

REGISTRAR OF COMPANIES

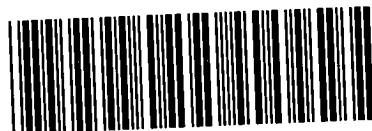
City of London Academies Trust

Consolidated Annual Report and Financial Statements

31 August 2019

Company Limited by Guarantee
Registration Number
04504128 (England and Wales)

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Legal and administrative information

Members

Ms C S McGuinness
Ms P A Holmes
Ms C D James
Town Clerk (Corporate Member) Mr J Barradell

Trustees (and Directors)

Mr A S McMurtrie (Chair)
Ms R Ameer (Appointed 13 January 2019)
Mr P G Bennett
Mr E Benzecry (Appointed 27 March 2019)
Mr R W Blackwell
Mr T Broeke (Appointed 2 May 2019)
Ms D Elliott
Mr L Green
Ms P A Holmes
Ms C D James
Mr E G Martin (Resigned 13 January 2019)
Mr D P Patel (Resigned 1 May 2019)

Chief Executive Officer and Accounting Officer

Mr M Emmerson

Chief Financial Officer

Ms C N Hersey

Senior Management Team

Executive Principal of City of London Academy Southwark	Mr R Bannister (Retired 30 April 2019)
Executive Headteacher of Redriff and Galleywall Primary Schools	Mr M Kelly
Principal of City of London Academy Southwark	Mr M Baxter (appointed 22 April 2019)
Headteacher of Galleywall Primary School	Ms S Cohring
Headteacher of Redriff Primary School	Ms C Heath
Principal of City of London Academy Shoreditch Park	Ms H Arles
Principal of City of London Academy Highgate Hill	Mr P Gennuh
Headteacher of City of London Primary Academy Islington	Ms K Clapham
Executive Principal of City of London Academy Highbury Grove	Ms C Verga
Principal of City of London Academy Highbury Grove	Ms A Lyall
Principal of Newham Collegiate Sixth Form Centre City of London Academy	Mr M Ismail

Legal and administrative information

Registered office

Guildhall
PO Box 270
Gresham Street
London EC2P 2EJ

Company registration number

04504128 (England and Wales)

Auditor

Buzzacott LLP
130 Wood Street
London EC2V 6DL

Bankers

City of London Academy Southwark, City of London Academy Shoreditch Park, City of London Primary Academy Islington, City of London Academy Highgate Hill, City of London Academy Highbury Grove, Newham Collegiate Sixth Form Centre and the central Trust function:

NatWest
Moorgate Branch
PO Box 712
94 Moorgate
London EC2M 6UR

Redriff and Galleywall Primary Schools:

Lloyds Bank plc
25 Camberwell Green
London SE5 7AB

Solicitors

Bevan Brittan
Fleet Place House
2 Fleet Place
London EC4M 7RF

Comptroller & City Solicitor City of London Corporation PO Box 270
Gresham Street
London EC2P 2EJ

The Trustees present their annual report together with the financial statements and auditor's report of the City of London Academies Trust ('the charitable company' or 'the Trust') and the group for the year to 31 August 2019. The annual report serves the purposes of both a Trustees' report under charity law and a Directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 37 to 43 therein and comply with the Trust's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

PRINCIPAL ACTIVITIES

The principal activity of the Trust is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing schools offering a broad, balanced and challenging curriculum.

During the year the Trust operated eight academies across inner London:

- ◆ City of London Academy Southwark, a secondary school with sixth-form provision;
- ◆ Redriff Primary School, a two-form entry primary school in Southwark;
- ◆ Galleywall Primary School, a two-form entry primary school in Southwark which opened in September 2016 and had children in Reception, Year 1 and Year 2 in 2018-19;
- ◆ City of London Academy Shoreditch Park, a new secondary academy in Hackney which opened in September 2017 and had students in Years 7 and 8 in 2018-19;
- ◆ City of London Primary Academy Islington, a new two-form entry primary academy which opened in September 2017 and had children in Reception and Year 1 in 2018-19;
- ◆ City of London Academy Highgate Hill. This was formerly Mount Carmel Catholic College for Girls in Islington, a maintained secondary school which closed on 31 August 2017 and reopened as a new academy for boys and girls on 1 September 2017, with its first cohorts of boys in Years 7 and 8 in 2018-19;
- ◆ City of London Academy Highbury Grove. This was formerly Highbury Grove School, a maintained secondary school with sixth-form provision in Islington which converted to academy status and joined the Trust from 1 December 2017; and
- ◆ Newham Collegiate Sixth Form Centre City of London Academy. Newham Collegiate Sixth Form Centre was a sixth-form provision managed by Newham Council. This post-16 provision was transferred to a new 16-19 free school academy which opened on 1 January 2018 as part of the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity regulated by the ESFA.

The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company is known as City of London Academies Trust.

The City of London Corporation is the Sponsor of the Trust, and the Trust is required to comply with the terms of the Sponsor Agreement between the Trust and Sponsor.

Details of the Trustees who served throughout the year and to the date of approval of this report are included in the Legal and Administrative Details on page 1.

Members' Liability

The members of the Trust shall comprise:

- ◆ The Sponsor;
- ◆ Up to four persons appointed by the Sponsor;
- ◆ Any such additional members that the Sponsor thinks fit.

The members of the Trust are listed on page 1. The members undertake to contribute to the assets of the Trust in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before s/he ceases to be a member.

Trustees Indemnities

Trustees benefit from indemnity insurance purchased at the Trust's expense, through the Risk Protection Arrangement, to cover liability of Trustees by virtue of any rule of law that would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust.

Method of recruitment and appointment or election of Trustees

The Trustees of the charitable company shall comprise:

- ◆ Up to six persons appointed by the Sponsor;
- ◆ The Chief Executive Officer (CEO), if appointed as such by the charitable company members; and
- ◆ A minimum of two Parent Trustees if no Local Governing Bodies are formed or provision made for at least two Parent Trustees on each established Local Governing Body.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of Trustees (continued)

The Trust may appoint co-opted Trustees provided Sponsor Trustees remain a majority on the Board.

The term of office is four years. Trustees shall cease to hold office if removed by the person or persons who appointed them, or otherwise by an ordinary resolution of members in accordance with the Companies Act 2006.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided to new Trustees will depend on their existing experience. All Trustees are provided with copies of policies, procedures, minutes, financial accounts, budget plans and other documents that they will need to undertake their role as Trustees. As the number of Trustees joining the Trust during the course of the year is quite low, induction has been informal and tailored specifically to the individual.

With the delegation of responsibility from the Trust Board to the Local Governing Bodies (LGBs) the priority for much of the training and development has been targeted at both Trustees of the overall Trust and Governors appointed to the LGBs of individual academies. The City of London Corporation runs comprehensive training programmes, which include the following:

- ◆ Managing and Interpreting Data;
- ◆ The Role of the Director/Trustee and the Governor;
- ◆ Safeguarding;
- ◆ Financial Management;
- ◆ Statutory Updates; and
- ◆ Exclusion Training.

Governors of individual academies may also attend training provided locally, e.g. by the relevant local authority, which is tailored to the needs of their particular academy.

Organisational structure

The Trustees establish the overall framework for the governance of the Trust in accordance with the terms and spirit of the Sponsorship Agreement and the company's articles of association. A Trust Scheme of Delegation is in place (which is reviewed regularly by both the Sponsor and the Board of Trustees) which sets out the delegation of responsibility and authority across the Sponsor, the Board of Trustees, the Chief Executive Officer (CEO) and the Local Governing Bodies of each academy. This Scheme of Delegation is available on the Trust's website.

The Sponsor's interests in terms of the Scheme of Delegation are represented by the City of London Corporation Education Board. The Sponsor's interests are further represented by the Trustees it appoints to the Board of Trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

Each academy is required to establish a Local Governing Body (LGB). The LGB fulfils much the same role as the Trust Board of a standalone academy in terms of monitoring the day to day operations of the academy and holding the Principal/Headteacher to account. Each LGB may choose to establish its own subcommittees, each with a particular focus e.g. finance and resources, curriculum, standards and achievement.

During the year the three Southwark academies (City of London Academy Southwark, Redriff Primary School and Galleywall Primary School) have operated, on a trial basis, a joint 'Southwark Hub' LGB to monitor the operations of all three academies and promote collaboration, sharing and optimisation of talent and resources across the three academies. The success of this new trial arrangement was reviewed after the first year by the Trustees and the Sponsor and the trial is continuing.

During the year there were three subcommittees of the main Trust Board; the Finance, Audit and Risk Committee, the Standards and Accountability Committee and the Remuneration Committee. Details of these three Committees are included within the Governance Statement.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. None of the Trustees of the Trust receive any remuneration for their services as Trustees.

The performance management and remuneration of the CEO is undertaken by the Remuneration Committee with support from an external professional adviser and oversight by the Board of Trustees. The remuneration of other staff in the Trust's central team is delegated to the CEO, with oversight by the Remuneration Committee, and further delegated to senior post holders, and made in accordance with the Trust's pay policy, pay scales and performance management and appraisal policy.

The performance management and remuneration of the Principal/Headteacher of each academy is undertaken by the appropriate Local Governing Body, supported by the CEO, and in accordance with the Trust's pay policy, pay scales and performance management and appraisal policy. The pay of academy leaders is based on the size and nature of their academy. These salaries are based on an appropriate range.

Other senior leaders within each of the schools are remunerated in accordance with the Trust's performance management process and approved pay and performance management and appraisal policies.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade union facility time

In accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulation 2017, the following information has been provided in respect of Trust employees involved in trade union facility time activity.

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
8	5.6

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1% - 50%	8
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£24,043
Total pay bill	£27,718,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.09%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:	78.34%
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(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

Related parties and other connected charities and organisations

City of London Academy Southwark Lettings Limited (Company Registration Number 08145335) was incorporated on 14 August 2012 and began trading on 1 September 2012. It is a wholly owned subsidiary of the Trust. Its principal activity is to manage the lettings of sports facilities at City of London Academy Southwark.

The City of London Corporation is the sponsor of the Trust.

The Trust also works collaboratively with the wider family of City of London Schools which include:

- ◆ The City Academy, Hackney;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related parties and other connected charities and organisations (continued)

- ◆ City of London Academy Islington;
- ◆ Sir John Cass's Foundation Primary School;
- ◆ City of London School for Girls;
- ◆ City of London School; and
- ◆ City of London Freeman's School.

