016/17 £000
Net income for the reporting period	10,672	8,224
Adjusted for:		
Depreciation (note 12)	1,644	1,308
Capital grants from DfE and other capital income	(14,629)	(10,645)
Interest receivable (note 5)	(16)	(15)
Defined benefit pension scheme obligation inherited	2,683	1,730
Defined benefit pension scheme cost less contributions payable (note 26)	896	501
Defined benefit pension scheme finance and admin cost (note 26)	297	207
(Increase)/decrease in stocks	-	5
(Increase)/decrease in debtors	(838)	529
Increase/(decrease) in creditors	934	(338)
Net cash provided by Operating Activities	1,644	1,505

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

22. Cash flows from financing activities

	2017/18	2016/17
	£000	£000
Repayments of borrowing	(32)	(13)
Cash inflows from new borrowing	-	208
Net cash provided by/(used in) financing activities	(32)	195

23. Cash flows from investing activities

	2017/18	2016/17
	£000	£000
Dividends, interest and rents from investments	16	15
Purchase of tangible fixed assets	(1,731)	(903)
Capital grants from DfE/EFA	1,740	548
Capital funding received from sponsors and others	314	607
Net cash inflow/(outflow) from capital expenditure and financial investment	340	267

24. Analysis of cash and cash equivalents

	2018	2017
	£000	£000
Total cash and cash equivalents	7,819	5,867

25. Members liability

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

26. Pension and similar obligations

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

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

Contributions amounting to £91k (2017: £69k) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. Membership is automatic for full-time

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Services Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £1,850k (2016: £1,440k)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS102, the TPS is an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out the above information available on the scheme.

Local Government Pension Scheme

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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 2018 was £1,327k (2017: £851k) of which employer's contributions totalled £1,024k (2017:£647k) and

employees contributions totalled £303k (2017:£204k). The agreed contribution rates for future years are 12.0% to 17.1% for employers and 5.5% to 12.5% for employees.

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

Principle Actuarial Assumptions

	2018	2017
Rate of increase in salaries	3.7%	3.7%
Rate of increase for pensions in payment/inflation	2.2%	2.2%
Discount rate for scheme liabilities	2.9%	2.5%
Inflation assumption (CPI)	2.2%	2.2%

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

	2018	2017
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.4	25.2
<i>Retiring in 20 years</i>		
Males	25.0	24.9
Females	28.0	27.9
Sensitivity analysis	2018	2017
Discount rate +0.1%	(512)	(370)
Mortality assumption – 1 yr increase	364	260
CPI rate +0.1%	521	376
Pay growth +0.1%	122	105

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

	2018	2017
Equity instruments	4,689	2,744
Debt instruments	426	264
Property	982	650
Cash/liquidity	95	288
Other	4,484	2,306
Total market value of assets	10,676	6,252

The actual return on scheme assets was £570k (2017:£656k)

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

Amount recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	1,193	708
Total operating charge	1,193	708

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

	2017/18 £000	2016/17 £000
At 1 September	14,765	11,464
Adjustment to Opening balance	437	-
Transferred during the year	3,202	1,205
Current service cost	1,698	1,148
Interest cost	507	308
Employee contributions	303	204
Actuarial (gain)/loss	(1,993)	(966)
Benefits/transfers paid	(18)	(5)
Business combinations	1,839	1,407
At 31 August	20,740	14,765

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

	2017/18 £000	2016/17 £000
At 1 September	6,252	4,142
Adjustment to opening balance	215	-
Interest income	235	118
Transferred during the year	1,879	497
Actuarial gain/(loss)	332	281
Employer contributions	1,024	647
Employee contributions	303	204
Administrative expenses	(25)	(17)
Business combinations	479	385
Benefits paid	(18)	(5)
At 31 August	10,676	6,252

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 trust has an interest. All transactions involving such organisations are conducted at in accordance with the requirements of the of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period:

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

Expenditure Related Party Transactions

- The Blackpool Sixth Form College – sponsor of Fylde Coast Academy Trust. Purchases totalling £2,583 relating to the provision of educational and administration support. There were no amounts outstanding at 31st August 2018 (2017: £nil)

Income Related Party Transactions

- The Blackpool Sixth Form College – sponsor of Fylde Coast Academy Trust. Sales of £15,000 relating to the provision of clerking services.
- Hodgson Academy – sponsor of Fylde Coast Academy Trust. Sales of £10,550 relating to the supply of administrative support.
- Fylde Coast Teaching School - Sponsor and member of the trust. Sales of £32,950 relating to the salary reimbursements for the secondment of staff. There was a balance of £1,240 outstanding at 31st August 2018.

All transactions were charged at cost.

28. Transfer of existing academies into the academy trust

	Value reported by transferring trust £000	Fair value adjustments £000	Transfer in recognised £000
Tangible Fixed Assets			
Leasehold land & buildings	10,135	-	10,135
Plant & Eqpt	193	-	193
Computer equipment	19	-	19
Current assets			
Stock	8	-	8
Debtors due in less than one year	118	-	118
Cash in bank and in hand	535	-	535
Liabilities			
Creditors due in less than one year	(133)	-	(133)
Pension Liability	(1,323)	-	(1,323)
Net assets/liabilities	9,552	-	9,552

29. Events after the end of the reporting period

On 3rd September 2018, Armfield Academy opened to students. This academy has been opened under the free schools building programme and assets and liabilities will be recognised on completion of the build when the building will formally be handed over to the trust.

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

30. Prior Year Adjustment

The net book value of the leasehold land & buildings of Mereside Primary Academy, transferred into the trust in 2016/17 has been adjusted. The valuation used in the 2016/17 was based on information received from the local authority, this has now been adjusted to reflect the valuation provided by the ESFA in April 2018.

Reconciliation of net income/(expenditure)

	At 31 August 2017 £000
Restricted fixed assets funds as originally reported	47,622
Change in Valuation of Leasehold Land and Buildings transferred into the trust	(3,255)
Change in Depreciation charged in 2016/17	57
Adjusted Restricted fixed assets funds	<u>44,424</u>

Reconciliation of Fixed Assets

	At 31 August 2017 £000
Tangible Fixed Assets as originally reported	48,058
Change in Valuation of Leasehold Land and Buildings	(3,198)
Adjusted Tangible Fixed Assets	<u>44,860</u>

31. Conversion to an academy trust

On 1st September 2017 Westminster Primary Academy, formerly Claremont Primary School, converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Fylde Coast Academy Trust from the Blackpool Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

Fylde Coast Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

31. Conversion to an academy trust

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible Fixed Assets				
Leasehold land & buildings	-	-	2,226	2,226
Current assets				
Cash in bank and in hand	321	-	-	321
Non-current liabilities				
LGPS pension deficit	-	(1,360)	-	(1,360)
Net assets/liabilities	321	(1,360)	2,226	1,187

The lease for the land and buildings has a 125 year term dated 1st September 2017.

