

Annual Report and Financial Statements GDST Academy Trust

For the year ended 31 August 2019



Company No: 06000347 (England and Wales)

Charitable Company limited by guarantee exempt from registration

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TRUSTEES' REPORT**REFERENCE AND ADMINISTRATIVE DETAILS**

Board of Trustees (Academy Trust Board)	Position
Cheryl Giovannoni (Accounting Officer)	Trustee
Kathy Anstey	Trustee
Judith Simons	Trustee
Jonathan Davis	* Trustee
Alison Kinman-Carroll (resigned 31 August 2019)	Trustee
Alison Taylor (appointed 1 September 2018)	* Trustee
Gary Stewart (appointed 13 June 2019)	* Trustee
Helen Williams (resigned 31 August 2019)	Chair of trustees
* denotes member of the ATB Finance, Audit and Risk Committee	
Academy Principals	
Mrs R Mahony	Birkenhead High School Academy
Mrs J Taylor (appointed 01/09/2019)	The Belvedere Academy
Mr P M Kennedy (resigned 31/08/2019)	The Belvedere Academy
Company Number	06000347
Registered Office:	10 Bressenden Place London SW1E 5DH
Auditors:	Grant Thornton UK LLP Chartered Accountants, Registered Auditors 4 Hardman Square Spinningfields, Manchester M3 3EB
Bankers:	National Westminster Bank 1 st Floor 440 Strand London WC2R 0QS
Solicitors:	Withers LLP 20 Old Bailey London EC4M 7AN

TRUSTEES' REPORT

The trustees of the GDST Academy Trust ('the Academy Trust'), who are also directors of the Academy Trust for the purposes of the Companies Act, present their statutory report and the audited accounts for the year ended 31 August 2019. The Trustees' Report serves as both a trustees' report, and a directors' report under company law. Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

The financial statements have been prepared in accordance with the accounting policies on pages 30 to 36 of the attached financial statements and comply with the charitable company's memorandum and articles of association, the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)). The report has been prepared in accordance with the Charities Act 2011.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee (No. 06000347) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of GDST Academy Trust are also the directors of the charitable company for the purposes of company law. Membership of the Academy Trust comprises the following:

- The Girls' Day School Trust (the initial subscriber and principal sponsor)
- The holders of the offices of Chairman and Deputy Chairman of the Girls' Day School Trust *ex officio*

The Secretary of State for Education (DfE) has the right to appoint one person to the membership of the Academy Trust. This right has not yet been exercised.

The members may unanimously agree to appoint such additional members as they think fit.

Principal Activities

The Academy Trust operates two academies for girls, namely The Belvedere Academy ("Belvedere") in Liverpool and Birkenhead High School Academy ("Birkenhead" or "BHSA") on the Wirral to:

- Advance the education of girls for the public benefit; and
- to promote for the benefit of the public/social welfare the provision of facilities for recreation or other leisure time occupation.

TRUSTEES' REPORT

Members' liability

Each member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member for the payment of the Academy Trust's debts and liabilities contracted before he or she ceases to be a member.

Trustees

The Academy Trust has provision for the following trustees (governors):

- The Girls' Day School Trust (initial subscriber and principal sponsor) may appoint up to ten sponsor trustees;
- The Chair of each academy's Local Governing Body, provided that the number does not exceed three.

All trustees receive induction training and are supplied with copies of policies, procedures, minutes, budgets, plans and other documents that they will require to undertake their role as trustee. During the period, the trustees held 4 meetings.

Trustees receive no remuneration or benefits in respect of their duties as trustees but are reimbursed for expenses incurred in carrying out their duties. The amount of expenses reimbursed to trustees in the year was nil (refer to Note 9 to the financial statements).

In accordance with normal commercial practice, the Academy Trust purchases insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The cost of this insurance is included in the total insurance cost, details of which are shown in note 10 to the financial statements.

Under the terms of the Academy Trust's Memorandum, the Academy Trust may enter into a contract for the supply of goods or services with the Girls' Day School Trust or any of its subsidiaries at any time when a trustee is a member or employee of the Girls' Day School Trust or such trading subsidiary. Goods or services acquired under such a contract must actually be required by the Academy Trust, the level of remuneration must be reasonable in relation to the value of the goods or services and no trustee (or connected person) shall have a pecuniary interest which conflicts with the Academy Trust's interests. The Academy Trust has entered into an agreement with the Girls' Day School Trust to provide particular services on this basis (described in note 25 to the financial statements).

Organisational structure

The organisational structure consists of three levels: the Academy Trust Board (the trustees); in addition, each academy within the Trust will have a Local Governing Body and a Senior Management Team.

The Academy Trust Board (the ATB) is responsible for the overall strategic direction of each academy and for those statutory duties which may not be delegated to sub-committees. The principal roles of the ATB are:

TRUSTEES' REPORT

- to set the Trust's strategy;
- to monitor each academy's performance against key performance indicators;
- to maintain the financial stability of the Trust;
- to review the Trust's policies and procedures that provide internal control and mitigate risk.

The Local Governing Bodies (LGBs) are committees of the Academy Trust Board (ATB). Legal responsibility for the Academy Trust lies with the ATB but the ATB relies on advice and support from the LGBs. The key purposes of the LGBs are:

- to monitor the academy's financial and academic performance;
- to develop strategic policies which reflect the academy's vision and ethos;
- to promote the academy and foster links with the local community.

The Senior Leadership Team (SLT) of each academy will typically include the Principal, Vice Principals, Assistant Vice Principals, the Finance Director, Administration Manager, Estates Manager and ICT Manager. These managers control the academy at an executive level implementing the policies approved by the Academy Trust Board.

The salaries of the Principals are determined by the ATB. The Principals are responsible to the ATB for the appointment of staff and their salary grading. For those members of SLT on the teachers' pay scale, salaries and other allowances are increased in accordance with the annual percentage increase agreed for teachers in the maintained sector by the Secretary of State for Education. For SLT members on the support staff pay scale, the rates of pay which will apply are those generally prevailing for comparable employment in the public sector and are increased in line with increases agreed by the appropriate national negotiating bodies in those sectors.

Trade Unions Facility Time

Relevant Union Officials

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

Percentage of time spent on facility time

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

TRUSTEES' REPORT**Trade Unions Facility Time (continued)****Percentage of pay bill spent on facility time**

Total cost of facility time (£'000)	1
Total pay bill (£'000)	9,961
% of total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) X 100	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Connected Organisations

The Academy Trust works closely with its principal sponsor, the Girls' Day School Trust, its co-sponsor of the Belvedere Academy, the HSBC Education Trust, the DfE, the Education and Skills Funding Agency, the Local Education Authorities and other local organisations.

OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

The principal objective of the Academy Trust is to advance education for the public benefit, by establishing, maintaining, operating and developing schools, including but not limited to academies, offering a broad curriculum with a strong emphasis on the specialisms specified in the relevant Funding Agreements. In setting the Trust's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The catchment area for the Belvedere Academy is Merseyside and the surrounding areas, whilst that for the Birkenhead High School Academy is Wirral and the surrounding areas. Each academy's admissions policy is included in its Funding Agreement and applications for places at the academies are made in accordance with the relevant local authority's co-ordinated admission arrangements.

