

REGISTERED COMPANY NUMBER: 07840838 (England and Wales)

Report of the Governors and
Financial Statements for the Year Ended 31 August 2019
for
QEHC Academy Trust

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

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for the Year Ended 31 August 2019

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QEHC Academy Trust

Reference and Administrative Details
for the Year Ended 31 August 2019

MEMBERS	C Martin (appointed 26.2.19) J Donaldson (appointed 3.4.19) A Jones A R Burt
GOVERNORS	M J Farmer (Accounting Officer) A Jones (Chairman) D Racic (staff governor) M Henderson T Hayes S L Reeves-Walters A Clegg L Taylor H Raven (appointed 8.11.18) J Ecouer (appointed 13.6.19)
SENIOR MANAGEMENT TEAM	M Farmer Headteacher S Seneque Deputy Headteacher D Wiles Academy Business Manager K Lane Assistant Headteacher, SENCO & Designated Safeguarding Lead
COMPANY NAME	QEHC Academy Trust
REGISTERED OFFICE	Ashfields Bromyard Herefordshire HR7 4QS
REGISTERED COMPANY NUMBER	07840838 (England and Wales)
SENIOR STATUTORY AUDITOR	Mr Kevin Tong FCCA ACA
AUDITORS	Thorne Widgery Accountancy Ltd Chartered Accountants Statutory Auditors 2 Wyevale Business Park Kings Acre Hereford Herefordshire HR4 7BS
SOLICITORS	Schofield Sweeney Church Bank House Church Bank Bradford BD1 4DY

QEHC Academy Trust

Reference and Administrative Details
for the Year Ended 31 August 2019

BANKERS

Lloyds TSB
9 Corn Square
Leominster
HR6 8LR

QEHC Academy Trust

Report of the Governors for the Year Ended 31 August 2019

The governors who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2019. The governors have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

QEHC Academy Trust exists to serve its students and community through the provision of excellent education in an open and safe environment.

Catering for students between 11 and 16, it provides a balanced and challenging curriculum to develop academic, social and life skills, including a range of sporting and cultural activities.

Being a small school in a small town in a rural location it is at the centre of its community and this situation develops social responsibility in the students.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Academy Trust's object is specifically restricted to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balance curriculum.

It is intended that the curriculum and ethos of the Academy will place an emphasis on, and include a commitment to students learning about, Co-operative values of self-help, self-responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility and caring for others with the aim of encouraging all students to become better citizen, not only while they are students but during the rest of their lives.

Objectives. Strategies and Activities

The main objectives for the year and strategies for achieving them are contained in the academy's Strategic Improvement Plan which is available from the academy.

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

STRATEGIC REPORT

Principal risks and uncertainties

- Continued upward cost pressures continue to significantly impact the academy with rising staff costs and associated costs bringing the biggest pressure to bear. The lack of a fully funded response for the full application of the STPRC recommendations has meant the academy has had to choose between being fair to staff or cost savings which would have directly affected the ability to recruit suitable candidates when needed
- A continued lack of suitable candidates prepared to travel to rural locations, especially newly qualified teaching staff
- No clear indication from the government that funding issues will be addressed through the planned spending review

Financial and risk management objectives and policies

The academy has adopted a protocol based on that of its insurer, Zurich Municipal:

Stage 1: Risk identification / Compiling the Risk Register

The Risk Register is reviewed proactively on an ongoing basis e.g. at regular management/governors meetings and, reactively when key staff leave, when control systems change or when new evidence about risk exposure emerges, e.g. if a loss were incurred, errors made or an accident suffered. It is, therefore, a key tool for senior leadership and governors to use continuously to check that the academy's level of risk exposure is acceptable.

Stage 2. Prioritisation - Assessing the Probability and the Impact of Each Risk

The Risk Register uses a matrix offering a straightforward means of plotting the probability of the risk occurring and its likely impact. This shows in quite stark terms those risks that should cause most concern - high chance of occurrence and high impact. It is now relatively easy for staff and governors to complete as it is based on the knowledge of several people without the need for detailed analysis. Now that all risks are plotted on the matrix, those that fall in the Red or Amber squares are being looked at and will usually require some degree of management action.

Stage 3: Control Definition and Controls Assessment

The first step is to consider the existing controls. Examples of controls used to date include: project plans, effective resource management, verification processes, management information and actions, physical safeguards, supervision, monitoring. This has helped in the assessment of the "real" risks by briefly considering and evaluating the level of existing controls in place.

Stage 4: Priority/Timescales/Review Date

Description of further action required is entered into the risk register and reviewed periodically. The priority of the risk determines the time frame and review date as follows: Low Long Term Date - 12 months from now; Medium Term Date - 6 months from now; High Short Term Date - 3 months from now. A risk owner is identified who can be accountable for taking the action.

STRATEGIC REPORT

Future plans

The academy has continued to work with several local primary partners in a collaborative approach designed to ensure continued strong provision across the phases in the locality. This collaboration includes a mix of existing academies and local authority schools. This led to the formation of a soft federation, Education for Bromyard (EfB). It is envisaged that over time this collaboration will be taken forward for consideration as a potential MAT structure.