The Trust has several service level agreements in place with other City of London Schools to enable sharing of senior leadership staff, support staff and services. There are also regular meetings and training sessions to which all the schools are invited so that skills, knowledge, best practice and experience can also be shared.

Equal opportunities

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

Disabled persons

City of London Academies Trust is committed to providing equal opportunities for all and welcomes applications for:

- ◆ employment from those with a disability; and
- ◆ places from pupils with disabilities.

The Trust's recruitment process ensures that applicants for posts are shortlisted on the basis of how their qualifications and experience match the specification for the job. The Trust recognises that some disabled people will need adjustments to be made in order for them to do the job. The Trust will look at what changes could be made to the workplace or to the way work is done and make any changes that are reasonable. If an employee develops a disability, the Trust will make every effort to retain his/her services by making reasonable adjustments to the workplace, the methods of working or by finding another suitable role for her/him.

When decisions are made about an individual, the only personal characteristics or circumstances taken into account will be those which are necessary for the proper performance of the work involved. As part of the performance management process, disabled employees will be given the opportunity to discuss what can be done to develop and use their abilities.

Disabled pupils applying for a place at a Trust school will undergo the standard admissions procedure; offers of a place will be made on the basis laid down in the Admissions Policy and Procedures for each academy.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Disabled persons (continued)

The needs of the disabled have been considered in the design of the Trust's school buildings and in the equipment purchased for teaching and learning. When planning educational and other activities outside the school day, staff organising the events will carefully consider the types of activity and the adjustments that can be made so that disabled colleagues and pupils can take part fully.

The staff, Trustees and Governors will regularly review the provision it makes for disabled staff and pupils and strive to continually improve the facilities available.

OBJECTIVES AND ACTIVITIES

Objects and aims

The City of London Academies Trust aims to provide a high-quality education for all its students. The Trust aims for all schools to be recognised as 'Outstanding' within three years of joining the Trust.

City of London Academies draw upon the best traditions, institutions, heritage and historical successes of the City of London Corporation and London itself. The Trust seeks to deliver life-transforming learning experiences allowing all pupils, whatever their background, to develop into successful, compassionate young adults, who make a positive contribution to their local, national and global communities.

The City of London, its schools and academies are characterised by:

- ◆ High expectations, aspirations, excellence and a belief that all can succeed;
- ◆ Combining creativity, innovation and enterprise, alongside tradition and continuity;
- ◆ Developing people who are confident, resilient, compassionate and democratic.

City of London Academies Trust Foundations of Excellence

Although all schools within the Trust are different, they all subscribe to the same ethos. All City of London academies in the Trust are expected to exhibit the five attributes of outstanding educational provision. These simple and effective principles are the essential drivers that deliver outstanding outcomes for learners and are key to the success of the Academies. They are:

High expectation leadership	Dynamic and skilled leadership from school leaders and governors founded in the core belief that all children can succeed.
Exemplary behaviour	Behaviour for learning based on a set of defined core values that promote engagement, respect, tolerance, probity, curiosity, resilience, creativity, and independence.
Outstanding creative teaching	Highly skilled teaching that inspires, engages, supports, and challenges learners whatever their starting point.
Assessment that informs intervention	Target-setting and assessment systems that set challenging targets and provide data that supports intervention if that progress is not being made.

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

City of London Academies Trust Foundations of Excellence (continued)

A challenging curriculum	A formal curriculum that matches the high expectations of progress providing a range of high-status qualifications for each learner. A rich informal curriculum that supports the wider development of each learner through personal, sporting, creative, and employer related experiences.
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The success of the Trust will be judged by excellence in examination results, standards of behaviour, sporting and creative achievement as well as the politeness, self-discipline, and the compassion of its students. It is important to the Trust that students enjoy learning and feel safe and happy at school and are enabled to develop their confidence, independence, and self-awareness required for their future success and well-being. Students will be taught in an environment that promotes academic, creative, sporting, linguistic, and personal achievement: this is 'the City experience'.

Objectives, Strategies and Activities

During the year the Trust operated eight academies across inner London:

- ◆ City of London Academy Southwark (COLAS), a secondary school with sixth-form provision;
- ◆ Redriff Primary School, a two-form entry primary school in Southwark;
- ◆ Galleywall Primary School, a two-form entry primary school in Southwark which opened in September 2016 and had children in Reception, Year 1 and Year 2 in 2018-19;
- ◆ City of London Academy Shoreditch Park (COLASP), a new secondary academy in Hackney which opened in September 2017 and had students in Years 7 and 8 in 2018-19;
- ◆ City of London Primary Academy Islington (COLPAI), a new two-form entry primary academy which opened in September 2017 and had children in Reception and Year 1 in 2018-19;
- ◆ City of London Academy Highgate Hill (COLAHH). This was formerly Mount Carmel Catholic College for Girls in Islington, a maintained secondary school which closed on 31 August 2017 and reopened as a new academy for boys and girls on 1 September 2017, with its first cohorts of boys in Years 7 and 8 in 2018-19;
- ◆ City of London Academy Highbury Grove (COLAHG). This was formerly Highbury Grove School, a maintained secondary school with sixth-form provision in Islington which converted to academy status and joined the Trust from 1 December 2017; and
- ◆ Newham Collegiate Sixth Form Centre City of London Academy (NCS). Newham Collegiate Sixth Form Centre was a sixth-form provision managed by Newham Council. This provision was transferred to a new 16-19 free school academy which opened on 1 January 2018 as part of the Trust.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, Strategies and Activities (continued)

The Pupil Premium percentage for the primary and secondary academies as at January 2019 was:

City of London Academy Southwark	62.5%
Redriff Primary School	26.9%
Galleywall Primary School	44.1%
City of London Academy Shoreditch Park	56.4%
City of London Primary Academy Islington	12.5%
City of London Academy Highgate Hill	64.5%
City of London Academy Highbury Grove	65.8%

City of London Academy Southwark (COLAS) is a large over-subscribed secondary academy (PAN (Published Admission Number) of 240) with a well-established sixth-form now operating from a brand-new sixth-form facility located near the main school site which offers extensive classroom, study and IT facilities to support the school's growing sixth-form student population. This new William Fraser sixth-form centre (named after the academy's founding chair of governors William Fraser OBE) was officially opened by The Rt. Hon, The Lord Mayor Peter Estlin in December 2018.

The school offers a wide range of extra-curricular activities with a successful Basketball Academy. The girls' basketball team succeeded in becoming champions of the 2019 WEABL Southern Conference.

In March 2019 the Executive Principal of COLAS Richard Bannister retired after eight years with the academy. Richard led COLAS through significant growth and was heavily involved in the establishment of the initial multi-academy trust with Redriff Primary School.

Redriff Primary School is an over-subscribed Outstanding two-form entry primary school which also has a nursery class with a mixture of 60 full-time and part-time places. Nursery and Reception classes have their own separate, well equipped outdoor play area. The school has expanded again in the year, taking an additional third Reception bulge class of 30 children for the third year in September 2018. Redriff has a specialist Autism Resource Base and the school has an Autism Accreditation awarded by the National Autistic Society. During the year the school introduced a therapy dog, Luna, to work with all the children, including those with autism. Redriff is also the lead school for the London and South East Maths Hub.

Galleywall Primary School occupies the original Galleywall School site, a grand Victorian building in Southwark which has been subject to an extensive refurbishment. The works have been phased floor-by-floor (to allow the school to occupy each phase as the works progressed) and are expected to be substantially complete early in the 2019-20 academic year. In May 2019 the school was inspected by Ofsted and found to be Outstanding in all areas thanks to the hard work of the staff, children, parents, community, governors and the wider Trust

City of London Academy Shoreditch Park (COLASP) is a new secondary academy with a PAN of 180 (total of 900 students when full across all year groups) with the second cohort joining in September 2018. The school currently occupies purpose-built temporary buildings on a site in Hackney and will be moving to its brand-new permanent site near Shoreditch Park in Hackney in 2021.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, Strategies and Activities (continued)

City of London Primary Academy Islington (COLPAI) is leasing temporary premises within another Islington primary school and will be moving to its brand-new permanent site on the border of Islington and the City of London in 2020-21. The new school is being built by the Corporation of London and construction has been subject to several delays.

City of London Academy Highgate Hill (COLAHH) has a PAN of 140. The school occupies a site in north Islington comprising a mixture of Victorian, Edwardian and mid twentieth century buildings which were all subject to extensive refurbishment in 2012-13 as part of the Buildings Schools for the Future programme. In the 2018-19 year the school has been recognised as an Islington Healthy School

City of London Academy Highbury Grove (COLAHG) occupies a site which was built and continues to be managed under a PFI agreement. The site is shared with Samuel Rhodes School (an Islington special school) who share COLAHG facilities including the dining hall, the swimming pool and the sixth form centre. The sixth form centre is undergoing refurbishment and expansion (funded by Islington council) which is expected to be completed early in the 2019-20 year. COLAHG has a strong focus on music and is the founding school of the Music in Secondary Schools Trust (MiSST), a charity which receives funding from the Andrew Lloyd Webber Foundation and gives it to schools like COLAHG so that every student can learn to play a musical instrument for free.

Newham Collegiate Sixth Form Centre (NCS) is a Sixth Form that caters for high-achieving students in East London and offering A-level education with a Super Curriculum and various other opportunities. The academy occupies three buildings on a shared campus in East Ham. The Edwardian buildings are Grade II listed and two have been fully refurbished to provide high quality specialist teaching.

NCS runs an Elite University Preparation Programme which supports students in applying for prestigious UK and US universities. In 2019 students received a record number of offers for Oxbridge, Medicine, Dentistry and Ivy League universities. 95% of students received an offer to study at a Russell Group university and one student won a full scholarship in 2019 to study astrophysics at MIT in the United States.

NCS also works in strategic partnership with UCL to offer opportunities to students and professional development for staff.

Students and pupils from all City of London Schools were invited to join the celebrations for the Lord Mayor's Show in November 2018 and a number of students from the Trust academies enjoyed participating in the formal parade. Other events in the year involving the wider family of City of London Schools included an art exhibition at the Guildhall, a concert at the Guildhall School of Music a debating competition and a creative arts networking dinner.

During the year the Trust has also strengthened and grown its central Trust management team to support the academies with the appointment of a Director of ICT and a Director of Estates and Facilities Management. The central Trust team has continued to develop and improve policies, procedures and systems to provide consistency, efficiencies and potential savings across the Trust schools in areas of support services including finance, HR, data, payroll provision, facilities management, data protection, insurance and IT strategy and support.