The Academy Trust aims to work with others to create a healthy, safe environment within which all of its pupils can enjoy learning, make progress and achieve high standards. Each pupil is encouraged to participate fully and make a positive contribution to their academy and the wider community and ultimately become successful, motivated, well-adjusted adults who achieve economic well-being.

In addition, the Academy Trust promotes the provision of its facilities for recreation, sports and other leisure time occupation for the benefit of the public/social welfare.

TRUSTEES' REPORT

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The following paragraphs present a review of the significant activities undertaken by the Academy Trust during the year to further its charitable purposes for public benefit.

Pupil Numbers

Demand for entry to both academies continues to be strong, with applications far exceeding the available number of places in the Junior School and the Senior Schools at Year 7. At Sixth Form level, Belvedere continues to sustain close to capacity numbers whilst Birkenhead High School Academy (BHSA) faces increasing competition from other local providers and Sixth Form retention and recruitment remains an area of particular focus.

Pupil numbers at BHSA currently stand at 394 in Juniors, 594 in Seniors and 142 in the Sixth Form, making a total of 1130 (September 2018: 1109). The junior school Pupil Admission Number (PAN) is 56, whilst the senior school PAN increased by 27 to 135 in September 2018.

Belvedere is heavily over-subscribed; the academy is at capacity with pupil numbers standing currently at 949. The local authority have funded an expansion to the current site enabling the PAN to increase by 25 to 155 from September 2019. The Sixth Form continues to be a popular option with over 80% of Belvedere girls choosing to stay on after GCSEs. The Sixth Form currently stands at 282, with 54 girls being recruited from external schools.

Academic results

The new GCSE in Maths and English introduced in 2016 continued to make it a very challenging year for teachers and students throughout the country. BHSA was pleased to maintain its place as one of the highest performing non-selective girls' schools on the Wirral whilst Belvedere was the highest performing non-selective school in Liverpool.

At 'A' level, Belvedere saw over half of their grades at A*-B and based on these results, 80% of Belvedere students achieved their first university choice. BHSA achieved over a third of their grades at A*-B allowing 75% of students to achieve their first university choice.

Each academy's outcomes (based on the new key performance indicators where relevant) are shown in the tables overleaf;

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Key Stage 4	18/19 (*)	18/19	18/19	17/18 (*)	17/18	17/18
	Birkenhead	Belvedere	National (#)	Birkenhead	Belvedere	National (#)
Progress 8	+0.28	+0.22	-0.03	+0.24	+0.34	-0.02
Attainment 8	47.48 points	61 points	49.3 points	50.33 points	60.18 points	44.3 points
% of students gaining Grade C/4 or above in English & Maths	62.6%	87.0%	63.7%	74.1%	90.0%	66.9%
% of students gaining Grade 5 or above in English & Maths	28.0%	69.5%	43.9%	44.0%	76.0%	39.0%

Key Stage 5	18/19 (*)	18/19	18/19	17/18 (*)	17/18	17/18
	Birkenhead	Belvedere	National (#)	Birkenhead	Belvedere	National (#)
Grades at A*/A	18.5%	23.6%	25.5%	16.2%	33.7%	26.2%
Grades at A*-B	41.1%	50.7%	52.0%	36.2%	57.6%	54.2%
Overall Pass Rate at A level	98.1%	98.8%	98.0%	94.3%	99.0%	98.1%

(*) The Key Stage 4 & Key Stage 5 2018/19 results are provisional. Final results will be published in January 2020.

(#) National Girls' figure

2018/19 was a successful year for pupils at Birkenhead Junior School, with BHSA students continuing to show an overall improving picture in the new external standards (2016).

Early Years Attainment	18/19	17/18	16/17
Good Level of Development	77%	82%	73%

A Good Level of Development is achieved at the end of Foundation 2 when pupils achieve at least the 'expected' level in all prime areas plus all numeracy and literacy areas.

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Key Stage 1 Attainment	18/19	17/18
Phonics Screening Check Year 1	89%	84%
Working at or beyond the national standard in		
Reading	82%	88%
Writing	59%	73%
Maths	71%	72%
Key Stage 2 Attainment and Progress	18/19	17/18
Reading - % at and beyond national standard	77%	88%
Reading - Progress score	-4.0	-1.5
Writing- % at and beyond national standard	80%	73%
Writing – Progress score	-3.5%	-0.7%
Grammar, Punctuation & Spelling - % at and beyond national standard	86%	82%
Maths - % at and beyond national standard	82%	71%
Maths - Progress score	-2.8	-3.3

Highlights of the Year

BHSA further developed reading throughout the academy with two distinct areas for senior and junior pupils in our school library. The new library development was opened by Chris Riddell, Children's Poet Laureate. Our link with a local bookshop enabling high profile authors to visit school regularly has also helped raise the profile of reading, not only within the school community, but on the Wirral as a whole, with many other local schools attending these events. We continue with our reading discovery programme with every sixth form girl reading with a junior school girl on a weekly basis.

BHSA secured funding for a Community Cadet Programme resulting in 50 cadets being recruited following the launch. The first parade took place in January 2019 and a number of camps have taken place during the year.

At a time of financial constraints, the ongoing support of the Parents Association is vital to the academy and their fundraising efforts enable the school to access resources that the budget would not ordinarily stretch to but which have a significant impact on teaching and learning.

Belvedere Academy's Performing Arts faculty have been shortlisted for an "Outstanding Arts at a Secondary School" award at this year's Educate Awards for the summer 2019 production of "Mary Poppins" which played to sell-out audiences over three nights.

The official opening of the Belvedere Academy Royal Navy Cadet Force was held in Spring 2019. The cadets enjoyed a weekend away at the Britannia Royal Naval College Dartmouth, staying on HMS Hindustan.

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FINANCIAL REVIEW

The financial position of the Academy Trust is detailed in the following pages.

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received during the period and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Capital grants and donations received from the Education and Skills Funding Agency, Liverpool Local Authority and sponsors during the year amounted to £2,670,865 (2018: £74,539), inclusive of a grant to fund building works. In accordance with the Charities Statement of Recommended Practice (FRS 102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation over the expected useful life of the assets concerned. The depreciation charge for the year on these assets was £804,613 (2018: £880,471).

Recurrent grants of £10,233,660 (2018: £9,807,710) were received from the Education and Skills Funding Agency, Local Authorities and other Government bodies. Expenditure covered by these grants amounted to £10,978,931 (2018: £10,390,298). Such grants and expenditure are shown in the restricted general fund in the Statement of Financial Activities.

Unrestricted income and expenditure in the period amounted to £1,038,368 (2018: £954,615) and £807,400 (2018: £749,947) respectively.

At 31 August 2019 the net book value of fixed assets was £32,365,327 (2018: £30,550,069) and movements in fixed assets are shown in Note 11 to the financial statements. The cost of fixed asset additions in the year amounted to £2,619,870 (2018: £69,663).

Reserves policy

The Academy Trust Board reviews the level of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. It is the trustees' policy to maintain a minimum level of reserves of £500,000 and to build up free reserves which can be used for future education purposes in line with each academy's development plan. The trustees will ensure that the reserves policy continues to conform to the requirements laid down in the Academies' Financial Handbook produced by the DfE.