The trust has begun to work even more closely with the largest EfB primary school and now provides Executive Leadership generating income for the trust through an SLA chargeable at £22,000 per annum.

The trust intends to continue the growth of student numbers in line with previous projections so that the provision currently in place can be maintained financially through increased revenue.

The academy has continued to develop an already robust curriculum designed in the best interests of students and fitting the vision for such currently being explored by Ofsted. The much larger than national percentage of students leaving the academy to progress to apprenticeships is seen as a strength in the curriculum. With this in mind the recent successful bid for funding for a Vocational Centre is seen as an extremely positive step for current students and for the potential to increase student numbers further as such a provision will be seen as desirable by the local and wider community where no such provision currently exists.

The academy has minimum opportunity for any capital expenditure, however a significant CIF bid was successful to secure funding that allowed the replacement of the very poor windows throughout the building stock of the academy. This funding to the amount of £235,000 has enabled work to be completed over the summer of 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Charitable Company was Incorporated on the 9th November 2011 and converted from a Local Authority School to an Academy Trust on the 1st December 2011.

The governors act as the trustees for the charitable activities of QEHC Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as QEHC Academy Trust.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on pages 1 to 2.

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.

Governors' Indemnities

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the Academy Trust.

The liability insurance is provided by Zurich Plc and provides cover up to £1,000,000 (2018: £1,000,000) on any one claim.

Principal activities

This is defined in the Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Method of Recruitment and Appointment or Election of Governors

The Members appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors. At QEHC Academy Trust the retiring Staff Governors describe the role to colleagues and then invite nominations through the Headteacher's Personal Assistant. In the event of two or more nominations a simple ballot of staff is conducted.

The Parent Governors are elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when they are elected. The Governing Body makes all necessary arrangements for, and determines all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot. The arrangements made for the election of a Parent Governor provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if they prefer, by having their ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body takes such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that they are entitled to stand as a candidate, and vote at the election, and given an opportunity to do so. The number of Parent Governors required is made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies. In appointing a Parent Governor the Governing Body appoints a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age. The LA has appointed the LA Governor. The Headteacher is treated for all purposes as being an ex officio Governor.

Organisational structure

The Academy has a leadership structure which consists of governors and Senior Leadership. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Headteacher is the accounting officer.

The governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Senior Leadership Team are the Headteacher, a Deputy and an Assistant Headteacher, and an Academy Business Manager. The leaders direct the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts in the Senior Leadership Team always contain a governor. Some spending control is devolved to members of the Senior Leadership Team, with limits above which the Chair of Finance or Chair of Governors must agree.

Subject leaders are responsible for the day to day operation of curriculum subject areas and accordingly organise their staff, capitation resources and students.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Policies and Procedures Adopted for the Induction and Training of Governors

The governing body believes that in order to fulfil its responsibilities effectively, it is essential that each member is committed to a shared vision for the academy and that the governing body is working well as a team to achieve this.

To help new governors feel able to take an active part within the governing body and be valued as an equal member of the team, the governing body recognises the need for new governors to have an induction - a period of planned support to introduce them to their new role. The aims of the induction are to:

- welcome new governors to the team;
- help them to get to know the academy;
- assist them to understand their role and responsibilities;
- enable them to contribute fully to the work of the governing body.

In order to achieve its aims, the governing body ensures that the following steps are taken.

- The Chair of Governors sends a letter welcoming the new governor to the team and offering them the opportunity to meet before the first formal governing body meeting.
- The Headteacher invites the new governor to visit the academy.
- When a new governor attends his/her first meeting, the Chair of Governors welcomes and introduces them to the other governors. Governors are asked to introduce themselves and describe any particular interests/experience they have and the new governor is given the opportunity to say something about themselves.
- The new governor is invited to join a relevant committee or committees. They can also be given the opportunity to attend and observe committee meetings before making a decision about which committees they might like to join.
- A governor is appointed to take responsibility for inducting every new governor. This will be an experienced governor who acts as a mentor.
- All governors are encouraged to attend any relevant LA, regional or national training events that become available along with in-house training sessions.
- New governors are shown how to access policy documents and other relevant information for governors.
- They will be informed who to contact for advice and support.

Arrangements for setting pay and remuneration of key management personnel

Senior Leaders at the academy are placed within an appropriate range on the national Leadership spine payment range relative the size of the school in terms of pupil numbers at their time of appointment. The starting salary within that range is determined in conjunction with Governors and the Headteacher for all roles except the Headteacher, and in the case of the Headteacher is set by Governors. The decision will assess prior leadership experience, previous pay awards and responsibilities.

The academy adopts a locally agreed Performance Related Pay Policy and appraisal procedures. For all members of senior leadership other than the Headteacher, a recommendation is made by the Headteacher as to whether pay progression should be awarded based on successful completion of annual targets.

Governors will be presented with evidence to support such decisions and ratify those decisions or seek further clarification as required. For the Headteacher, this decision is taken by Governors working in conjunction with an independent adviser. Again, such a decision to enable pay progression for the Headteacher will be dependent upon their performance against agreed targets. No member of senior leadership can progress beyond the highest point of the range on which they are appointed.