OBJECTIVES AND ACTIVITIES (continued)

Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties. When setting the objectives of the Trust for the year, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary guidance on advancing education. The Trustees have delegated the setting of operational objectives to the LGBs in each individual academy. Key objectives are:

- ◆ to raise the standard of educational achievement of all pupils;
- ◆ to ensure that every child enjoys the same high-quality education in terms of resourcing, tuition and care;
- ◆ to improve the effectiveness of each academy by keeping the curriculum and organisational structure under continual review;
- ◆ to provide value for money for the funds expended;
- ◆ to comply with all appropriate statutory and curriculum requirements; and
- ◆ to conduct its business in accordance with the highest standards of integrity, probity and openness.

The Trust schools continue to grow and develop strong and effective local community links that support student achievement.

ACHIEVEMENTS AND PERFORMANCE

Key Performance Indicators

While primary and sixth form outcomes are stable or improving across the Trust, the GCSE results for the 2018-19 academic year have been disappointing and the outcomes of our secondary academies demonstrate how fragile schools with high proportions of disadvantaged secondary students are.

A level results

Overall, the Trust had a 99% pass rate at A level (2017-18 99%), with 67% (2017-18 70%) of students achieving A*-B grades, and 36% (2017-18 37%) of grades being A*-A.

COLAS students achieved a 97% pass rate at A level (2017-18 99%), with 62% A*-C grades (2017-18 72%) and 35% at A*-B grades. 15% of students achieved A*-A grades and 7% of students achieved AAB grades.

COLAHG A level results were below the record results in the previous year. 10% of students achieved A*-A grades (2017-18 21%) and 33% achieved A*-B, (2017-18 55%). 66% of students achieved A*-C grades (2017-18 79%) and 7% achieved AAB grades.

NCS again turned out an exceptional set of results. 98% of students achieved A*-C grades, with 87% achieving A*-B (2017-18 90%). In addition, 50% achieved A*-A grades.

GCSE results

Across the Trust, students achieved 53% grades 9-4 (2017-18 72%), with 38% (2017-18 55%) achieving grades 9-5. The decline in performance of COLAS and COLAHG poses challenges and risks over the coming year with both facing imminent Ofsted inspections

ACHIEVEMENTS AND PERFORMANCE (continued)

GCSE results (continued)

At COLAHG, 59% of students achieved grade 4 and above in both English and Maths (2017-18 69%) and 36% of students achieved grade 5 and above in both English and Maths (2017-18 49%).

At COLAS 61% of students at the academy received grade 4+ in English and Maths (2017-18 73%) with 35% (2017-18 54%) achieving grade 5 and above in English and Maths.

At COLAHH 58% (2017-18 60%) of students achieved Grade 4 and above in English and Maths with 48% (2017-18 38%) achieving grade 5 and above in English and Maths.

Key Stage 2 results

In 2018-19 the percentages of pupils at Redriff Primary School reaching the expected level at Key Stage 2 were 97% in writing (2017-18 91%), 95% in maths (2017-18 94%) but only 68% in reading (2017-18 85%). The outstanding outcomes in maths and writing were limited by the reading outcome in the expected overall percentage which was 68% (2017-18 79%). However, 68% is above the national average.

The same pattern was repeated in the percentages of pupils achieving greater depth with 47% in Maths (2017-18 47%), 45% in Writing (2017-18 45%) but only 20% in reading (2017-18 23%).

Progress scores in reading, writing and mathematics were -2.1, 3.4, 2.0 (2017-18 3.2, 4.0 and 4.7) respectively.

Key Stage 1 results

In 2018-19 the percentages of pupils at Redriff Primary School reaching the expected level at Key Stage 1 were 77% in writing (2017-18 82%), 78% in maths (2017-18 78%) and 78% in reading (2017-18 83%). The overall percentage was 73% (2017-18 77%). The percentages of pupils achieving greater depth was 24% in Maths (2017-18 22%), 27% in Writing (2017-18 23%), 27% in Reading (2017-18 32%) and 17% over all (2017-18 15%).

Galleywall Primary School posted their first Key Stage 1 outcomes in 2018-19. The percentages of pupils reaching the expected level were 80% in writing, 80% in maths and 83% in reading. The overall percentage was 73%. The percentages of pupils achieving greater depth was 27% in Maths, 30% in Writing, 32% in Reading and 20% overall. These excellent outcomes reflect and reinforce the recent Ofsted outstanding judgement.

Early Years and Phonics

At Redriff Primary School 86% of pupils passed the Year 1 phonics test (2017-18 87%) and 95% in the Year 2 resit (2017-18 95%). The number of Reception children achieving a good level of development stayed constant at 73% (2017-18 73%).

At Galleywall Primary School 88% of pupils passed the Year 1 phonics test and 97% in the first Year 2 resit. The number of Reception children achieving a good level of development stayed constant at 76% (2017-18 76%).

At COLPAI an incredible 98% of pupils passed the first Year 1 phonics test. In addition, 89% of the second cohort of Reception pupils achieved a good level of development (2017-18 81%).

FINANCIAL REVIEW

In 2018-19 the Trust saw further growth with additional students and staff in each of its new, growing academies. This growth is reflected in the financial statements in the year with the significant increase in both income and expenditure.

The consolidated surplus for the year is £0.14m (2018 - £1.41m) excluding the movements on the pension liability and fixed assets).

Income

The Trust's total income for the year ended 31 August 2019 amounted to £42.25m (2018 - £60.38m) of which £35.34m (83.65%) related to DfE/ESFA revenue grants (2018 - £29.51m), this growth in ESFA revenue grant income mainly arising from the continued growth at Galleywall Primary School, City of London Academy Highgate Hill, City of London Academy Shoreditch Park and City of London Primary Academy Islington, and City of London Academy Highbury Grove and Newham Collegiate Sixth Form Centre being part of the Trust for a full financial year. The growth in these schools also accounts for the increase in income from catering, facilities hire, trips and wrap-around care.

In the prior year ended 31 August 2018 the Trust recognised £24.90m of income on the transfer in of assets and liabilities at three of the new academies joining the Trust.

Expenditure

Total expenditure (excluding depreciation and amortisation) in the year was £41.73m rising from £34.15m in 2018. Staff costs and numbers have increased with the growth of the schools and pay rises across the Trust. Total staff costs have increased from £25.89m to £31.78m. This £5.89m increase in staff costs amounts to 77.7% of the total increase in expenditure in the year.

Staff costs in 2018-19 represent 76.2% of total costs (excluding depreciation and amortisation) compared to 75.8% in 2017-18.

Other costs have also increased in line with the growth of the schools and to reflect City of London Academy Highbury Grove and Newham Collegiate Sixth Form Centre being part of the Trust for a full financial year

Fixed Assets

The Trust's capital investment in the year amounted to £1.32m (2017-18 £1.64m) and has been focussed on a number of building refurbishment projects at City of London Academy Southwark and Redriff Primary totalling £0.60m and investment in IT infrastructure and equipment across the Trust totalling £0.56m, notably at City of London Academy Southwark and City of London Academy Highgate Hill.

Cash

The Trust had cash balances at the year-end of £6.90m (2017-18 - £5.75m), with the change in the year mainly due to operating activities.

Pension liabilities

The Local Government Pension Scheme Liability has increased in the year by £4.96m to £11.85m. Some of the increase in the pension liability arises from the impact of the High Court decision on 26 October 2018 that confirms the legal obligation to equalise Guaranteed Minimum Pensions (GMP) (McCloud judgement). The impact of this is accounted for as Past Service Costs. The majority of the increased pension liability results from the reduced discount rate on the pension scheme liabilities.

FINANCIAL REVIEW (continued)

Reserves policy

In general, it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events. At the same time, the Trust wishes to ensure that funding is used actively to benefit the students in each of the academies and so use available reserves to enhance educational provision.

The Trustees have determined that the appropriate level of desired free reserves for the whole Trust should be equivalent to two months' operational expenditure (excluding the fixed assets fund) where possible, with the Trust aiming for a minimum required level equivalent to one month's operational expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants.

The Trust held consolidated fund balances at 31 August 2019 of £43.89m (2018 £49.30m) comprising £4.14m (2018 £4.10m) of unrestricted general funds and £39.75m (2018 £45.21m) of restricted funds which includes the fixed asset fund of £52.46m (2018 £52.98m) and a general restricted fund of £0.86m deficit (2018 £0.89m deficit). This general restricted fund together with unrestricted funds totals £3.28m (2018 £3.21m). One months' worth of expenditure (excluding depreciation) is estimated to be £3.71m and so the Trust's current level of free reserves almost meets this minimum required level. The Trust grew from three to eight schools in 2017-18 but some of these new schools have not yet had the opportunity to build up reserves as at 31 August 2019 to cover one months' worth of their expenditure.

Investment policy

The stated objectives in the Trust's current Investment Policy are:

- ◆ to achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- ◆ To only invest funds surplus to operational need based on all financial commitments being met without any of the Trust's bank accounts becoming overdrawn.

By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Trust, commanding broad public support.

Each academy will make its own investment decisions in accordance with:

- ◆ The Trust Scheme of Delegation;
- ◆ The requirements of the Trust Investment Policy;
- ◆ The Trust Finance Policy and Procurement and Tendering Policy; and
- ◆ The terms of reference of the academy's Local Governing Body and its subcommittees.

FINANCIAL REVIEW (continued)

Investment policy (continued)

Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation. The Trust's policy is to invest funds in risk-free and immediately accessible deposit accounts with the Trust's banking provider. If sufficient reserves are available an Academy may seek to invest in other low-risk accounts subject to approval by the Trust's Finance, Audit and Risk Committee. Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Academy and the Trust.