Having taken account of the risks to which the Trust is exposed, the trustees consider the current level of reserves to be appropriate. Free Reserves (total of restricted general funds (excluding the defined benefit pension liability) and unrestricted general funds) at the end of the period amounted to £720,514.

TRUSTEES' REPORT

As both academies are on census based pupil number funding, the Academy Trust is not subject to any limit on the amount of General Annual Grant that may be carried forward, thus allowing the trustees to ensure that adequate reserves may be built up.

The Restricted Fixed Asset Fund may only be realised by disposing of tangible fixed assets. The balance at 31 August 2019 was £32,652,402.

In accordance with FRS 102, it is necessary to charge projected pension scheme deficits to the Restricted General Fund for those pension schemes where the assets and liabilities of the scheme can be separately identified. This has resulted in a reduction in restricted reserves of £3,889,000. It should be noted that this is an accounting estimate of a long-term liability which has not crystallised and has no immediate impact on the Academy Trust's liquidity.

Investment Policy

The trustees have authorised the use of short term deposit accounts and notice deposit accounts in respect of cash held which is surplus to immediate requirements.

Principal Risks and Uncertainties

The trustees are responsible for the management of the risks to which the Academy Trust is exposed and are assisted in this task by the Local Governing Bodies, the Senior Management Teams of the academies and the specialist Health and Safety and Human Resource advisors at the Girls' Day School Trust (the main sponsor).

The Trust's risk management procedures have been reviewed during the year and the trustees are satisfied that the major risks identified have been considered by the trustees and processes have been established to manage those risks where necessary. As a result of their risk assessment, the trustees consider that the key risks facing the Trust continue to be:

- Long term funding from ESFA not sufficient to support the required Academies offer.
- Academies' Sixth Forms undersubscribed in the long term – impacting on results and finances.
- The Academy Trust may have pension scheme commitments that it is unable to meet.

The strategies employed to manage these risks include the regular review of long term financial forecasts and actuarial valuations of the pension schemes allowing adequate time for appropriate action to be taken.

Going Concern

After making appropriate enquiries, the ATB has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. Three year forecasts to 2021/22 have been prepared by each Academy and agreed by the ATB after detailed discussion. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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Fundraising

The Academy Trust held some small fundraising events during the year including non-uniform days and cake sales. The Academy Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

PLANS FOR FUTURE PERIODS

Following a detailed and extensive review of the academies' cost bases and potential additional areas for income generation, the 2019/20 budgets have been approved by the trustees at an in year surplus of £13,000 for BHSA and for Belvedere, a surplus of £23,000.

The main overall objective for both academies is to maintain their OFSTED outstanding ratings and in order to achieve this, the key priorities for future periods have been identified as follows:

Birkenhead High School Academy

- to provide consistently outstanding or good teaching across the academy
- to monitor progress throughout the school for all students but particularly for identified cohorts such as vulnerable groups and high achievers
- to achieve outstanding behaviour for learning via a review of the behaviour awards system and ongoing training for staff
- development of student leadership opportunities
- maintain financial and operational efficiency in the current difficult funding climate by exploring every initiative for additional income generation and cost reduction.

Belvedere Academy

- to continue developments in the areas of curriculum, assessment and teaching and learning
- to enhance staff development by ongoing review of staffing structures and the provision of appropriate training programmes
- the continued promotion of safeguarding and wellbeing for both students and staff
- the management and development of the academy's resources in terms of ensuring financial stability, making the most effective use of the school estate and formulation of a long term ICT strategy.

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

TRUSTEES' REPORT

DISABLED PERSONS

The policy of the Academy Trust is to support the recruitment and retention of pupils and employees with disabilities. Disabled employees are accorded equal opportunities for training, career development and promotion.

AUDITORS

Statement as to disclosure of information to Auditors

Grant Thornton UK LLP were appointed as auditors to the Academy Trust in February 2014.

The trustees confirm that so far as they are aware, there is no relevant audit information of which the Academy Trust's auditors are unaware. They have taken all steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the Academy Trust's auditors are aware of that information.

The report of the Trustees, incorporating a strategic report, was approved by the Trustees on 9 December 2019 and signed on their behalf by:



Jonathan Davis
Trustee

TRUSTEES' REPORT

GOVERNANCE STATEMENT

Scope of Responsibility

The trustees acknowledge that they have overall responsibility for ensuring that the 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 Academy Trust Board ("ATB") has delegated the day-to-day responsibility to the Principals and Accounting Officer for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreements between the Academy Trust and the Secretary of State for Education. They are also responsible for reporting any material weaknesses or breakdowns in internal control to the ATB.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Academy Trust Board has formally met four times during the year and the Finance, Audit and Risk Committee has met five times. Attendance during the year at meetings was as follows:

Academy Trust Board Trustee	Meetings attended	Out of a possible
Kathy Anstey	3	4
Jonathan Davis	4	4
Cheryl Giovannoni (accounting Officer)	3	4
Alison Kinman-Carroll (resigned 31 August 2019)	3	4
Alison Taylor (Appointed 1 September 2018)	3	4
Gary Stewart (Appointed 13 June 2019)	2	2
Judith Simons	4	4
Helen Williams (Resigned 31 August 2019)	4	4

ATB Finance, Audit and Risk Committee Member	Meetings attended	Out of a possible
Alison Taylor	4	4
Gary Stewart	1	1
Jonathan Davis	4	4

The Academies Financial Handbook 2018/19 recommends Trustees meet formally six times a year. The Trustees of the Academy Trust met four times and consider this sufficient given the Finance, Audit and Risk committee also met four times during the year and have members in common with the Trustee Board which allows an appropriate level of oversight at Board level throughout the year.

TRUSTEES' REPORT

The 2016/17 governance review delivered a number of initiatives including:-

- a self-evaluation exercise which identified areas in which the Board could work more effectively
- training needs for the Local Governing Bodies were ascertained
- bespoke key performance data training for the whole Board
- an improved induction programme for new trustees

An independent review of the governance arrangements of the Academy Trust Board was carried out in Summer 2019 by a consultant from the National Governance Association. The Board is currently reviewing the results and plan to implement the recommendations once a new Chair is appointed.

Review of Value for Money

The Accounting Officer has responsibility for ensuring that the academies deliver 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 academies' use of their resources has provided good value for money during each academic year and reports to the Academy Trust Board where value for money can be improved, including the use of benchmarking data where available.

In the current funding climate it is essential that both academies continually review their cost bases and potential areas for additional income generation. This exercise enabled both academies to set prudent budgets for the 2019/20 financial year and the key strategies used to achieve this included:-

- Re-structuring of the senior leadership teams.
- Re-structuring of support staff roles and responsibilities.
- Review of the curriculum offer, particularly at Sixth Form, to improve retention and recruitment and to reduce teaching staff requirements.
- Reducing teachers' non-contact time.
- Additional income generation from facilities hire and the parental contribution scheme.

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 controls is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal controls has been in place in

TRUSTEES' REPORT

the Academy Trust for the year ended 31 August 2019 and up to the date of the approval of the annual report and financial statements.