Related parties and other connected charities and organisations

Transactions with related parties are disclosed in the notes to the accounts.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the governors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each governor has taken all the steps that they ought to have taken as a governor in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

QEHC Academy Trust

Report of the Governors
for the Year Ended 31 August 2019

AUDITORS

The auditors, Thorne Widgery Accountancy Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Governors report, incorporating a strategic report, was approved by order of the board of governors on
.....^{12/12/19}..... and signed on its behalf by:

.....
A Jones - Chairman

QEHC Academy Trust

Governance Statement for the Year Ended 31 August 2019

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher 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 QEHC Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Governors and in the Statement of Governors Responsibilities. The board of governors has formally met 3 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings Attended	Out of a possible
M J Farmer	3	3
A Jones (Chairman)	3	3
D Racic	3	3
M Henderson	2	3
T Hayes (Vice Chair)	3	3
Mrs S Reeves-Walters	1	3
Ms A Clegg	2	3
Ms L Taylor	3	3
H Raven (appointed 8.11.18)	1	1
J Ecouer (appointed 13.6.19)	0	1

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to set a strategic direction for the academy finances and to monitor their use. Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Out of a possible
M J Farmer	5	6
A Jones	6	6
A Clegg	6	6
T Hayes (Chair)	6	6

The Ongoing Development Committee is a sub-committee of the main Governing Body. Its purpose is to monitor the strategic direction for the academy through reviewing progress against the SIP and SEF. Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Out of a possible
M J Farmer	3	3
A Jones	3	3
D Racic	2	3
M Henderson	2	3
T Hayes	3	3
Mrs S Reeves-Walters	2	3
Ms A Clegg	2	3
Ms L Taylor (Chair)	3	3
H Raven (appointed 8.11.18)	1	1

Governance Review

The Academy reviews the skills set of the Governors to ensure a board range of knowledge/expertise is represented.

Review of Value for Money

As accounting officer the Academy Principal has responsibility for ensuring 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 trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Over the last financial period, QEHC Academy Trust has undergone further significant change. The significant cost pressures of combating a previous inadequate judgement by Ofsted meant the cash position of the trust needed to be secured and as the major contributor, staffing costs be reduced. Though much of this was achieved in the previous financial period through natural processes within the teaching staff, further redundancies were made voluntarily within support structures to both ease financial pressures and streamline processes to reflect improved efficiency.

Some of the ways we have used our resources this year to ensure good value are:

- Strengthening further the leadership capacity within the academy by appointing Middle Leaders and other staff to TLR responsibilities focussing on disadvantaged and high attaining students
- Continuing to engage with the local partners to place the academy at the heart of the community, including the setting up of an executive leadership SLA with one partner
- Increasing significantly the professional development of teachers so that the quality of lessons taught at the academy continues to improve
- Expanded individual support and intervention so that students have targeted interventions leading to improved outcomes and using PP funds to impact outcomes for those students by ring-fencing this funding
- Maintaining student numbers on roll in the face of adverse conditions through a pro-active marketing strategy, with strategy focussed on PAN at 350 within 2 years
- Further investment in our middle leadership structure to develop capacity throughout the academy
- Zero annual spend on inappropriate alternative provision for students and on unnecessary examination fees
- Continued development of the curriculum so that is broad and gives students access to a wide range of choice, meeting the new Ofsted framework and seen as a model of good practice locally
- Significant ongoing review of all SLA spend with renegotiation of contracts reflecting extensive savings

Key performance information (unvalidated) that supports our appropriate use of resources includes:

- * Progress 8 +0.02
- * Attainment 8 48.2
- * 4-9 in English and mathematics 76.2%
- * 5-9 in English and mathematics 64.7%
- * Progress 8 English +0.12
- * Progress 8 mathematics +0.34
- * Progress 8 EBacc element -0.32
- * Progress 8 Open element +0.06
- * Students entering EBacc 56.9%
- * Students achieving EBacc 6.0%
- * EBacc APS 4.11

The trust continues to review spending, especially on support services and SLA's, however increasing budget pressures continue to hit extremely hard and we continue to work with the ESFA to ensure we minimise the impact of the challenges we are currently facing. The heavy increase in underlying costs across all areas with no additional funding has placed great pressure on the academy. Best value is consistently applied in making financial and procurement decisions going forward.

Teaching staff reductions have been achieved in the period of the report through natural methods, ensuring no unnecessary costs associated with potential redundancy were required. This is mainly in the replacement of outgoing staff members with colleagues on a lower pay scale or in delaying the start dates of staff until the start of the new academic year even when appointed in the first term of the previous one. Voluntary redundancies as well as appointing on lower grade points has also been employed for administrative staff where there was a case to do so. The costs involved with such redundancies mean a negligible gain this period but will see benefit in the coming financial year.

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 charitable company 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 QEHC Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

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 Governing Body.
- 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 trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Mrs A Clegg, a trustee, to carry out a programme of internal checks

The reviewer'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:

- o testing of payroll systems
- o testing of purchase systems
- o testing of control account/ bank reconciliations

On a quarterly basis, the reviewer reports to the board of trustees, through the finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. As minuted at the financial committee. The reviewer has delivered their schedule of work as planned and provided details of any material control issues arising as a result of the reviewer's work.