Going concern

The Trustees have considered the detailed budgets for the next three years and beyond for each of the eight academies, and the Trust as a whole, to understand how the academies plan to manage increasing cost pressures (e.g. salary costs and pension costs) against a backdrop of uncertainty around future funding for schools. After making appropriate enquiries, the Trustees have a reasonable expectation that the Trust has adequate resources to continue operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has a risk management process in place to assess strategic risks and implement appropriate risk management strategies. This has involved identifying the key risks the whole Trust faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks, then considering the costs of operating particular controls relative to the benefit obtained. The Trust's main risks are:

- ◆ ***Failure to attract and retain students while schools are in temporary premises, leading to loss of income, suboptimal use of resources and adverse implications for budgets.*** Marketing strategies are in place to maximise student recruitment and retention (and therefore income). Outstanding / Strong Good Ofsted reports within the Trust, strong exam results, links with the Corporation of London and behaviour of students inside and out of school all enhance the Trust's reputation and attractiveness of schools.
- ◆ ***Premises and facilities management difficulties including unaffordable building maintenance programmes, failure of the fabric of a building, new school buildings not being ready on time and operational, safeguarding and financial implications of shared sites at COLPAI, COLAHH, NCS and COLAHG.*** Each school has an asset management plan in place to address routine maintenance, compliance work and longer-term planned maintenance and repair, which is managed by experienced premises teams and facilities management providers. For building works there is continued liaison with building contractors so timelines can be managed. Agreements are in place with counterparties to manage operation and financing of shared sites and physical access controls are in place to support safeguarding of shared sites. All Academies have Business Continuity Plans in place. The Trust has appointed a Director of Facilities and Estates to the central Trust team during 2018-19 to add relevant skills and capacity in this area.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- ◆ ***Maintaining standards - Trust does not achieve planned educational outcomes and exam performance in one or more of its academies.*** This risk is now especially key given the disappointing GCSE results for 2018-19. To mitigate this risk there is a continued focus on securing 4 levels of progress from KS 2 to 4 for all pupils in all year groups. The Trust CEO is uncompromising in high expectations of students in all Academies and manages a programme of scrutiny and impact meetings across all schools. There is also a strong drive through CPD (continuing professional development) to ensure outstanding teaching. Investment in data systems / reporting requirements with accountability has been made to ensure that any downturn is flagged, and corrective action is taken promptly. Regular reports to the LGB Committees and to the Trust Standards and Accountability Committee will provide early warning of any issues and enable under-performance to be addressed. In 2019-20 the CEO has made internal appointments of three part-time Standards Officers (one for each of primary, secondary and post-16) under a one-year secondment arrangement. These Standards Officers will provide focussed support to the CEO in improving standards and outcomes across all eight academies.
- ◆ ***Financial risks including reductions in funding, increasing employment costs, poor budgetary control, weak financial controls, poor financial planning or fraud.*** The Trust continually seeks opportunities for group procurement and shared services across the Trust to make savings. To ensure rigorous financial managements across the Trust there is close budget and cashflow monitoring on a monthly basis and each academy must have a 3-year forecast in place. Trust-wide finance policies are in place to ensure robust monitoring and reporting and strong internal financial controls. The Trust also seeks to recruit skilled, suitably qualified finance staff. There is also continued financial support from the Sponsor for specific programmes and activities.
- ◆ ***Significant loss or failure of key IT systems.*** IT plans exist in each school to maintain high network and equipment reliability with appropriate support contracts and internal staffing for service management. Robust policies are in place covering access, usage and data protection. Experienced support staff are employed by the Trust to resolve day today issues and there is active knowledge sharing across Trust schools to identify optimal IT solutions for the next 3-5 years. IT capital expenditure is planned to align with Academy development plans where possible, with strategies for identifying and replacing legacy equipment reaching the end of its life.
- ◆ ***Child protection and safeguarding failings.*** The Trust has a number of systems, policies, training, procedures and controls, as well as designated responsible persons, qualified in their area of expertise, to help ensure it complies with legislative requirements. These specifically cover the areas including education law and child protection legislation. Each Academy can also seek legal advice where appropriate and/or obtain other expert advice and services from the relevant local authority team or other specialist children's services in the borough.

Each individual academy also maintains its own risk register to capture local, more operational risks as a means of identifying these risks so that appropriate local risk management strategies can be agreed and implemented within each academy.

Fundraising

The Trust's approach to fundraising centres around the application for grant funding for specific projects in the schools. In the year the Trust successfully applied for £1,251,552 (2017-18 £629,795) in grants from the Sponsor which have been used to fund a range of activities across the academies.

The Trust was also fortunate to receive donations of £20,798 (2017-18 £69,340) in the year. The City of London Academy Southwark received donations of £7,875 (2017-18 £58,381) in total from a number of City Livery companies. The Trust has also received several smaller donations in the year which have been used, for example, to buy library books.

Some academies work with staff, parents and governors to fundraise for the academy through, for example, parent-staff association events. As the academy staff are involved in this way the fundraising activities on behalf of the academy can be monitored and supervised to ensure the activities align with the academy's and the Trust's ethos and values. Galleywall Primary School held a Summer Fete which, as well as raising funds for the school, brought the school community together to celebrate the end of another academic year.

The Trust does not participate in direct fundraising approaches to members of the public, which might be considered unreasonably intrusive or persistent, or use professional fundraisers, and no fundraising complaints have been received in the year.

PLANS FOR FUTURE PERIODS

The City of London Academies Trust is driven by the ambition to provide world-class experiences and deliver exceptional educational outcomes for the young people it serves. While primary and sixth form outcomes are stable or improving, the area of concern is with our secondary academies following the 2018-19 GCSE results and it is essential that there is a clear refocus on academic outcomes across all Trust secondary academies. The senior leaders must undertake a rigorous analysis on outcomes to ascertain the reasons behind the underperformance. The extra capacity provided by the Standards Officers will need to be deployed strategically to drive all the agreed actions for improvement.

The Trust will continue to grow its new schools with increasing pupil/student numbers anticipated each year as new cohorts join, supported by recruitment of quality teaching and support staff. The Trust will continue to manage, as best it can, the increasing cost pressures all schools face (e.g. salary costs and pension costs including the increase in employer contributions to the Teachers' Pension Scheme from September 2019) against a backdrop of uncertainty around future funding for schools.

As construction of the new permanent schools for City of London Academy Shoreditch Park and City of London Primary Academy Islington continues, the senior leaders in these academies and the central Trust team will continue to work closely with the developers of each site (London Borough of Hackney and the Corporation of London respectively) to inform the process, leading to high quality teaching and learning facilities for the new growing schools.

The Trust follows a strategy of controlled growth and will look to sponsor other schools expressing a wish to join the Trust where ethos and values are closely aligned. However, in the medium-term the Trustees do not expect to expand the Trust beyond twelve academies.

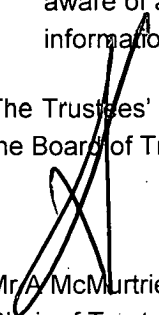
Trustees' report (including strategic report) 31 August 2019

AUDITOR

In so far as the Trustees' are aware:

- ♦ there is no relevant audit information of which the Trust's auditor is unaware; and
- ♦ the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Trustees and signed on its behalf by:



Mr A McMurtrie
Chair of Trustees

Date: 12 December 2019

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the City of London Academies Trust (the '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 Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer (CEO), as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education.

The CEO is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities. The Board of Trustees has met formally four times during the year with attendance (either in person or via a dial-in facility) as follows:

Trustee	Number of meetings attended	Out of a possible
Mr A S McMurtrie (Chair)	4	4
Ms R Ameer	2	2
Mr P G Bennett	4	4
Mr E Benzecry	1	1
Mr R W Blackwell	3	4
Mr T Broeke	1	1
Ms D Elliott	3	4
Mr L Green	2	4
Ms P A Holmes	3	4
Ms C D James	3	4
Mr E G Martin	2	2
Mr D P Patel	2	3

During the year Mr E Martin and Mr D Patel resigned as Trustees and Ms R Ameer, Mr E Benzecry and Mr T Broeke were all appointed as Trustees, as detailed on Page 1.

Although the Board of Trustees has met fewer than six times in the year the Trustees have been able to maintain effective oversight of the Trust's funds and financial operations. The Trust's finances are discussed at both Board Meetings and meetings of the Finance Audit and Risk Committee, which met four times in the year. This means the Trust's finances were reviewed and discussed by Trustees eight times in the year, and management accounts were circulated to the Chair of the Trust between meetings as appropriate.

Governance (continued)

The information and data presented to the Board of Trustees to inform their discussions and decisions is prepared by the Trust CEO, the Trust CFO (Chief Financial Officer), and the central Trust management team, who will also attend the Trustees' meetings as appropriate. The outline agenda for each Trustee Meeting across the academic and financial year is planned to ensure that all key issues are covered with appropriate frequency. The focus for the Trustees during 2018-19 has been to consolidate the Trust following the significant growth in the previous year and to further strengthen consistency and efficiency in operations across the Trust academies to support and enable the senior leaders in each academy to focus on educational standards and achievement. The focus of the Board of Trustees during 2019-20 will likely be performance across all Trust schools, with emphasis on exam results in the secondaries and reading in the primaries, and the delivery of building projects.

The governance of the Trust and the composition and effectiveness of the Board of Trustees are subject to regular review and challenge throughout the year by the City of London Corporation Education Board (representing the Sponsor) as part of the Education Board's scope. The Sponsor has not identified any issues during 2018-19. The Board of Trustees (and its sub committees) will also perform its next self-evaluation in 2019-20 to consider its effectiveness, any skills gaps and compliance with the DfE's Governance Handbook and ESFA's Academies Financial Handbook.

Under the Trust's Articles of Association, the Trustees have the power to establish committees and subject to the wider Articles, determine the constitution, membership and terms of reference of any such committee. The membership of any committee of Trustees may include persons who are not Trustees, provided that with the exception of Local Governing Bodies, a majority of members of such committee shall be Trustees. The establishment, terms of reference and membership of any committee must be reviewed at least once every twelve months.

The Board of Trustees appointed to three committees in the year, the Finance, Audit and Risk Committee, the Standards and Accountability Committee and the Remuneration Committee. Terms of Reference and membership of these two Committees are reviewed and agreed annually by the Board of Trustees.

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee's role is one of oversight. It is tasked with reviewing the overall financial position and risk profile of the Trust for appropriateness and to monitor the risk management techniques employed at all levels within the Trust and receiving the Auditors report before Board Approval. The Committee shall make whatever recommendations to the Board that it deems appropriate within the context of its terms of reference.

Governance (continued)

Finance, Audit and Risk Committee (continued)

During the year Ms C James, an actuary, and Mr P Bennett, a Chartered Surveyor, joined the Committee. The Committee has met formally four times during the year with attendance (either in person or via a dial-in facility) as follows:

Trustee	Number of meetings attended	Out of a possible
Mr A McMurtrie	4	4
Mr P Bennett	3	4
Ms D Elliott	3	4
Mr L Green	4	4
Ms C James	3	4
Mr M Emmerson (for finance matters only)	4	4

Mr A McMurtrie was Chair for the first three meetings in the year with Mr P Bennett succeeding as Chair for the fourth meeting.