Capacity to Handle Risk

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

Risk registers are maintained at both Academy Trust level and at individual academy level. Academy risk registers are reviewed on a termly basis by the LGBs and the ATB. The Academy Trust risk register is reviewed annually by the ATB.

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 trustees;
- regular reviews by the trustees and the LGBs of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets and key performance indicators to measure financial and other performance;
- clearly defined purchasing (revenue purchase or capital investment) guidelines;
- detailed terms of reference for all committees;
- formal agendas for the ATB, ATB Finance, Audit & Risk Committee and LGB meetings (the minutes of the LGB meetings are reviewed by the ATB);
- delegation of authority and segregation of duties;
- formal written policies;
- policies and procedures required by law to protect the vulnerable;
- identification and management of risks.

The ATB Finance, Audit and Risk Sub-Committee is responsible for reviewing the Academy Trust's risk management policies and procedures, including those relating to internal financial controls and the internal audit work planned to address those risks. The Academy Trust has appointed the internal auditor of the Girls' Day School Trust to carry out a programme of internal checks and the Sub-Committee directs the work of the internal auditor to those areas of greatest risk. On an annual basis, the internal auditor reports to the ATB (through the Finance, Audit and Risk Sub-Committee) on the operation of the systems of control and on the discharge of the ATB's financial responsibilities. The internal audit carried out in the year ended 31 August 2019 did not identify any material control issues.

TRUSTEES' REPORT

Review of Effectiveness

The Academy Trust consists of two academies. The values and aspirations for the academies are wholly aligned with those for the rest of the GDST network of schools. The Accounting Officer, who is also Chief Executive Officer of the GDST, takes senior executive responsibility for the academies, including line management of the respective principals.

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

- the work of the ATB Finance, Audit and Risk Sub-Committee and internal audit function;
- 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.

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

Approved by order of the trustees on9 December 2019..... and signed on their behalf by:



Jonathan Davis

Trustee



Cheryl Giovannoni

Accounting Officer

TRUSTEES' REPORT**STATEMENT of REGULARITY, PROPRIETY and COMPLIANCE**

As Accounting Officer of GDST Academy Trust, I have considered my responsibility to notify the Academy Trust Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreements in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies' Financial Handbook 2018.

I confirm that I and the Academy Trust Board are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreements 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 Academy Trust Board and the ESFA.



Cheryl Giovannoni
Accounting Officer

Date: 9 December 2019

TRUSTEES' REPORT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of GDST Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with the Academies Accounts Direction published by the Educations & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

TRUSTEES' REPORT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Approved by order of the members of the board of trustees on9 December 2019.....
and signed on their behalf by:



Jonathan Davis
Trustee



Independent Auditor's Report to the Members of GDST Academy Trust

Opinion

We have audited the financial statements of GDST Academy Trust ('the charitable company') for the year ended 31 August 2019, which comprise the Statement of Financial Activities (including the income and expenditure account), 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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the 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 have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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



Independent Auditor's Report to the Members of GDST Academy Trust

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report including Reference and Administrative details, the Report of the Directors and Strategic Report, the Governance Statement, the Statement on regularity, propriety and compliance and the Statement of trustees' responsibilities), other than the financial statements and our auditor's report 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.

Opinion 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 Strategic Report and the Director's Report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Strategic Report or the Directors' Report included in the Trustees' Annual Report.



Independent Auditor's Report to the Members of GDST Academy Trust

Matters on which we are required to report by exception

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 the trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the trustees (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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Independent Auditor's Report to the Members of GDST Academy Trust

Use of our report

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

A handwritten signature in black ink that reads 'Joanne Love'.

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

9 December 2014.



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

In accordance with the terms of our engagement letter dated 9th October 2019 and further to the requirements of the Education & 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 the GDST Academy Trust during the period 01 July 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.

Respective responsibilities of GDST Academy Trust's Accounting Officer and the reporting accountant

The accounting officer is responsible, under the requirements of GDST Academy Trust's funding agreement with the Secretary of State for Education dated 5 September 2007 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 academy trust's income and expenditure.



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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

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 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

This report is made solely to GDST 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 GDST Academy Trust and the ESFA those matters we are required to state to them 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 GDST Academy Trust's and the ESFA, for our work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP

Reporting Accountant

Grant Thornton UK LLP
Chartered Accountants
Manchester

9 December 2019

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2019 Total £'000	2018 Total £'000
Income						
Donations and capital grants	2	90	-	2,548	2,638	107
Other trading activities	3	882	-	-	882	810
Investment income	4	5	-	-	5	1
Income from charitable activities						
Funding for the academies' educational operations	5	61	10,319	122	10,502	9,982
Total incoming resources		1,038	10,319	2,670	14,027	10,900
Expenditure on:						
Raising funds	6	807	-	-	807	750
Charitable activities:						
Academies' educational operations	7	-	11,063	805	11,868	11,271
Total		807	11,063	805	12,675	12,021
Net income/(expenditure)		231	(744)	1,865	1,352	(1,121)
Transfers between funds	15	-	-	-	-	-
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(1,305)	-	(1,305)	560
Net movement in funds		231	(2,049)	1,865	47	(561)
Reconciliation of funds						
Total funds brought forward	15	2,020	(3,370)	30,787	29,437	29,998
Total funds carried forward		2,251	(5,419)	32,652	29,484	29,437

All of the Academy Trust's activities derived from continuing operations during the above two financial periods.

BALANCE SHEET

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible assets	11		<u>32,365</u>		<u>30,550</u>
Current assets					
Stocks	12	2		1	
Debtors	13	611		595	
Cash at bank		<u>2,273</u>		<u>2,273</u>	
		2,886		2,869	
Liabilities					
Creditors: amounts falling due within one year	14	<u>(1,878)</u>		<u>(1,884)</u>	
Net current assets			<u>1,008</u>		<u>985</u>
Total assets less current liabilities			33,373		31,535
Defined benefit pension scheme liability	24		<u>(3,889)</u>		<u>(2,098)</u>
Total net assets			<u>29,484</u>		<u>29,437</u>
Funds of the Academy Trust					
Restricted funds:					
Fixed asset funds	15	32,652		30,787	
General funds	15	(1,530)		(1,272)	
Pension reserve	15	<u>(3,889)</u>		<u>(2,098)</u>	
Total restricted funds			27,233		27,417
Unrestricted funds:					
General funds	15	<u>2,251</u>		<u>2,020</u>	
Total unrestricted funds			<u>2,251</u>		<u>2,020</u>
Total funds			<u>29,484</u>		<u>29,437</u>

The financial statements were approved by the Trustees, and authorised for issue on 9 December 2019 and are signed on their behalf, by:



Jonathan Davis
Trustee

STATEMENT OF CASH FLOWS

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	19	(55)	162
Cash flows from investing activities	20	55	6
Change in cash and cash equivalents in the reporting period		<u>-</u>	<u>168</u>
Cash and cash equivalents at 1 September 2018		<u>2,273</u>	<u>2,105</u>
Cash and cash equivalents at 31 August 2019		<u>2,273</u>	<u>2,273</u>

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The Academy Trust is a company limited by guarantee (No. 06000347) incorporated in England and Wales and is an exempt charity. The registered office is 10 Bressenden Place, London, SW1E 5DH. The principal objective of the Academy Trust is to advance education for the public benefit, by establishing, maintaining, operating and developing schools, including but not limited to academies.