Review of Effectiveness


As Accounting Officer, the Headteacher 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 reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

QEHC Academy Trust

Governance Statement
for the Year Ended 31 August 2019

Approved by order of the members of the board of governors on12/12/19..... and signed on
its behalf by:


.....
A Jones - Chairman


.....
M J Farmer - Accounting Officer

QEHC Academy Trust

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2019

As accounting officer of QEHC Academy Trust I have considered my responsibility to notify the charitable company board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the charitable company, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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

.....
Mr M Farmer Accounting Officer

Date: 12/12/19

QEHC Academy Trust

Statement of Governors Responsibilities
for the Year Ended 31 August 2019

The governors (who act as trustees of QEHC Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with the Academies Accounts Direction issued 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 governors to prepare financial statements for each financial year. Under company law the governors 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the governors are required to

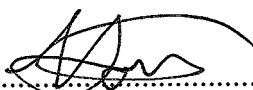
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern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

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

Approved by order of the members of the board of trustees on12/12/19..... and signed on its behalf by:



.....
A Jones - Chairman

Report of the Independent Auditors to the Members of
QEHC Academy Trust

Opinion

We have audited the financial statements of QEHC Academy Trust (the 'charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

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

Basis for opinion

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

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

We draw attention to page 23 in the financial statements, which shows that at the year end the Academy had net current liabilities of £105,591, plus £25,000 included in creditors over one year and is carrying a deficit of £122,546 on general restricted funds (excluding pension reserve) plus unrestricted funds. Please refer to note 20 in the notes to the financial statements to highlight how the academy is addressing the deficit. If these actions were to prove to be unsuccessful, this may indicate that a material uncertainty exists and may cast doubt on the Academy's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

The governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the governors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Governors.

Responsibilities of governors

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

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

Our responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report of the Independent Auditors to the Members of
QEHC Academy Trust



Mr Kevin Tong FCCA ACA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date: 13/12/19

Note:

The maintenance and integrity of the QEHC Academy Trust website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent Reporting Accountant's Assurance Report on Regularity to
QEHC Academy Trust and the Education and Skills Funding Agency

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

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

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

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

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the 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 charitable company's income and expenditure.

The work undertaken to draw our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purpose intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal control procedures for establishing and maintaining systems of control and documentation regarding these matters

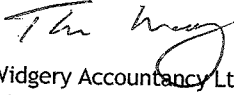
The work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Without qualifying our opinion, we would like to refer to the related and connected party transactions highlighted in note 23 in the attached accounts.

Independent Reporting Accountant's Assurance Report on Regularity to
QEHC Academy Trust and the Education and Skills Funding Agency

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Thorne Widgey Accountancy Ltd
Chartered Accountants
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:13/12/19.....

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

				31.8.19	31.8.18
	Notes	Unrestricted General fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and capital grants	2	-	272,009	78,264	350,273
Charitable activities					
Funding for the academy's educational operations	3	-	-	1,778,485	1,778,485
Other trading activities	4	13,882	-	1,463	15,345
Investment income	5	83	-	-	83
Total		13,965	272,009	1,858,212	2,144,186
EXPENDITURE ON					
Charitable activities					
Academy's educational operations		-	259,097	1,882,633	2,141,730
NET INCOME/(EXPENDITURE)		13,965	12,912	(24,421)	2,456
Other recognised gains/(losses)					
Actuarial gains/losses on defined benefit schemes		-	-	(220,000)	(220,000)
Net movement in funds		13,965	12,912	(244,421)	(217,544)
RECONCILIATION OF FUNDS					
Total funds brought forward		144,043	3,127,498	(586,133)	2,685,408
TOTAL FUNDS CARRIED FORWARD		158,008	3,140,410	(830,554)	2,467,864

The notes form part of these financial statements

Balance Sheet
At 31 August 2019

	Notes	31.8.19 £	31.8.18 £
FIXED ASSETS			
Tangible assets	12	3,148,455	3,120,254
CURRENT ASSETS			
Debtors	13	207,795	40,695
Cash at bank and in hand		46,762	29,567
		<u>254,557</u>	<u>70,262</u>
CREDITORS			
Amounts falling due within one year	14	(360,148)	(105,108)
NET CURRENT ASSETS/(LIABILITIES)		<u>(105,591)</u>	<u>(34,846)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,042,864	3,085,408
CREDITORS			
Amounts falling due after more than one year	15	(25,000)	(85,000)
PENSION LIABILITY	21	(550,000)	(315,000)
NET ASSETS		<u>2,467,864</u>	<u>2,685,408</u>
FUNDS	20		
Unrestricted funds:			
Unrestricted General fund		158,008	144,043
Restricted funds:			
Restricted General Fund		(280,554)	(271,133)
Restricted Pension Fund		(550,000)	(315,000)
DfE/YPLA Capital Grants		464,547	546,282
Conversion and depreciation		2,447,096	2,495,281
Capital expenditure from GAG		77,767	83,601
Capital expenditure from other donations		151,000	2,334
		<u>2,309,856</u>	<u>2,541,365</u>
TOTAL FUNDS		<u>2,467,864</u>	<u>2,685,408</u>