The Standards and Accountability Committee

The Standards and Accountability Committee's role is one of oversight. It is tasked with reviewing the provision, standards, governance and leadership performance of all Trust academies. It provides a performance profile to the Trust Board and agrees/monitors the effectiveness of interventions to support relative under- performance.

The Committee shall make whatever recommendations to the Board that it deems appropriate within the context of its terms of reference to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Trustees' and LGBs' responsibility to ensure a strategic and systematic approach to promoting high standards of educational achievement.

During the year Mr E Benzecry joined the Committee and Mr E Martin and Mr D Patel both resigned from the Committee. The Committee has met formally three times during the year with attendance (either in person or via a dial-in facility) as follows:

Trustee	Number of meetings attended	Out of a possible
Mr E Martin	1	1
Mr A McMurtrie	3	3
Mr R Blackwell	3	3
Mr E Benzecry	1	1
Ms P A Holmes	3	3
Mr D Patel	1	2

Mr E Martin was Chair for the first meeting in the year with Mr R Blackwell succeeding as Chair for the subsequent meetings.

The Remuneration Committee

The Remuneration Committee's role is to review and approve the performance management process for the Chief Executive Officer and the proposed pay awards for the central Trust Executive Team and the leaders of the eight academies. The Committee shall make whatever recommendations to the Board that it deems appropriate within the context of its terms of reference.

Governance (continued)

The Remuneration Committee (continued)

The Committee met for the first time in November 2018 and has met formally this once during the year with attendance as follows:

Trustee	Number of meetings attended	Out of a possible
Mr E Martin	1	1
Mr A McMurtrie	1	1

Review of value for money

As Accounting Officer, the CEO has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during the academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered and improved value for money during the year by collaborative working across the Trust, building capacity and delivering savings through joint procurement. Examples in the year include:

- ◆ Continued working with suppliers to get multi-academy trust discounts and improved pricing and discounts for individual schools as the Trust grows in areas such as recruitment, payroll/HR support, data and finance software, energy and insurance;
- ◆ Continued harmonisation of employment terms and conditions, policies and procedures across the Trust following the significant growth in the Trust in the previous year;
- ◆ The three Southwark schools continuing to work more closely to bring together support services such as finance, HR, IT and premises management to make savings and create more consistency across the three schools; and
- ◆ Sharing skills, knowledge, experience and resources across the Trust and within the wider family of City Schools (including IT strategy and support, central finance supporting the new schools, business managers working across more than one school, trust-wide data management processes and analysis, and experienced school leaders working across schools to raise standards and support and coach new leaders).

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is an ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees and each Local Governing Body.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to instruct the following during the year:

- ◆ The CFO has worked with the finance lead at another of the City schools to establish a reciprocal arrangement for quarterly checks on internal systems and controls in two of the Trust's academies and the central accounting function. The checks carried out in the current period included testing of purchasing systems, payroll authorisation and month-end reconciliations.
- ◆ The central MAT team has introduced a monthly checklist which each local academy finance team is asked to complete and submit to confirm that their month-end procedures are complete and consistent. This checklist is being led and managed by the Trust Finance Manager (who is not involved in the operational finance procedures at the academies) who is also undertaking regular reviews to ensure the academies are indeed performing the tasks on the checklist. In the last quarter of the 2018-19 year the Trust Finance Manager has undertaken a more detailed review at some of the academies, performing a programme of checks on internal controls for payroll, month-end reconciliations, authorisation of expenditure, recording of income and management reporting to local governing bodies.

The risk and control framework (continued)

- ♦ The Chair of Trustees, CEO and CFO held detailed financial scrutiny meetings with the senior management team in each school to challenge historical and forecast financial performance, cash and reserves management, and to discuss the school's risk register.
- ♦ The Trust has also been subject to a number of reviews and internal audits by the Sponsor in the year as part of the wider family of City Schools. These included a detailed review of Safeguarding procedures.

In July 2019 the Trust appointed an external provider for the provision of internal audit services to the Trust to support the Trust in implementing a more structured and comprehensive risk-based approach to internal audit and review across the whole Trust. This work will begin early in 2019-20.


Review of effectiveness

As Accounting Officer, the Chief Executive Officer of City of London Academies Trust has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

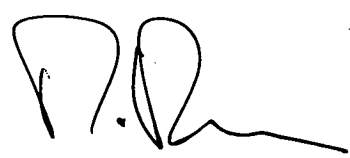
- ♦ reviews commissioned by the Sponsor;
- ♦ the work of the external auditor;
- ♦ peer review by another academy in the wider family of City of London Schools;
- ♦ the financial management and governance self-assessment process; and
- ♦ the work of the executive managers within the Trust who have responsibility 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 Finance, Audit and Risk Committee, and ensures continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees and signed on its behalf by:



Mr A McMurtrie
Chair of Trustees



Mr M Emmerson
Accounting Officer

Date: 12 December 2019

Statement on regularity, propriety and compliance Year ended 31 August 2019

As Accounting Officer of City of London Academies Trust (the 'Trust'), I have considered my responsibility to notify the Trust's 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 agreement in place between the 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 Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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



Mr M Emmerson
Accounting Officer

Date: 12 December 2019

Statement of Trustees' responsibilities Year to 31 August 2019

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

Company law requires the Trustees to prepare financial statements for each financial year. 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 Trust and of its incoming resources and application of resources, including its income and expenditure 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 estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust 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 Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DFE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate, charity and financial information included on the Trust'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 and signed on its behalf by:

Mr A McMurtrie
Chair of Trustees

Date: 12 December 2019

Independent auditor's report to the members of City of London Academies Trust

Opinion

We have audited the financial statements of City of London Academies Trust (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 August 2019 which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. 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), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2018 to 2019.

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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:

- ◆ the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Conclusions relating to going concern (continued)

- ◆ the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 covering the reference and administrative details, the report of the trustees including the strategic report and the governance statement

The Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report which is also the directors' report for the purposes of company law and includes the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group, the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report (including the strategic report).

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

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or

Matters on which we are required to report by exception (continued)

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities statement, the Trustees (who are also the directors 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 group and parent 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 group or the parent 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.

Use of our report

This report is made solely to the parent 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 parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Edward Finch (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL
19/12/19

Independent reporting accountant's assurance report on regularity to City of London Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by City of London Academies Trust during the period from 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of City of London Academies Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of City of London Academies Trust's funding agreement with the Secretary of State for Education dated 4 September 2003, subject to a Deed of Variation dated 14 September 2014, and the Academies Financial Handbook, 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 Financial Handbook 2017. 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 from 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.

Independent reporting accountant's report 31 August 2019

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 19/12/19

Consolidated statement of financial activities Year to 31 August 2019


	Notes	Restricted funds			2019 Total Funds £'000	2018 Total Funds £'000
		Un- restricted funds £'000	General fund £'000	Fixed assets £'000		
Income from:						
Donations and capital grants	2	21	-	1,146	1,167	1,341
Transfer from local authority on conversion or opening of new free school	2,22	-	-	-	-	24,904
Charitable activities:						
Funding for the Trust's educational operations	5		38,912	-	38,912	32,110
Other trading activities	3	1,765	390	-	2,155	2,000
Investments	4	19	-	-	19	25
Total income		<u>1,805</u>	<u>39,302</u>	<u>1,146</u>	<u>42,253</u>	<u>60,380</u>
Expenditure on:						
Raising funds	6	288	-	-	288	217
Charitable activities:						
Trust's educational operations	7	-	41,438	2,479	43,917	36,287
Total expenditure	6	<u>288</u>	<u>41,438</u>	<u>2,479</u>	<u>44,205</u>	<u>36,504</u>
Net income (expenditure) before investment gains		1,517	(2,136)	(1,333)	(1,952)	23,876
Net gains on the disposal and revaluation of investments		-	-	-	-	38
Net income (expenditure) before transfers		1,517	(2,136)	(1,333)	(1,952)	23,914
Transfers between funds	18	(1,470)	665	805	-	-
Other recognised gains (losses)						
Introduction of defined benefit pension liability	21	-	-	-	-	(2,672)
Actuarial (losses)/gains on defined benefit pension schemes	21	-	(3,458)	-	(3,458)	1,905
Net movement in funds		47	(4,929)	(528)	(5,410)	23,147
Fund balances brought forward at 1 September 2018		4,095	(7,777)	52,984	49,302	26,155
Fund balances carried forward at 31 August 2019		<u>4,142</u>	<u>(12,706)</u>	<u>52,456</u>	<u>43,892</u>	<u>49,302</u>

All of the Group's activities derive from continuing operations during the above two financial periods. The Group had no recognised gains or losses other than those shown above.

Balance sheets 31 August 2019

	Notes	2019		2018	
		Group £'000	Trust £'000	Group £'000	Trust £'000
Fixed assets					
Intangible fixed assets	13	73	73	78	78
Tangible assets	14	51,755	51,755	52,906	52,906
		51,828	51,828	52,984	52,984
Current assets					
Debtors	15	2,283	2,328	1,460	1,582
Cash at bank and in hand		6,897	6,807	5,752	5,603
		9,180	9,135	7,212	7,185
Liabilities					
Creditors: amounts falling due within one year	17	(5,270)	(5,225)	(4,007)	(3,980)
Net current assets		3,910	3,910	3,205	3,205
Net assets excluding pension scheme liability		55,738	55,738	56,189	56,189
Pension liability	21	(11,846)	(11,846)	(6,887)	(6,887)
Total net assets		43,892	43,892	49,302	49,302
Restricted funds					
Fixed assets fund	18	52,456	52,456	52,984	52,984
Restricted income funds	18	(860)	(860)	(890)	(890)
Pension reserve	18	(11,846)	(11,846)	(6,887)	(6,887)
Total restricted funds		39,750	39,750	45,207	45,207
Unrestricted income funds					
General fund	18	4,142	4,142	4,095	4,095
Total funds		43,892	43,892	49,302	49,302

The financial statements on pages 34 to 65 were approved by the Trustees of City of London Academies Trust, Company Registration No. 04504128 (England and Wales) and authorised for issue and signed on their behalf by:


 Mrs A S McMurtrie
 Chair of Trustees

Date: 12 December 2019

Consolidated statement of cash flows Year to 31 August 2019

		2019 £'000	2018 £'000
Net cash flows from operating activities			
Net cash provided by operating activities	A	1,303	2,393
Cash flows from investing activities	B	(158)	256
Change in cash and cash equivalents in the year		1,145	2,649
Cash and cash equivalents at 1 September 2018		5,752	3,103
Cash and cash equivalents at 31 August 2019		6,897	5,752