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

Basis of preparation

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

The financial statements are presented in Sterling (£).

Going concern

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

Income

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

Grants

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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

Sponsorship income

The value of sponsorship provided to the Academy Trust is recognised in the Statement of Financial Activities in the period in which it is receivable, (where there are no performance related conditions) where the receipt is probable and the amount can be measured reliably.

Donations

Donations are included in the Statement of Financial Activities on a receivable basis (where there are no performance related conditions) where the receipt is probable and the amount can be measured reliably.

Other Income

Other income is recognised in the period in which it is receivable and to the extent that the goods have been provided or on completion of the service.

Donated services and gifts in kind

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'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's accounting policies.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic

NOTES TO THE FINANCIAL STATEMENTS

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.

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Tangible fixed assets acquired since the Academy Trust was established are included in the accounts at cost. All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Fixed assets donated by third parties are recognised as income at their fair value in the period in which the Academy Trust has entitlement to the incoming resources, where the benefit to the Academy Trust can be reliably measured and where any performance related conditions have been fully met.

Depreciation

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

Leasehold buildings and improvements	2% p.a.
Leasehold building refurbishments	10% p.a.
Furniture, fittings and equipment	25% p.a.
Computer equipment	25% p.a.
Motor vehicles	25% p.a.

Where fixed assets have been acquired with the aid of specific grants or donations, they are included in the balance sheet at cost or valuation and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

NOTES TO THE FINANCIAL STATEMENTS

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. Fixed assets donated by third parties are recognised as income at their fair value in the period in which the Academy Trust has entitlement to the incoming resources, where the benefit to the Academy Trust can be reliably measured and where any performance related conditions have been fully met.

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.

Stock

Catering stocks are stated at the lower of cost and net realisable value.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 Bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 28.

Pensions

Academy Trust staff are members of three pension schemes, all of which are defined benefit schemes. More details of the schemes are given in note 24.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA/DfE.

Financial instruments

The Academy Trust only holds basic financial statements as defined in FRS102. 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 statements and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to Girl's Day School Trust are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. 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. Amounts due to Girl's Day School Trust are held at face value less any impairment.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA/DfE.

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

NOTES TO THE FINANCIAL STATEMENTS

discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Academy Trust has determined that it is entitled to the ongoing building work at the 31 August 2019 and has therefore recognised the assets as assets under construction within fixed assets. Please refer to Note 11 for further details.

NOTES TO THE FINANCIAL STATEMENTS

2 DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000	Unrestricted funds £'000	Restricted Funds £'000	2018 Total £'000
Other capital donation	-	2,548	2,548	-	34	34
Sponsor revenue donation	70	-	70	65	-	65
Other donations	20	-	20	8	-	8
	<u>90</u>	<u>2,548</u>	<u>2,638</u>	<u>73</u>	<u>34</u>	<u>107</u>

3 OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000	Unrestricted funds £'000	Restricted Funds £'000	2018 Total £'000
Hire of facilities	235	-	235	201	-	201
Catering income	471	-	471	451	-	451
Sundry income	37	-	37	36	-	36
Transport scheme income	139	-	139	122	-	122
	<u>882</u>	<u>-</u>	<u>882</u>	<u>810</u>	<u>-</u>	<u>810</u>

NOTES TO THE FINANCIAL STATEMENTS**4 INVESTMENT INCOME**

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000	Unrestricted funds £'000	Restricted Funds £'000	2018 Total £'000
Short term deposits	5	-	5	1	-	1

5 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000	Unrestricted funds £'000	Restricted Funds £'000	2018 Total £'000
DfE/EFA revenue grants						
General Annual Grant (GAG)	-	9,359	9,359	-	9,089	9,089
Other DfE grants	-	731	731	-	594	594
Capital grant	-	112	112	-	41	41
	-	10,202	10,202	-	9,724	9,724
Other Government grants						
Other Government grants	-	154	154	-	125	125
	-	154	154	-	125	125
Other income from the Academy Trust's educational operations						
	61	85	146	71	62	133
	61	239	300	71	187	258
	61	10,441	10,502	71	9,911	9,982

NOTES TO THE FINANCIAL STATEMENTS

6 EXPENDITURE

	Non pay expenditure			2019	2018
	Staff costs	Premises	Other	Total	Total
	£'000	£'000	Costs £'000	£'000	£'000
Costs of activities for generating funds	336	-	471	807	750
	<u>336</u>	<u>-</u>	<u>471</u>	<u>807</u>	<u>750</u>
Academy's educational operations					
Direct costs	7,710	332	476	8,518	8,063
Allocated support costs	1,652	1,249	449	3,350	3,208
	<u>9,362</u>	<u>1,581</u>	<u>925</u>	<u>11,868</u>	<u>11,271</u>
	<u>9,698</u>	<u>1,581</u>	<u>1,396</u>	<u>12,675</u>	<u>12,021</u>

Net income/(expenditure) for the year includes:

	2019 £'000	2018 £'000
Depreciation	805	880
Operating lease rentals	27	18
Fees payable to auditor		
- Audit	16	16
- Other services (tax advisory)	-	2
Loss/(profit) on disposal of fixed assets	-	-

NOTES TO THE FINANCIAL STATEMENTS**7 CHARITABLE ACTIVITIES**

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2018 Total £'000
Teaching and educational support staff costs	-	7,710	7,710	-	7,206	7,206
Depreciation	-	332	332	-	384	384
Educational supplies	-	273	273	-	283	283
Examination fees	-	170	170	-	148	148
Staff development	-	16	16	-	24	24
Other direct costs	-	17	17	-	18	18
Total	-	8,518	8,518	-	8,063	8,063

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2018 Total £'000
Analysis of support costs						
Support staff costs	-	1,651	1,651	-	1,546	1,546
Depreciation	-	473	473	-	496	496
Technology costs	-	135	135	-	126	126
Premises costs	-	776	776	-	708	708
Other support costs	-	297	297	-	314	314
Governance costs	-	18	18	-	18	18
	-	3,350	3,350	-	3,208	3,208
	-	11,868	11,868	-	11,271	11,271

NOTES TO THE FINANCIAL STATEMENTS

8 STAFF COSTS

	2019 £'000	2018 £'000
a. Staff costs		
Wages and salaries	7,322	7,034
Social security costs	716	653
Other pension costs	1,599	1,366
	<u>9,637</u>	<u>9,053</u>
Supply teacher costs	54	5
Staff restructuring costs	-	9
	<u>9,691</u>	<u>9,067</u>

Analysis of restructuring costs

	2019 £'000	2018 £'000
Staff restructuring costs comprise:		
Severance payments	-	9
	<u>-</u>	<u>9</u>

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

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £nil (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS

c. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

Charitable activities	2019 Number	2018 Number
Teachers	134	135
Administration and support	127	122
Management	14	14
	<u>275</u>	<u>271</u>

d. Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	-	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1
£140,001 - £150,000	1	1

e. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management teams. The senior management teams comprise the Principals, Associate Principal, Vice Principals, Assistant Vice Principals and the Finance Directors. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,206,081 (2018: £1,157,550).