The notes form part of these financial statements

QEHC Academy Trust (Registered number: 07840838)

Balance Sheet - continued

At 31 August 2019

The financial statements were approved and authorised for issue by the Board of Governors on
.....^{12/12/19}..... and were signed on its behalf by:



.....
A Jones -Chairman

The notes form part of these financial statements

QEHC Academy Trust

Cash Flow Statement
for the Year Ended 31 August 2019

	Notes	31.8.19 £	31.8.18 £
Cash flows from operating activities:			
Cash generated from operations	1	(8,209)	(130,602)
Net cash provided by (used in) operating activities		<u>(8,209)</u>	<u>(130,602)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(96,689)	-
Capital grants from DfE/ESFA		122,010	30,805
Interest received		83	72
Net cash provided by (used in) investing activities		<u>25,404</u>	<u>30,877</u>
Cash flows from financing activities:			
New loans in year		-	85,000
Net cash provided by (used in) financing activities		<u>-</u>	<u>85,000</u>
Change in cash and cash equivalents in the reporting period		<u>17,195</u>	<u>(14,725)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>29,567</u>	<u>44,292</u>
Cash and cash equivalents at the end of the reporting period		<u>46,762</u>	<u>29,567</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2019

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
	31.8.19	31.8.18
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	2,456	(253,947)
Adjustments for:		
Depreciation	68,488	88,709
Capital grants from DfE/ESFA	(122,010)	(30,805)
Interest received	(83)	(72)
(Increase)/decrease in debtors	(167,100)	69,818
Increase/(decrease) in creditors	195,040	(24,305)
Difference between pension charge and cash contributions	15,000	20,000
Net cash provided by (used in) operating activities	<u>(8,209)</u>	<u>(130,602)</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

Going concern

The governors 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 Governors make this assessment in respect of a period of one year from the date of approval of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future. Please refer to note 20 in the financial statements for further information. They continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the charity 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 it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

1. ACCOUNTING POLICIES - continued

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'.

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.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

Costs of charitable activities are incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

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

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

Freehold land and buildings	2%
Freehold property improvements	2%
Furniture and fittings	15%
ICT equipment	33.3%
Plant and equipment	20%

Assets in the course of construction are included at cost. Depreciation of these assets is not charged until they are brought into use.

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 it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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

Leased Assets

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

1. ACCOUNTING POLICIES - continued

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 the notes to the financial statements. 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 the notes to the financial statements. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1, Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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 Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education funding Agency.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement 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. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 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.

The annual valuation at 31 August 2019 has taken into account the effects of the McCloud judgement.

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

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 amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to the financial statements, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Grants	-	122,010	122,010	30,805
School trips etc	-	54,682	54,682	56,712
Other grants and payments	-	173,581	173,581	13,084
	<u>-</u>	<u>350,273</u>	<u>350,273</u>	<u>100,601</u>

The comparatives include restricted fixed asset funds of £30,804 and restricted funds of £69,797 giving a total of £100,601.

Grants received, included in the above, are as follows:

	31.8.19 £	31.8.18 £
Capital Grant	<u>122,010</u>	<u>30,805</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	1,677,686	1,677,686	1,682,484
Other DfE/ESFA Grants	-	94,470	94,470	83,238
	<u>-</u>	<u>1,772,156</u>	<u>1,772,156</u>	<u>1,765,722</u>
Local Authority				
Other Local Authority Grants	-	6,329	6,329	27,552
	<u>-</u>	<u>1,778,485</u>	<u>1,778,485</u>	<u>1,793,274</u>

All comparative amounts relate to the restricted general fund.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Fundraising events	-	1,463	1,463	5,027
Room and building hire	13,882	-	13,882	13,462
	<u>13,882</u>	<u>1,463</u>	<u>15,345</u>	<u>18,489</u>

The comparatives include unrestricted funds of £13,462 and restricted general funds of £5,027 giving a total of £18,489.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Deposit account interest	83	-	83	72

All comparative amounts relate to the unrestricted fund.

6. EXPENDITURE

	Staff costs £	Non-pay expenditure Premises £	Other costs £	31.8.19 Total £	31.8.18 Total £
Charitable activities					
Academies educational operations					
Direct costs	1,203,112	48,185	212,977	1,464,274	1,548,134
Allocated support costs	318,082	226,145	133,229	677,456	618,249
	<u>1,521,194</u>	<u>274,330</u>	<u>346,206</u>	<u>2,141,730</u>	<u>2,166,383</u>

Net income/(expenditure) is stated after charging/(crediting):

	31.8.19 £	31.8.18 £
Auditors' remuneration	11,845	11,845
Other non-audit services	865	4,779
Depreciation - owned assets	68,488	88,709
Operating leases	<u>24,117</u>	<u>34,280</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Direct costs	-	1,464,274	1,464,274	1,548,134
Support costs	-	677,456	677,456	618,249
	<u>-</u>	<u>2,141,730</u>	<u>2,141,730</u>	<u>2,166,383</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	31.8.19 Total £	31.8.18 Total £
Analysis of support costs		
Support staff costs	318,082	303,132
Depreciation	20,303	40,519
Premises costs	226,145	138,333
Other support costs	100,216	119,641
Governance costs	12,710	16,624
Total support costs	677,456	618,249

The comparatives include restricted fixed asset funds of £167,556 and restricted funds of £1,998,827 giving a total of £2,166,383.