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

	2019 £'000	2018 £'000
Net (expenditure)/income for the year (as per the statement of financial activities)	(1,952)	23,914
Adjusted for:		
Amortisation (note 13)	20	20
Depreciation charges (note 14)	2,459	2,333
Write-off of tangible fixed assets	-	5
Net investment gains	-	(38)
Surplus transferred from local authority on conversion	-	(96)
Inherited pension scheme liability	-	4,169
Capital grants from DfE and other capital income (note 2)	(1,146)	(1,272)
Donated or Inherited fixed assets	-	(28,977)
Interest receivable (note 4)	(19)	(25)
Defined benefit pension scheme cost less contributions payable (note 21)	1,326	769
Defined benefit pension scheme finance cost (note 21)	175	178
Increase in debtors	(823)	(296)
Increase in creditors	1,263	1,709
Net cash provided by operating activities	1,303	2,393

B Cash flows from investing activities

	2019 £'000	2018 £'000
Interest receivable	19	25
Proceeds from the disposal of investments	-	692
Purchase of tangible fixed assets	(1,308)	(1,635)
Purchase of intangible fixed assets	(15)	(98)
Capital grants from DfE/ESFA	1,146	1,272
Net cash (used in)/provided by investing activities	(158)	256

C Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Total cash and cash equivalents: Cash at bank and in hand	6,897	5,752

STATEMENT OF ACCOUNTING POLICIES

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

Basis of preparation

The financial statements of the Trust 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 2015), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

City of London Academies Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling rounded to the nearest thousand pounds.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Academy Trust and its wholly owned subsidiary, City of London Academy Southwark Lettings Limited, on a line by line basis. No separate statement of financial activities has been presented for the Academy Trust alone, as permitted by Section 408 of the Companies Act 2006.

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 company 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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 income is recognised when the Trust has entitlement to the funds, the receipt is probable, and the amount can be measured reliably.

Income (continued)

Grants

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

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

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

Sponsorship income

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

Donations

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

Other income

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

Transfer on conversion

The Assets and Liabilities transferred from Local Authorities to the Trust on conversion of a maintained school to an academy within the Trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. £nil consideration was paid by the Trust and the transfer of assets and liabilities has been accounted for as a combination that is in substance a gift.

The fair value of these assets and liabilities is in accordance with the accounting policies set out for the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Income (continued)

Assets donated under a commercial transfer agreement

The Assets and Liabilities transferred by Local Authorities to the Trust under a commercial transfer agreement when the Trust opens a new free school academy in place of a former school or educational provision, have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. £nil consideration was paid by the Trust and the transfer of assets and liabilities has been accounted for as a combination that is in substance a gift.

The fair value of these assets and liabilities is in accordance with the accounting policies set out for the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities. All expenditure is stated net of recoverable VAT.

Intangible fixed assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 20-33% per annum

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised as tangible fixed assets and are carried at cost, net of any depreciation and any provision for impairment.

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

Buildings developed by a third party and subsequently donated to the Trust are recognised on the Balance Sheet once the works are complete and the building is available for use. An amount equal to the cost or value recognised is credited to the Statement of Financial Activities as donations income.

Assets in the course of construction are included at cost and depreciation on these assets is not charged until they are brought into use and reclassified to the relevant class of tangible fixed assets.

Depreciation is provided on all tangible fixed assets, other than freehold land and assets under construction, to write off the cost of each asset over its expected useful economic life. 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:

- Long leasehold land 0.008% to 2%
- Furniture, fittings and equipment 20% to 33% per annum
- Buildings 2% to 4% per annum
- Temporary accommodation 33% per annum to 50% per annum

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.

Private Finance Initiative

Properties developed under a Private Finance Initiative (PFI) scheme are excluded from the balance sheet where the Academy Trust is not directly party to the PFI agreement itself and rather the local authority has directly contracted with the PFI contractor, and the Academy Trust in turn has contracted with the local authority to make financial contributions in respect of the premises.

Investments

The Trust's shareholding in the wholly owned subsidiary, City of London Academy Southwark Lettings Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Debtors

Debtors were recognised at their settlement amount, less any provision for non-recoverability. Prepayments were valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represented such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

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 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.

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due from the charity's wholly owned subsidiary are held at face value less any impairment. Investments in common investment funds are also a basic financial instrument. The investment is initially recognised at cost and subsequently carried on the balance sheet fair value. Changes in the fair value are reflected as investment gains or losses through the Statement of Financial Activities.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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 the Trust's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Pensions benefits

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

The unrestricted general fund represents those resources that are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

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.

Other restricted funds comprise all other funds raised for, or their use restricted to, a specific purpose or contributions subject to donor-imposed conditions.

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 Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- The present value of the LGPS 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 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.
- Estimating the fair value of the Assets and Liabilities transferred from Local Authorities to the Trust on conversion of a maintained school to an academy within the Trust, or under a commercial transfer agreement when the Trust opens a new free school academy in place of a former school or educational provision.
- Estimating the useful economic life of tangible and intangible fixed assets for the purposes of calculating depreciation/amortisation.

1 General annual grant (GAG)

Under the funding agreement with the Secretary of State the Trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Trust has not exceeded these limits during the year ended 31 August 2019.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000	2018 Total funds £'000
Capital grants	-	-	1,146	1,146	1,272
Donated assets/liabilities	-	-	-	-	-
Transfer from Local Authority on conversion of school (note 22)	-	-	-	-	(2,613)
Transfer from a Local Authority under a commercial transfer agreement (note 22)	-	-	-	-	27,517
Other donations	21	-	-	21	69
	21	-	1,146	1,167	26,245

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Hire of facilities	331	-	331	278
Trip income	202	-	202	129
Catering income	636	-	636	504
Wrap-around care and nursery provision	431	-	431	401
Leadership and support services	146	-	146	229
Miscellaneous income	19	390	409	459
	1,765	390	2,155	2,000

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Interest receivable	19	-	19	25
	19	-	19	25

5 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
DfE / ESFA grants				
. General Annual Grant (GAG)	-	32,179	32,179	26,490
. Start Up Grants	-	355	355	907
. Other DfE / ESFA Grants	-	2,681	2,681	2,013
. Teacher Training Grants	-	128	128	96
	-	35,343	35,343	29,506
Other grants				
. Local authority grants	-	1,476	1,476	1,268
. Special educational projects	-	819	819	630
	-	2,295	2,295	1,898
Other income from the Trust's educational operations	-	1,274	1,274	706
	-	38,912	38,912	32,110

6 Expenditure

	Staff costs £'000	Premises £'000	Other costs £'000	2019 £'000	2018 £'000
Expenditure on raising funds					
. Direct costs	-	-	-	-	-
. Support costs	163	109	16	288	217
School's educational operations:					
. Direct costs	24,945	2,459	2,888	30,292	25,428
. Allocated support costs	6,672	3,938	3,015	13,625	10,859
	31,780	6,506	5,919	44,205	36,504

	2019 £'000	2018 £'000
Net income (expenditure) for the year is stated after charging:		
Operating lease rentals	174	171
Depreciation	2,459	2,333
Write-off of fixed assets	-	5
Amortisation	20	20
Fees payable to auditor		
. Audit	26	23
. Additional audit fees for prior year	12	-
. Other services	11	7

7 Charitable activities – Trust’s educational operations

	2019 £'000	2018 £'000
Direct costs	30,292	25,428
Support costs	13,625	10,859
	43,917	36,287

Analysis of support costs	2019 £'000	2018 £'000
Support staff costs	6,672	4,698
Technology costs	562	485
Premises costs	3,938	3,148
Other support costs	2,372	2,466
Governance costs	81	62
Total support costs	13,625	10,859

Analysis of cost by academy

Expenditure incurred by each academy during the year (excluding depreciation and amortisation) was as follows:

	Teaching and education support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation and amortisation) £'000	Total £'000
City of London Academy Southwark	7,397	2,423	709	1,712	12,241
Galleywall Primary School	876	191	81	289	1,437
City of London Academy Highgate Hill	2,622	492	260	806	4,180
City of London Academy Highbury Grove	6,648	1,331	643	2,123	10,745
Newham Collegiate Sixth Form Centre	2,025	436	212	692	3,365
City of London Primary Academy Islington	410	117	31	280	838
Redriff Primary School	2,661	1,054	766	427	4,908
City of London Academy Shoreditch Park	2,071	232	166	620	3,089
Trust Central Function	235	396	-	4	635
	24,945	6,672	2,868	6,953	41,438

8 Comparative information

	Restricted funds			
	Un restricted funds £'000	General fund £'000	Fixed assets £'000	2018 Total Funds £'000
Income from:				
Donations and capital grants	69	—	1,272	1,341
Transfer from local authority on conversion or opening of new free school	—	(4,073)	28,977	24,904
Charitable activities:				
· Funding for the Trust's educational operations	—	32,110	—	32,110
Other trading activities	1,820	180	—	2,000
Investments	25	—	—	25
Total income	1,914	28,217	30,249	60,380
Expenditure on:				
Raising funds	217	—	—	217
Charitable activities:				
· Trust's educational operations	—	33,929	2,358	36,287
Total expenditure	217	33,929	2,358	36,504
Net income (expenditure) before investment gains	1,697	(5,712)	27,891	23,876
Net gains on the disposal and revaluation of investments	38	—	—	38
Net income (expenditure) before transfers	1,735	(5,712)	27,891	23,914
Transfers between funds	—	(462)	462	—
Other recognised gains (losses)				
Introduction of defined benefit pension liability	—	(2,672)	—	(2,672)
Actuarial gains on defined benefit pension schemes	—	1,905	—	1,905
Net movement in funds	1,735	(6,941)	28,353	23,147
Fund balances brought forward at 1 September 2017	2,360	(836)	24,631	26,155
Fund balances carried forward at 31 August 2018	4,095	(7,777)	52,984	49,302

9 Staff

a) Staff costs

Staff costs during the year were as follows:

	2019 £'000	2018 £'000
Wages and salaries	23,032	19,026
Social security costs	2,446	1,919
Pension costs	4,799	3,626
Apprenticeship levy	100	86
	30,377	24,657
Supply staff costs	1,396	1,200
Staff restructuring costs	7	30
	31,780	25,887
	2019 £	2018 £
Staff restructuring costs comprise		
Redundancy payments	-	-
Severance payments	7	30
	7	30

b) Staff severance payments

During the year, non-contractual/non-statutory severance payments totalling £7,315 (2018: £30,000) were made to two members of staff (2018 – one individual). Individually, the amounts in the year were £4,180 and £3,135.

c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2019 expressed as headcount was as follows:

Charitable activities	2019 No.	2018 No.
Teachers	296	247
Administration and support	284	251
Management	55	41
	635	539

9 Staff (continued)

d) Higher paid staff

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2019 Number	2018 Number
£60,001 - £70,000	25	10
£70,001 - £80,000	14	5
£80,001 - £90,000	2	4
£90,001 - £100,000	4	2
£100,001 - £110,000	2	1
£110,001 - £120,000	1	1
£120,001 - £130,000	-	1
£150,001 - £160,000	-	-
£160,001 - £170,000	-	-
£170,001 - £180,000	-	2
£180,001 - £190,000	1	-

e) Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team. The total amount of employee benefits (including employee pension contributions) and employer social security costs payable in respect of key management personnel for their services to the academy trust was £1.485m (2018: £1.31m).