NOTES TO THE FINANCIAL STATEMENTS

9 RELATED PARTY EXPENSES, TRUSTEES' AND LOCAL GOVERNORS' REMUNERATION AND EXPENSES

The Principals and staff Local Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Local Governors. The Trustees and Local Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their roles as Trustees and Local Governors. The Principals' remuneration is shown below. The staff Local Governors are not Trustees and hence their remuneration is not disclosed.

	2019 £'000	2018 £'000
Principal – Belvedere Academy	147	149
Principal – Birkenhead Academy	111	116

The employer's pension contributions paid in the year were:-

Principal – Belvedere Academy £24,275(2018: £22,271)
Principal – Birkenhead Academy £16,970 (2018: £16,686)

The Trustees and Local Governors did not receive any payment or reimbursed expenses from the Academy Trust during the year (2018: £Nil).

Related party transactions involving the Trustees are set out in note 25 and 26.

10 TRUSTEES', LOCAL GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurances to protect Trustees, Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £1,100 (2018: £1,040). The cost of this insurance is included in the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS**11 TANGIBLE FIXED ASSETS**

	Leasehold improvements £'000	Long leasehold buildings £'000	Leasehold refurbishments £'000	Assets under construction £'000	Educational furniture and equipment £'000	Motor vehicles £'000	ICT equipment £'000	Total £'000
Cost								
At 1 September 2018	22,587	13,530	382	-	1,018	6	1,596	39,119
Additions	292	-	28	2,198	14	16	73	2,621
Disposals	-	-	-	-	(27)	(6)	(81)	(114)
At 31 August 2019	<u>22,879</u>	<u>13,530</u>	<u>410</u>	<u>2,198</u>	<u>1,005</u>	<u>16</u>	<u>1,588</u>	<u>41,626</u>
Depreciation								
At 1 September 2018	3,178	2,638	193	-	987	6	1,567	8,569
Provided in the year	452	270	40	-	15	1	27	805
Disposals	-	-	-	-	(27)	(6)	(81)	(114)
At 31 August 2019	<u>3,630</u>	<u>2,908</u>	<u>233</u>	<u>-</u>	<u>975</u>	<u>1</u>	<u>1,513</u>	<u>9,260</u>
Net book value								
At 31 August 2019	<u>19,249</u>	<u>10,622</u>	<u>177</u>	<u>2,198</u>	<u>30</u>	<u>15</u>	<u>75</u>	<u>32,366</u>
At 31 August 2018	<u>19,949</u>	<u>10,352</u>	<u>189</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>29</u>	<u>30,550</u>

The Academy Trust's transactions relating to assets under construction included the construction of a building extension donated by Liverpool City Council. The costs to date have been recognised as a fixed asset due to the build being on land owned by the Academy Trust, indicating entitlement to the asset during this period. The works are expected to be complete by Spring 2020.

12 STOCKS

	2019 £'000	2018 £'000
Catering	<u>2</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS

13 DEBTORS

	2019 £'000	2018 £'000
ESFA other grants receivable	51	65
Amount due from The Girls' Day School Trust	2	15
VAT recoverable	276	252
Trade debtors	75	64
Other debtors	14	10
Prepayments and accrued income	193	189
	611	595

14 CREDITORS: Amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	164	193
Accruals and deferred income	407	340
Taxation and social security	250	238
Amounts due to The Girls' Day School Trust	839	875
Other creditors	218	238
	1,878	1,884

DEFERRED INCOME

	2019 £'000	2018 £'000
Deferred income at 1 September 2018	113	107
Resources deferred in the year	212	113
Amounts released from previous years	(113)	(107)
Deferred income at 31 August 2019	212	113

NOTES TO THE FINANCIAL STATEMENTS**DEFERRED INCOME (continued)**

At the balance sheet date the Academy Trust was holding funds received in advance relating to:

	2019	2018
	£'000	£'000
Deferred ESFA capital grants	55	24
Deferred grants for educational projects	90	50
Funds received in advance for locker hire pupil lunches	14	11
Sundry	53	28
	212	113

NOTES TO THE FINANCIAL STATEMENTS

15 FUNDS

	Balance at 1 September 2018	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2019
	£'000	£'000	£'000	£'000	£'000
Restricted general funds					
General Annual Grant	(1,272)	9,359	(9,617)	-	(1,530)
Start-Up Grant	-	-	-	-	-
Other EFA grants	-	731	(731)	-	-
LEA and other grants	-	144	(144)	-	-
Other restricted	-	85	(85)	-	-
Pensions reserve	(2,098)	-	(486)	(1,305)	(3,889)
	<u>(3,370)</u>	<u>10,319</u>	<u>(11,063)</u>	<u>(1,305)</u>	<u>(5,419)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	18,599	112	(475)	-	18,236
Private sector capital sponsorship	1,075	70	(47)	-	1,098
Capital expenditure from GAG	88	-	(1)	-	87
Local Authority capital grants	92	2,478	(10)	-	2,560
Private sector long leasehold grant	10,887	-	(271)	-	10,616
Other government grants	46	10	(1)	-	55
	<u>30,787</u>	<u>2,670</u>	<u>(805)</u>	<u>-</u>	<u>32,652</u>
Total restricted funds	<u>27,417</u>	<u>12,989</u>	<u>(11,868)</u>	<u>(1,305)</u>	<u>27,233</u>
Unrestricted funds	<u>2,020</u>	<u>1,038</u>	<u>(807)</u>	<u>-</u>	<u>2,251</u>
Total funds	<u>29,437</u>	<u>14,027</u>	<u>(12,675)</u>	<u>(1,305)</u>	<u>29,484</u>

NOTES TO THE FINANCIAL STATEMENTS**FUNDS (continued)**

	Balance at 1 September 2017	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£'000	£'000	£'000	£'000	£'000
Restricted general funds					
General Annual Grant	(1,062)	9,089	(9,299)	-	(1,272)
Start-Up Grant	-	-	-	-	-
Other EFA grants	-	594	(594)	-	-
LEA and other grants	-	125	(125)	-	-
Other restricted	-	-	-	-	-
Pensions reserve	(2,347)	-	(311)	560	(2,098)
	(3,409)	9,808	(10,329)	560	(3,370)
Restricted fixed asset funds					
DfE/ESFA capital grants	19,110	41	(552)	-	18,599
Private sector capital sponsorship	1,071	34	(30)	-	1,075
Capital expenditure from GAG	104	-	(16)	-	88
Local Authority capital grants	102	-	(10)	-	92
Private sector long leasehold grant	11,158	-	(271)	-	10,887
Other government grant	47	-	(1)	-	46
	31,592	75	(880)	-	30,787
Total restricted funds	28,183	9,883	(11,209)	560	27,417
Unrestricted funds	1,815	955	(750)	-	2,020
Total funds	29,998	10,838	(11,959)	560	29,437

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

The General Annual Grant must be used for the normal running costs of the academies within the Academy Trust. Section 3.10.1 of the Academies Financial Handbook removed the previous limits on the amount of General Annual Grant that may be carried forward for eligible academies (eligible academies being those that have moved to census based pupil number funding). Both Belvedere and Birkenhead Academy meet this criteria and hence the

NOTES TO THE FINANCIAL STATEMENTS

Academy Trust is not subject to a limit on the amount to GAG that can be carried forward.