8. GOVERNORS' REMUNERATION AND BENEFITS

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

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

			2019	2018
D Racic	Staff Gov	Remuneration	£40,000 - £45,000	£35,000 - £40,000
		Employers Pension Contributions	£5,000 - £10,000	£5,000 - £10,000
M Farmer	Headteacher	Remuneration	£70,000 - £75,000	£65,000 - £70,000
		Employers Pension Contributions	£10,000 - £15,000	£10,000 - £15,000

Governors' expenses

During the period ended 31 August 2019, expenses totalling £19 (2018: £16) were reimbursed to 1 trustees (2018: 1)

Other related party transactions involving the trustees are set out in the note to the accounts.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

9. STAFF COSTS

	31.8.19	31.8.18
	£	£
Wages and salaries	1,166,186	1,231,578
Social security costs	108,805	115,709
Operating costs of defined benefit pension schemes	215,904	222,083
	<hr/>	<hr/>
Supply teacher costs	1,490,895	1,569,370
Compensation payments	8,380	1,083
	21,919	-
	<hr/>	<hr/>
	<u>1,521,194</u>	<u>1,570,453</u>

No non-statutory/non-contractual amounts are included in other staff costs.

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	31.8.19	31.8.18
Teachers	19	20
Administration and support	22	24
Management	4	5
	<hr/>	<hr/>
	<u>45</u>	<u>49</u>

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

	31.8.19	31.8.18
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<hr/>	<hr/>
	<u>1</u>	<u>1</u>

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £269,971 (2018: £322,795).

10. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2019 is included in the total insurance cost.

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted General fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	30,804	69,797	100,601
Charitable activities				
Funding for the academy's educational operations	-	-	1,793,274	1,793,274

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted General fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
Other trading activities	13,462	-	5,027	18,489
Investment income	72	-	-	72
Total	13,534	30,804	1,868,098	1,912,436
EXPENDITURE ON				
Charitable activities				
Academy's educational operations	-	167,556	1,998,827	2,166,383
NET INCOME/(EXPENDITURE)	13,534	(136,752)	(130,729)	(253,947)
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	-	105,000	105,000
Net movement in funds	13,534	(136,752)	(25,729)	(148,947)
RECONCILIATION OF FUNDS				
Total funds brought forward	130,509	3,264,250	(560,404)	2,834,355
TOTAL FUNDS CARRIED FORWARD	144,043	3,127,498	(586,133)	2,685,408

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

12. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 September 2018	2,820,531	677,904	4,711
Additions	-	96,689	-
At 31 August 2019	2,820,531	774,593	4,711
DEPRECIATION			
At 1 September 2018	325,251	64,838	4,711
Charge for year	48,185	13,558	-
At 31 August 2019	373,436	78,396	4,711
NET BOOK VALUE			
At 31 August 2019	2,447,095	696,197	-
At 31 August 2018	2,495,280	613,066	-
	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 September 2018	128,381	67,760	3,699,287
Additions	-	-	96,689
At 31 August 2019	128,381	67,760	3,795,976
DEPRECIATION			
At 1 September 2018	124,769	59,464	579,033
Charge for year	1,426	5,319	68,488
At 31 August 2019	126,195	64,783	647,521
NET BOOK VALUE			
At 31 August 2019	2,186	2,977	3,148,455
At 31 August 2018	3,612	8,296	3,120,254

Freehold property includes non depreciating land costing £411,269 (2018: £411,269).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.19 £	31.8.18 £
Trade debtors	-	894
VAT	20,634	6,295
Prepayments and accrued income	187,161	33,506
	207,795	40,695

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.19 £	31.8.18 £
Other loans (see note 16)	60,000	-
Trade creditors	23,790	19,644
Social security and other taxes	54,280	57,735
Accruals and deferred income	46,117	21,735
Accrued expenses	175,961	5,994
	<u>360,148</u>	<u>105,108</u>

Deferred Income

	31.8.19 £	31.8.18 £
Deferred income at 1 September	21,735	20,550
Resources deferred in the year	35,277	21,735
Amounts released from previous years	(10,895)	(20,550)
	<u>46,117</u>	<u>21,735</u>

Deferred income relates to monies collected in advance for trips taking place after the year end.