10 Trustees' remuneration and benefits

Trustees did not receive any payments from the Trust in respect of their role as Trustees (2018 £nil). Travel and subsistence expenses of £15 (2018 £65) were paid to one Trustee in the year (2018 one Trustee).

During the year ended 31 August 2019 no travel and subsistence expenses were reimbursed to Trustees in their capacity as Trust staff (2018 £nil) as no Trustees are employees of the Trust.

The Trust has opted into the Department for Education's (DfE) Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

Other related party transactions involving the Trustees are set out in note 24.

11 City of London Academy Southwark Lettings Limited

	2019 £'000	2018 £'000
Turnover	188	206
Cost of Sales	(19)	(12)
Gross profit	169	194
Administrative expenses	(124)	(94)
Profit on ordinary activities before taxation	45	100
Tax	-	-
Profit on ordinary activities after taxation	45	100
Donation to Trust under Gift Aid	(45)	(100)
Loss on ordinary activities after taxation	-	-
The assets and liabilities of the subsidiary were:		
	2019 £'000	2018 £'000
Current assets	102	169
Creditors: amounts falling due within one year	(102)	(169)
Total assets less current liabilities	-	-

12 Central services

The Trust provided certain central services to its academies during the year and the prior year including executive and financial oversight and support, governance support and support with educational standards and accountability. The Trust charged each academy 2% (2018 2%) of its core funding income for these services as listed below.

	2019 £'000	2018 £'000
City of London Academy Southwark	209	206
Galleywall Primary School	21	16
City of London Academy Highbury Grove	161	106
City of London Academy Highgate Hill	65	52
Newham Collegiate Sixth Form,	60	32
City of London Primary Academy Islington	9	7
Redriff Primary School	54	50
City of London Academy Shoreditch Park	60	30
	639	499

13 Intangible fixed assets

Group and Trust	Computer software £'000	Total £'000
Cost/valuation		
At 1 September 2018	183	183
Additions	15	15
At 31 August 2019	198	198
Amortisation		
At 1 September 2018	105	105
Charge in year	20	20
At 31 August 2019	125	125
Net book value		
At 31 August 2019	73	73
At 31 August 2018	78	78

14 Tangible fixed assets

Group and Trust	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 September 2018	70,075	1,007	1,613	87	72,782
Additions	384	363	561	-	1,308
Disposals	-	-	-	-	-
At 31 August 2019	70,459	1,370	2,175	87	74,090
Depreciation					
At 1 September 2018	18,606	531	676	63	19,876
Charge for year	1,883	159	409	9	2,459
Disposals	-	-	-	-	-
At 31 August 2019	20,489	690	1,085	71	22,335
Net book values					
At 31 August 2019	49,970	680	1,090	16	51,755
At 31 August 2018	51,469	476	937	24	52,906

At 31 August 2019 the Trust had capital commitments totalling £16,330 (2018 £nil).

15 Debtors

	2019		2018	
	Group £'000	Trust £'000	Group £'000	Trust £'000
Trade debtors	65	53	140	124
VAT recoverable	366	368	258	265
Amount due from subsidiary	-	55	-	133
Other debtors	5	5	2	-
Prepayments and accrued income	1,847	1,847	1,060	1,060
	2,283	2,328	1,460	1,582

16 Investments

The Trust has one wholly owned subsidiary, City of London Academy Southwark Lettings Limited (see Note 11). At 31 August 2019 this investment is recognised at the cost of £100 in the balance sheet of the Trust (2018 £100).

17 Creditors: amounts falling due within one year

	2019		2018	
	Group £	Trust £	Group £	Trust £
Trade creditors	1,492	1,488	856	833
Taxation and social security	635	635	585	585
ESFA creditor: abatement of GAG	221	221	10	10
Other creditors	131	129	173	173
Accruals and deferred income	2,791	2,752	2,383	2,379
	5,270	5,225	4,007	3,980
Deferred income				
Deferred income at 1 September 2018	1,183	1,183	254	254
Released during the year	(1,183)	(1,183)	(254)	(254)
Resources deferred in the year	1,319	1,319	1,183	1,183
Deferred income at 31 August 2019	1,319	1,319	1,183	1,183

Deferred income includes grants from the Sponsor specifically provided for future academic years, rates funding, local authority revenue grant funding, free school meals income paid in advance and monies relating to the maths hub.

18 Funds

The income funds of the Trust include restricted funds comprising the following unexpended balances of grants held for specific purposes:

Group	At 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers and actuarial gains and losses £'000	At 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	(948)	32,179	(32,814)	665	(918)
Start Up Grant	30	355	(355)	-	30
Pupil Premium	—	2,110	(2,110)	-	-
Other DfE/ESFA grants	—	699	(699)	-	-
Local authority grants	—	1,476	(1,476)	-	-
Other restricted funds	28	2,483	(2,483)	-	28
Pension reserve	(6,887)	-	(1,501)	(3,458)	(11,846)
	<u>(7,777)</u>	<u>39,302</u>	<u>(41,438)</u>	<u>(2,793)</u>	<u>(12,706)</u>
Restricted fixed asset funds					
Transfer on conversion	31,874	-	-	-	31,874
DfE/ESFA capital grants	19,705	1,146	(2,479)	-	18,372
Capital expenditure from GAG	1,405	-	-	805	2,210
	<u>52,984</u>	<u>1,146</u>	<u>(2,479)</u>	<u>805</u>	<u>52,456</u>
Total restricted funds	<u>45,207</u>	<u>40,448</u>	<u>(43,917)</u>	<u>(1,988)</u>	<u>39,750</u>
Unrestricted funds					
General funds	4,095	1,617	(145)	(1,425)	4,142
COLAS Lettings	-	188	(143)	(45)	-
Total unrestricted funds	<u>4,095</u>	<u>1,805</u>	<u>(288)</u>	<u>(1,470)</u>	<u>4,142</u>
Total funds	<u>49,302</u>	<u>42,253</u>	<u>(44,205)</u>	<u>(3,458)</u>	<u>43,892</u>

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

Restricted general funds

Restricted general funds represent the balance of funds available from revenue grants received from local/central government and other donors, the application of which is limited to the conditions imposed by the grantor / donor. The principal funding receivable from the government is the General Annual Grant (GAG) provided by the Education and Skills Funding Agency. Under the funding agreement with the Secretary of State, the Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2019. Note 1 discloses whether the limit was exceeded.

18 Funds (continued)

Restricted fixed asset funds

This fund equates to the net book value of the Academy Trusts tangible fixed assets plus any capital funding received from central/local government and other donors which has not been expended by the balance sheet date. The capital funding may be used to complete capital projects or undertaken maintenance works on existing tangible fixed assets.

The fund balance includes the carrying value of school buildings (and other tangible fixed assets) inherited by the Academy Trust where a school has converted or joined City of London Academies Trust from another Academy Trust, and the carrying value of assets donated to the Academy Trust.

Unrestricted funds

The unrestricted general funds represent monies which may be applied for any purpose within City of London Academies Trust's objects.

Transfers between funds

Transfers from either restricted general funds or unrestricted funds to the restricted fixed asset funds are made where a shortfall exists in the capital reserves available to fully fund the cost of tangible fixed assets owned by the Academy Trust.

Analysis of fund balance by school

	2019 £'000	2018 £'000
City of London Academy Southwark	2,255	2,034
Galleywall Primary School	(99)	22
City of London Academy Highbury Grove	(646)	5
City of London Academy Highgate Hill	4	32
Newham Collegiate Sixth Form,	103	100
City of London Primary Academy Islington	86	64
Redriff Primary School	786	821
City of London Academy Shoreditch Park	570	54
Central Trust	223	73
Total before fixed assets and pension reserve	3,282	3,205
Restricted fixed asset fund	52,456	52,984
Pension liability	(11,846)	(6,887)
Total for Trust	43,892	49,302
Subsidiary	-	-
Total for group	43,892	49,302

The deficit at Galleywall Primary School has arisen mainly due to revenue spend on furniture, equipment and IT equipment in the year to furnish the newly completed school building. Galleywall is forecast to make surpluses over the next three years, as the school continues to grow, which will recover the deficit at 31 August 2019.

18 Funds (continued)

The in-year deficit at City of London Academy Highbury Grove (COLAHG) has arisen due to a number of factors including additional staffing costs and spend on alternative provision. One of the main reasons for the financial challenges is that pupil funding rates in the Islington borough are significantly lower than Hackney and Southwark (where other Trust secondary academies are) and Islington also provides even less funding for Key Stage 3 pupils. The Trust central team are working with the COLAHG senior leadership team and governors to develop a sustainable deficit recovery plan to:

- Ensure the school is maximising its funding allocations; and
- Review the curriculum and timetable to maximise efficiency.

This plan will consider the short-term needs of the school (investment needed to improve the school) and the longer-term needs when the school has recovered and is fully subscribed again.