Start Up Grants are provided to support transitional costs for a period after an academy opens and to cover diseconomies of scale until an academy reaches its pupil number capacity. Start Up Grants may be carried forward until the end of the Start Up Period, with the Start Up Period being defined as 'the years before all age groups are present at their planned size'. Any grant remaining at the end of the Start Up Period is added to the GAG for carry over calculation purposes.

Local Authority grants relate to local authority funding for the provision of education by the academies within the Academy Trust.

The ESFA capital grants are provided by the Government for specific capital purposes.

Sponsorship funds are those funds provided by the academies' sponsors for specific capital projects. The long leasehold grants relate to the capitalisation of the 99 year leases of the properties at Belvedere Road and Devonshire Place which were granted to the Academy Trust by The Girls' Day School Trust.

The transfer from the restricted general fund to the restricted fixed asset fund of £nil (2017: £Nil) represents the total capital expenditure funded from the General Annual Grant during the year.

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	Total £'000
Belvedere Academy	400
Birkenhead Academy	321
Central Services	-
Total before fixed asset funds and pension reserve	721
Restricted fixed asset funds	32,652
Pension reserve	(3,889)
Total funds	29,484

NOTES TO THE FINANCIAL STATEMENTS**FUNDS (continued)****Analysis of Academies by cost:**

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total £'000
Belvedere Academy	3,747	902	229	979	5,857
Birkenhead Academy	3,963	749	246	1,053	6,011
	7,710	1,651	475	2,032	11,868

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	32,365	32,365
Current assets	2,381	154	351	2,886
Current liabilities	(130)	(1,684)	(64)	(1,878)
Pension scheme liability	-	(3,889)	-	(3,889)
Total	2,251	(5,419)	32,652	29,484

NOTES TO THE FINANCIAL STATEMENTS

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

Fund balances at 31 August 2018 were represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	30,550	30,550
Current assets	2,059	532	278	2,869
Current liabilities	(39)	(1,804)	(41)	(1,884)
Pension scheme liability	-	(2,098)	-	(2,098)
Total	2,020	(3,370)	30,787	29,437

17 CAPITAL COMMITMENTS

The Academy Trust had capital commitments of £Nil at 31 August 2019 (2018: £Nil).

18 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	Other 2018 £'000
Amounts due within one year	11	16
Amounts due between one and five years	34	10
Amounts due after five years	-	-
	45	26

NOTES TO THE FINANCIAL STATEMENTS**19 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2019	2018
	£'000	£'000
Net income/(expenditure) for the year (as per the Statement of Financial Activities)	1,352	(1,121)
Depreciation (note 11)	805	880
Capital grants from DFE and other capital income	(2,670)	(75)
Loss on disposal of tangible fixed assets	-	-
(Increase)/decrease in stocks	(1)	-
(Increase)/decrease in debtors	16	(130)
Increase/(decrease) in creditors	(38)	298
Defined benefit pension scheme cost less contributions payable	432	254
Defined benefit pension scheme finance cost	54	57
Interest received	(5)	(1)
Net cash provided by/(used in) operating activities	(55)	162

20 CASH FLOWS FROM INVESTING ACTIVITIES

	2019	2018
	£'000	£'000
Interest received	5	1
Purchase of tangible fixed assets	(145)	(70)
Capital grants/donations from DFE	112	41
Capital funding received from sponsors and others	83	34
Receipts from sale of tangible fixed assets	-	-
Increase in capital creditors	-	-
Net cash provided by/(used in) investing activities	55	6

NOTES TO THE FINANCIAL STATEMENTS

21 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £'000	2018 £'000
Cash at bank and in hand	2,273	2,273
Total cash and cash equivalents	2,273	2,273

22 CONTINGENT LIABILITIES

There were no contingent liabilities to disclose at 31 August 2019 or 31 August 2018.

23 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.

24 PENSION COMMITMENTS

Pension and similar obligations

The Academy Trust's employees belong to three principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Merseyside Pension Fund and the GDST Pension Scheme for non-teaching staff. All three schemes are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS 31 March 2016. The GDST Pension Scheme was closed to future benefit accrual from 31 December 2016.

Support Staff Pensions

The deficit of £3,889k included in the financial statements is made up as follows:

	2019 £'000	2018 £'000
Local Government Pension Scheme	(3,790)	(1,926)
GDST Pension Scheme	(99)	(172)
	(3,889)	(2,098)

Contributions amounting to £145,493 (2018: £138,126) were payable to the schemes at 31 August 2019 and are included within creditors. Prepaid contributions amounted to £21,700 (2018: £14,000) at 31 August 2019 and are included within debtors.

NOTES TO THE FINANCIAL STATEMENTS

Teachers' Pension Scheme

Introduction

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

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 Employers Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge) –
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- 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.

NOTES TO THE FINANCIAL STATEMENTS

The employer's pension costs paid to TPS in the period amounted to £858,356 (2018: £806,453). 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 Academy Trust is one of several employing bodies within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefit scheme with the assets held in separate trustee administered funds.

The total contribution made for the year ended 31 August 2019 was £382,949 of which employers' contributions totalled £278,932 and employees' contributions totalled £104,017. The amounts for each Academy were:

- Belvedere Employer contributions £111,858 and Employee contributions £48,619.
- Birkenhead Employer contributions £167,074 and Employee contributions £55,398.

The employer's contribution rate comprises two elements:

- The future service funding rate.
- The past service adjustment. This is a stepped amount for each of the three years of the valuation period.

	Belvedere 2019	Birkenhead 2019
Future service funding rate	15.10%	16.40%
Past service adjustment - 2019 total	£21,700	£17,350

NOTES TO THE FINANCIAL STATEMENTS**PENSION AND SIMILAR OBLIGATIONS (continued)****Local Government Pension Scheme (continued)**

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

From 1 April 2008, the employees' contribution rate is banded according to the individual employee's pensionable pay. Employees' rate ranged from 5.5% to 9.9% in the year ended 31 August 2019.