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

	31.8.19 £	31.8.18 £
Other loans (see note 16)	<u>25,000</u>	<u>85,000</u>

16. LOANS

An analysis of the maturity of loans is given below:

	31.8.19 £	31.8.18 £
Amounts falling due within one year on demand:		
Other loans	<u>60,000</u>	<u>-</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>25,000</u>	<u>60,000</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>-</u>	<u>25,000</u>

In 2017/18 the academy received £85,000 in deficit funding from the ESFA, this has started to be repaid from September 2019 at the rate of £5,000 per month. The balance will be fully repaid by January 2021. No interest is being charged on this balance.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.19	31.8.18
	£	£
Within one year	22,144	24,117
Between one and five years	44,719	62,548
	<u>66,863</u>	<u>86,665</u>

18. 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.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted General fund	Restricted Fixed Asset Fund	Restricted General Fund	31.8.19 Total funds
	£	£	£	£
Fixed assets	-	3,148,455	-	3,148,455
Current assets	158,008	167,932	(71,383)	254,557
Current liabilities	-	(175,977)	(184,171)	(360,148)
Long term liabilities	-	-	(25,000)	(25,000)
Pension liability	-	-	(550,000)	(550,000)
	<u>158,008</u>	<u>3,140,410</u>	<u>(830,554)</u>	<u>2,467,864</u>

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

	Unrestricted General fund	Restricted Fixed Asset Fund	Restricted General Fund	31.8.18 Total funds
			£	£
Fixed assets	-	3,120,254	-	3,120,254
Current assets	144,043	7,244	(81,025)	70,262
Current liabilities	-	-	(105,108)	(105,108)
Long term liabilities	-	-	(85,000)	(85,000)
Pension liability	-	-	(315,000)	(315,000)
	<u>144,043</u>	<u>3,127,498</u>	<u>(586,133)</u>	<u>2,685,408</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

20. MOVEMENT IN FUNDS

	At 1.9.18 £	Net movement in funds £	At 31.8.19 £
Unrestricted funds			
Unrestricted General fund	144,043	13,965	158,008
Restricted funds			
Restricted General Fund	(271,133)	(9,421)	(280,554)
Restricted Pension Fund	(315,000)	(235,000)	(550,000)
DfE/YPLA Capital Grants	546,282	(81,735)	464,547
Conversion and depreciation	2,495,281	(48,185)	2,447,096
Capital expenditure from GAG	83,601	(5,834)	77,767
Capital expenditure from other donations	2,334	148,666	151,000
	<u>2,541,365</u>	<u>(231,509)</u>	<u>2,309,856</u>
TOTAL FUNDS	<u><u>2,685,408</u></u>	<u><u>(217,544)</u></u>	<u><u>2,467,864</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted General fund	13,965	-	-	13,965
Restricted funds				
Restricted General Fund	1,677,688	(1,687,109)	-	(9,421)
Other DfE/ESFA grants	94,469	(94,469)	-	-
Other Restricted	86,055	(86,055)	-	-
DfE/YPLA Capital Grants	122,010	(203,745)	-	(81,735)
Capital expenditure from other donations	149,999	(1,333)	-	148,666
Restricted Pension Fund	-	(15,000)	(220,000)	(235,000)
Conversion and depreciation	-	(48,185)	-	(48,185)
Capital expenditure from GAG	-	(5,834)	-	(5,834)
	<u>2,130,221</u>	<u>(2,141,730)</u>	<u>(220,000)</u>	<u>(231,509)</u>
TOTAL FUNDS	<u><u>2,144,186</u></u>	<u><u>(2,141,730)</u></u>	<u><u>(220,000)</u></u>	<u><u>(217,544)</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

20. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.17 £	Net movement in funds £	At 31.8.18 £
Unrestricted Funds			
Unrestricted General fund	130,509	13,534	144,043
Restricted Funds			
Restricted General Fund	(160,404)	(110,729)	(271,133)
Restricted Pension Fund	(400,000)	85,000	(315,000)
DfE/YPLA Capital Grants	617,959	(71,677)	546,282
Conversion and depreciation	2,544,841	(49,560)	2,495,281
Capital expenditure from GAG	97,783	(14,182)	83,601
Capital expenditure from other donations	3,667	(1,333)	2,334
	<u>2,703,846</u>	<u>(162,481)</u>	<u>2,541,365</u>
TOTAL FUNDS	<u>2,834,355</u>	<u>(148,947)</u>	<u>2,685,408</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted General fund	13,534	-	-	13,534
Restricted funds				
Restricted General Fund	1,682,485	(1,793,214)	-	(110,729)
Other DfE/ESFA grants	83,239	(83,239)	-	-
Other Restricted	102,374	(102,374)	-	-
DfE/YPLA Capital Grants	30,804	(102,481)	-	(71,677)
Conversion and depreciation	-	(49,560)	-	(49,560)
Capital expenditure from other donations	-	(1,333)	-	(1,333)
Restricted Pension Fund	-	(20,000)	105,000	85,000
Capital expenditure from GAG	-	(14,182)	-	(14,182)
	<u>1,898,902</u>	<u>(2,166,383)</u>	<u>105,000</u>	<u>(162,481)</u>
TOTAL FUNDS	<u>1,912,436</u>	<u>(2,166,383)</u>	<u>105,000</u>	<u>(148,947)</u>

20. MOVEMENT IN FUNDS - continued

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

- Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019. General Annual Grant (GAG): must be used for the normal running costs of the Academy.
- Other DfE/ESFA Grants: are utilised for the purposes intended by the donor.
- Other Restricted General Funds: include payments made towards Academy trips.
- The Pension Fund: is the surplus/(deficit) in the Local Government Pension Scheme.
- Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation.
- Unrestricted Funds: are all those income and expenses for general use in the Academy.