Principal Actuarial Assumptions	Belvedere At 31 August 2019 %	Belvedere At 31 August 2018 %	Birkenhead At 31 August 2019 %	Birkenhead At 31 August 2018 %
Rate of increase in salaries	3.50	3.70	3.50	3.60
Rate of increase for pensions in payment	2.10	2.30	2.10	2.20
Discount rate for scheme liabilities	1.80	2.90	1.80	2.80
Inflation assumption (CPI)	2.00	2.20	2.00	2.10
Commutation of pensions to lump sums	50.00	50.00	50.00	50.00

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.2	22.0
Females	25.0	24.8
<i>Retiring in 20 years</i>		
Males	25.2	25.0
Females	27.9	27.8

NOTES TO THE FINANCIAL STATEMENTS

PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

	Belvedere Fair value at 31 Aug 2019 £'000	Belvedere Fair value at 31 Aug 2018 £'000	Birkenhead Fair value at 31 Aug 2019 £'000	Birkenhead Fair value at 31 Aug 2018 £'000
Equities	1,160	1,085	582	459
Government bonds	231	71	116	30
Other bonds	125	246	63	104
Property	204	190	103	80
Cash	73	65	37	27
Other	476	430	240	182
Total market value of assets	2,269	2,087	1,141	882
Present value of scheme liabilities	(4,501)	(3,198)	(2,699)	(1,697)
Surplus/(deficit) in the scheme	(2,232)	(1,111)	(1,558)	(815)

The actual return on the scheme assets was:

- Belvedere £102,000 (2018: £108,000)
- Birkenhead £48,000 (2018: £42,000)

Amount recognised in the statement of financial activities

	Belvedere 2019 £'000	Belvedere 2018 £'000	Birkenhead 2019 £'000	Birkenhead 2018 £'000
Current service cost (net of employer contributions)	89	117	116	140
Past service cost	139	90	90	90
Net interest cost	29	32	20	20
Admin expenses	4	4	5	4
Total operating charge	261	153	231	164

NOTES TO THE FINANCIAL STATEMENTS**PENSION AND SIMILAR OBLIGATIONS (continued)****Local Government Pension Scheme (continued)**

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

	Belvedere	Belvedere	Birkenhead	Birkenhead
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
At 1 September	3,198	3,107	1,697	1,457
Current service cost	225	254	286	303
Past service cost	139	-	90	-
Interest cost	91	79	48	38
Employee contributions	49	52	56	53
Actuarial (gain)/loss	900	(292)	532	(154)
Benefits paid	(101)	(2)	(10)	-
At 31 August	4,501	3,198	2,699	1,697

Movements in the fair value of Academy's share of scheme assets:

	Belvedere	Belvedere	Birkenhead	Birkenhead
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
At 1 September	2,087	1,795	882	628
Expected return on assets	62	47	28	18
Actuarial gains/(losses)	40	62	20	24
Employer contributions	136	137	170	163
Employee contributions	49	52	56	53
Benefits paid	(101)	(2)	(10)	-
Administration expenses	(4)	(4)	(5)	(4)
At 31 August	2,269	2,087	1,141	882

The estimated value of employer contributions for the year ended 31 August 2020 is:

- Belvedere £150,000
- Birkenhead £161,000

NOTES TO THE FINANCIAL STATEMENTS

PENSION AND SIMILAR OBLIGATIONS (continued)

GDST Defined Benefits Pension Scheme

The GDST scheme is a funded defined benefits scheme, with the assets held in separate trustee administered funds. The scheme was closed to new entrants and to future accrual of benefits as of 31 December 2016.

The total contribution made for the year ended 31 August 2019 was £nil (2018: £nil) of which employer's contributions totalled £nil (2018: £nil) and employees' contributions totalled £nil (2018: £nil).

The amounts for each academy were:

- Belvedere Employer contributions £nil (2018: £nil) and Employee contributions £nil (2018: £nil)
- Birkenhead Employer contributions £nil (2017: £nil) and Employee contributions £nil (2018: £nil)

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	N/A	N/A
Rate of increase for pensions in payment/ inflation	2.35%	2.25%
Discount rate for scheme liabilities	1.85%	2.60%
Inflation assumption (CPI)	2.35%	2.25%

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 Aug 2019 £'000	Fair value at 31 Aug 2018 £'000
Equities	314	329
Government bonds	104	100
Other bonds	295	263
Property	-	-
Cash	5	3
Other	57	56
Total market value of assets	775	751
 Present value of scheme liabilities	 (874)	 (923)
 Surplus/(deficit) in the scheme	 (99)	 (172)

NOTES TO THE FINANCIAL STATEMENTS**PENSION AND SIMILAR OBLIGATIONS (continued)****GDST Defined Benefits Pension Scheme**

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.2	22.2
Females	24.2	24.3
<i>Retiring in 20 years</i>		
Males	24.0	24.1
Females	25.8	25.9

Total expenditure recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost (net of employer contributions)	-	-
Net interest cost	5	5
Employer contributions	-	-
Curtailments and administration expenses	2	3
Total operating charge	7	8

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 102 is a £116,000 (2018: £49,000) loss.

NOTES TO THE FINANCIAL STATEMENTS

PENSION AND SIMILAR OBLIGATIONS (continued)

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

	2019 £'000	2018 £'000
At 1 September	923	941
Current service cost	-	-
Interest cost	24	22
Employee contributions	-	-
Actuarial (gain)/loss	(48)	(11)
Benefits paid	(25)	(29)
Past Service cost	-	-
Curtailments and settlements	-	-
At 31 August	874	923

Movements in the fair value of the Academy Trust's share of scheme assets:

	2019 £'000	2018 £'000
At 1 September	751	735
Interest income	19	17
Actuarial gains/(losses)	19	17
Employer contributions	13	14
Employee contributions	-	-
Benefits paid	(25)	(29)
Administration expenses	(2)	(3)
At 31 August	775	751

The estimated value of employer contributions for the year ended 31 August 2020 is £nil.

NOTES TO THE FINANCIAL STATEMENTS**25 RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees/local governing body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a trustee/local governor may have an interest. All transactions involving such organisations are conducted in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The Girls' Day School Trust (GDST), the main sponsor of the Academy Trust, had the following trustees in common during the year:

Helen Williams (resigned 31 August 2019)
Judith Simons

Cheryl Giovannoni, the Chief Executive of the GDST and Jonathan Davis, the Chief Financial Officer of the GDST, are also trustees of the Academy Trust.

A formal operating agreement exists between the Academy Trust and the GDST whereby the GDST shall supply a number of services to the Academy Trust (at no more than such services could reasonably be obtained in the open market). The GDST has carried out a costing exercise to demonstrate that all services provided have actually been delivered to the Academy Trust at less than cost. The amount of services supplied in the year ended 31 August 2019 is as follows:

	2019	2018
	£'000	£'000
ICT support services	84	84
Payroll services	12	13
Internal audit services	1	1
Human resources advice	-	1
	97	99

NOTES TO THE FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS (continued)

Creditors includes the sum of £838,823 (2018: £874,927) which was due from the Academy Trust to the GDST at 31 August 2019. This amount comprises:

	2019 £'000	2018 £'000
Reimbursement of payroll costs	809	815
Creditor for services/advice	30	60
Other	-	-
	838	875

Debtors include the sum of £1,676 (2018: £15,357) receivable from the GDST.

26 TRUSTEES' and LOCAL GOVERNORS' REMUNERATION AND EXPENSES

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and Staff, and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy Trust in respect of their role as Governors.

27 ULTIMATE CONTROLLING COMPANY

The immediate parent undertaking and ultimate controlling party is The Girls' Day School Trust, a charitable company incorporated in England and Wales. The consolidated financial statements of Girls' Day School Trust are available to the public and may be obtained from Companies House.

28 AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 Bursary Funds to students as an agent for ESFA. In the year ended 31 August 2019 the Academy Trust received £35,635 and disbursed £33,784 from the Fund. Unspent Bursary Funding from previous years of £28,806 is included in creditors.