The trust is carrying a net deficit of £122,546 (2018: £127,090) on restricted general funds (excluding pension reserve) plus unrestricted funds. This is mainly due to increased cost post the September 2015 Ofsted which graded the academy a 4. Total costs involved in reinstating the academy to grade 2 has been circa. £180k, which included additional member of SLT, middle leaders and specialist teachers in the core subjects of English, Maths and Science.

The trust is taking the following action to return these funds to surplus by:

1. Reviewing all SLA's and operating leases as they fall due
2. Review of staffing structure and natural wastage including voluntary redundancy in administrative staff
3. Increase in pupil numbers
4. Running alternate budgets to reflect potential significant upturn in PPF under the NFF based on government releases on increased funding for secondary schools September 2020 of £5000 per pupil minimum.

The academy is in correspondence with the Education Skills Funding Agency (ESFA) regarding the financial position of the academy and has received deficit funding of £85,000 from them to support the finances of the academy. This funding was repayable to the ESFA starting in September 2019 and payments are being made in line with that plan. The trust opted not to take an additional £40,000 of funds from the ESFA to reduce the need for borrowing and subsequent repayment.

21. 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 Worcestershire 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 £25,853 were payable to the schemes at 31 August 2019 (2018: £27,155) and are included within creditors.

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

21. PENSION AND SIMILAR OBLIGATIONS
- continued

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 Service 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 (currently 14.1%))
- 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
- 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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £139,872 (2018: £152,466).

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

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

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2019 was £91,606 (2018: £86,126), of which employer's contributions totalled £76,023 (2018: £72,102) and employees' contributions totalled £15,583 (2018: £14,024). The agreed contribution rates for future years are 16.2 per cent for employers and between 5.5 and 12.5 per cent for employees.

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

The annual valuation at 31 August 2019 has taken into account the effects of the McCloud judgement.

As the scheme is in deficit, the academy has entered into an agreement with the trustees to make additional contributions in additions to normal funding levels.

The rates payable over a three year period will be the Future Service Rate of 16.2% of payroll plus the phased lump sum deficit contribution starting at £32,800 for the year to 2017/18, increasing by approximately 4% per annum. The rate payable from 1 April 2020 will be further revised following the valuation which took on 31 March 2019.

The current estimated recovery period is 3 years.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

21. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Present value of funded obligations	(1,293,000)	(948,000)
Fair value of plan assets	743,000	633,000
	<u>(550,000)</u>	<u>(315,000)</u>
Deficit	<u>(550,000)</u>	<u>(315,000)</u>
Liability	<u><u>(550,000)</u></u>	<u><u>(315,000)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Current service cost	79,000	81,000
Net interest from net defined benefit asset/liability	7,000	10,000
Past service cost	4,000	-
Admin expense	1,000	1,000
	<u>91,000</u>	<u>92,000</u>
Actual return on plan assets	<u>29,000</u>	<u>37,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Defined benefit obligation	948,000	921,000
Current service cost	79,000	81,000
Past service cost	4,000	-
Contributions by scheme participants	16,000	14,000
Interest cost	26,000	23,000
Actuarial losses/(gains)	230,000	(81,000)
Benefits paid	(10,000)	(10,000)
	<u>1,293,000</u>	<u>948,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

21. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Fair value of scheme assets	633,000	521,000
Contributions by employer	76,000	72,000
Contributions by scheme participants	16,000	14,000
Expected return	19,000	13,000
Actuarial gains/(losses)	10,000	24,000
Benefits paid	(10,000)	(10,000)
Administration expenses	(1,000)	(1,000)
	<u>743,000</u>	<u>633,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Actuarial gains/(losses)	(220,000)	105,000
	<u>(220,000)</u>	<u>105,000</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Equities	526,000	487,000
Bonds - Government	56,000	51,000
Bonds - Other	37,000	29,000
Property	45,000	30,000
Cash/Liquidity	22,000	13,000
Other	57,000	23,000
	<u>743,000</u>	<u>633,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.8.19	31.8.18
Discount rate for scheme liabilities	1.8%	2.8%
Rate of increase in salaries	3.6%	3.6%
Inflation assumption (CPI)	2.1%	2.1%
Rate of increase in pensions	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:

	31.8.19	31.8.18
Retiring today		
Males	22.8	22.7
Females	25.8	25.7
Retiring in 20 years		

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

21. PENSION AND SIMILAR OBLIGATIONS
- continued

Males	25.1	24.9
Females	28.2	28
Sensitivity Analysis		
	31.8.19	31.8.18
	£000's	£000's
Discount rate +0.1%	525	296
Mortality assumption - 1 year increase	574	331
CPI rate +0.1%	576	333

22. CONTINGENT LIABILITIES

There are no significant contingent liabilities that the Governors are aware of.

23. RELATED PARTY DISCLOSURES

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

Bromyard Speed Festival CIC - a community interest company in which A Burt (a governor and member of the academy) is a director:

- During the year £Nil (2018: £1,000) was received from Bromyard Speed Festival CIC in relation to a donation.
- There were no amounts outstanding at 31 August 2019 (2018: £nil).

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 8.