Comparative information

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

Group	At 1 September 2017 £'000	Income £'000	Expenditure £'000	Transfers and actuarial gains and losses £'000	At 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	—	26,490	(26,976)	(462)	(948)
Start Up Grant	140	907	(1,017)	—	30
Pupil Premium	—	1,833	(1,833)	—	—
Other DfE/ESFA grants	—	982	(982)	—	—
Local authority grants	—	1,268	(1,268)	—	—
Other restricted funds	28	906	(906)	—	28
Pension reserve	(1,004)	(4,169)	(947)	(767)	(6,887)
	(836)	28,217	(33,929)	(1,229)	(7,777)
Restricted fixed asset funds					
Transfer on conversion	3,470	28,977	(573)	—	31,874
DfE/ESFA capital grants	19,850	1,272	(1,417)	—	19,705
Capital expenditure from GAG	1,311	—	(368)	462	1,405
	24,631	30,249	(2,358)	462	52,984
Total restricted funds	23,795	58,466	(36,287)	(767)	45,207
Unrestricted funds					
General funds	2,360	1,708	(111)	138	4,095
COLAS Lettings	—	206	(106)	(100)	—
Total unrestricted funds	2,360	1,914	(217)	38	4,095
Total funds	26,155	60,380	(36,504)	(729)	49,302

19 Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted funds		Total 2019 £'000
		General fund £'000	Fixed assets £'000	
Fund balances at 31 August 2019 are represented by:				
Intangible fixed assets	-	-	73	73
Tangible fixed assets	-	-	51,755	51,755
Current assets	4,142	4,410	628	9,180
Current liabilities	-	(5,270)	-	(5,270)
Pension scheme liability	-	(11,846)	-	(11,846)
Total net assets	4,142	(12,706)	52,456	43,892

Trust	Unrestricted funds £'000	Restricted funds		Total 2019 £'000
		General fund £'000	Fixed assets £'000	
Fund balances at 31 August 2019 are represented by:				
Intangible fixed assets	-	-	73	73
Tangible fixed assets	-	-	51,755	51,755
Current assets	4,142	4,365	628	9,135
Current liabilities	-	(5,225)	-	(5,225)
Pension scheme liability	-	(11,846)	-	(11,846)
Total net assets	4,142	(12,706)	52,456	43,892

20 Commitments under operating leases and other agreements

Operating leases

At 31 August 2019, the total of the Trust's future minimum lease payments under non-cancellable operating leases in respect of office equipment was as follows:

	2019 £'000	2018 £'000
Amounts due within one year	171	172
Amounts due between one and five years	27	42
	198	214

20 Commitments under operating leases and other agreements (continued)

Private Finance Initiative

The property occupied by Highbury Grove was financed by a Private Finance Initiative agreement between the PFI contractor and the local authority (the owner of the freehold). The Trust is subject to a sub-agreement with the Local Authority which requires the Trust to make an annual contribution towards facilities management and the unitary charge for a period of 15 years expiring July 2033, along with an annual administration fee. At 31 August 2019, the total of the Trust's future minimum commitments under this sub-agreement were estimated to be:

	2019 £'000	2018 £'000
Amounts due within one year	1,265	1,230
Amounts due between one and five years	5,432	5,281
Amounts due after more than five years	14,708	16,124
	21,405	22,635

21 Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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 under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan.

21 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Accordingly, the Trust has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Trust has set out above the information available on the plan and the implications for the Trust in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website

The employer's pension costs paid to TPS in the period amounted to £2,331,339 (2018: £1,865,282).

Local Government Pension Schemes (LGPS)

The LGPS are funded multi-employer defined benefit pension schemes, with the assets held in separate trustee-administered funds. The Trust participates in the following LGPSs:

Academy	Scheme
City of London Academy Southwark	City of London Corporation Pension Fund
Galleywall Primary School	London Borough of Southwark Pension Fund
City of London Academy Highbury Grove	Islington Council Pension Fund
City of London Academy Highgate Hill	Islington Council Pension Fund
Newham Collegiate Sixth Form,	London Borough of Newham Pension Fund
City of London Primary Academy Islington	Islington Council Pension Fund
Redriff Primary School	London Borough of Southwark Pension Fund
City of London Academy Shoreditch Park	London Borough of Hackney Pension Fund
Central MAT team	City of London Corporation Pension Fund

21 Pension and similar obligations (continued)

Local Government Pension Schemes (LGPS) (continued)

Introduction of City of London Corporation Pension Fund deficit

In prior years the actuary of the City of London Corporation Pension Fund had been unable to provide an estimate of the Trust's share of the assets and liabilities in the scheme specific to City of London Academy Southwark and the Trust's central support function. From the prior year ended 31 August 2018, this is no longer the case, and the actuary has now determined an estimated valuation, including a valuation as at 1 September 2017. Accordingly, the opening balance at 1 September 2017 of £2,672,000 was recognised in the prior year in the statement of financial activities and in the reconciliation tables below as other recognised gains and losses and described as the "introduction of defined benefit scheme liability".

The total employer contribution made by all schools for the year ended 31 August 2019 was £960,344 (2018: £771,789). The agreed rates of contribution for future years range between 10.5% and 21.0% for employer and 5.5% and 9.9% for employees.

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

The principal assumptions used in determining the valuations vary across each of the different pension schemes. The ranges of assumptions used are provided below.

Principal actuarial assumptions %	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.4-3.7	3.4-3.8
Rate of increase for pensions in payment / inflation	2.1-2.3	2.0-2.3
Discount rate for scheme liabilities	1.8-1.9	2.7-2.9
Inflation assumption (CPI)	2.0-2.3	2.0-2.3

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

Mortality assumptions	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	21.3-23.4	22.2-24.5
Females	23.3-26.3	24.2-26.2
<i>Retiring in 20 years</i>		
Males	21.9-25.3	23.6-26.8
Females	24.3-28.6	25.7-28.5

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

	At 31 August 2019 £'000	At 31 August 2018 £'000
Sensitivity analysis – net increase in liability		
0.1% decrease in discount rate	591	483
0.1% increase in salary increase rate	97	76
0.1% increase in pension increase rate	575	435
1-year increase in mortality assumption	745	519

The Trust's share of the assets in the scheme were:

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Asset allocation		
Equities	8,785	7,657
Infrastructure	362	418
Property	1,097	871
Government bonds	357	323
Corporate bonds	669	590
Cash and other liquid assets	228	48
Multi-asset funds	1,850	1,647
Other	383	214
Total market value of assets	13,731	11,768

The actual return on scheme assets was £758,000 (2018: £836,000).

	2019 £'000	2018 £'000
Amounts recognised in statement of financial activities		
Current service cost	1,769	1,485
Past service cost	538	-
Net interest cost	175	178
Administrative expenses	24	14
Total amount recognised in the SOFA	2,506	1,677

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The overall movements in the net pension liability is reconciled as follows:

	Total 2019 £'000	Total 2018 £'000
At 1 September 2018	6,887	1,004
Introduction of defined benefit scheme liability	-	2,672
Inherited in respect of new schools	-	4,169
Current service cost	1,769	1,485
Past service cost	538	-
Administration cost	24	14
Employer contributions	(1,005)	(730)
Interest cost	508	452
Interest income	(333)	(274)
Actuarial (gain)/loss	3,458	(1,905)
At 31 August 2019	11,846	6,887

	2019 £'000	2018 £'000
Changes in the present value of defined benefit obligations:		
At 1 September 2018	18,655	3,788
Introduction of defined benefit scheme liability	-	8,256
Inherited in respect of new schools	-	5,957
Current service cost	1,775	1,485
Past service cost	538	-
Interest cost	511	452
Employee contributions	370	279
Actuarial (gain)/loss	3,937	(1,346)
Benefits paid	(209)	(216)
At 31 August 2019	25,577	18,655

	2019 £'000	2018 £'000
Changes in the fair value of the Trust's share of scheme assets:		
At 1 September 2017	11,768	2,784
Introduction of defined benefit scheme liability	-	5,584
Inherited in respect of new schools	-	1,788
Interest income	336	274
Actuarial gain	479	559
Employer contributions	1,005	730
Employee contributions	370	279
Administration costs	(18)	(14)
Benefits paid	(209)	(216)
At 31 August 2018	13,731	11,768

22 Transfer of assets and liabilities

During the prior year ended 31 August 2018, five academies joined the multi-academy trust. These five academies included four new free-schools and one which converted from a local authority-maintained school, being City of London Academy Highbury Grove. At the date of conversion to Academy status under the Academies Act 2010, the operations and assets and liabilities were transferred to the group for £nil consideration.

Two of the new academy free-schools joining the Trust in the year ended 31 August 2018 involved a transfer of assets and liabilities when joining as these two new academies, being City of London Academy Highgate Hill and Newham Collegiate Sixth Form Centre City of London Academy, replaced existing educational establishments. The assets and liabilities were transferred to the new free schools under a commercial transfer agreement.

In all three cases the transfers were accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income. The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities in the prior year.

Transfer from local authority on conversion

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
City of London Academy Highbury Grove				
Tangible fixed assets				
Other tangible fixed assets	—	—	124	124
Budget surplus / (deficit) on LA funds	—	96	—	96
LGPS pension surplus / (deficit)	—	(2,833)	—	(2,833)
Net assets / (liabilities)	—	(2,737)	124	(2,613)

Transfer under a commercial transfer agreement

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
City of London Academy Highgate Hill				
Tangible fixed assets				
Leasehold land and buildings	—	—	15,116	15,116
Other tangible fixed assets	—	—	18	18
LGPS pension surplus / (deficit)	—	(624)	—	(624)
Net assets / (liabilities)	—	(624)	15,134	14,510

22 Transfer of assets and liabilities (continued)

Transfer under a commercial transfer agreement (continued)

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
Newham Collegiate Sixth Form Centre				
Tangible fixed assets				
Leasehold land and buildings	—	—	13,545	13,545
Other tangible fixed assets	—	—	174	174
LGPS pension surplus / (deficit)	—	(712)	—	(712)
Net assets / (liabilities)	—	(712)	13,719	13,007

23 Contingent liabilities

Funding agreement

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24 Related party transactions

Owing to the nature of the Trust's operation and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The City of London Corporation is the Trust's sponsor. During the year ended 31 August 2019, the Corporation awarded grants and donations to the Trust totalling £1,507,050 (2018 - £1,476,835). As at 31 August 2019 balances totalling £1,119,313 were held in accrued income or deferred income in respect of such transactions (2018 - £847,040).

In the year ended 31 August 2019 the Trust paid the Corporation £19,458 for legal advice and payroll services (2018 £6,848). The Trust also recharged the Corporation £13,889 for the cost of fixtures and fittings at Galleywall Primary School (2018 £nil).

24 Related party transactions (continued)

In the previous year the central MAT function had a service level agreement with the Corporation for the provision of HR services – this cost £17,782 in the year to 31 August 2018. In addition, in the previous year the Trust also paid the Corporation £11,022 for venue hire. The Trust also paid the Corporation £48,552 for the services of an interim CEO during the previous year to cover a period of long-term sickness absence of the substantive CEO. This amount was outstanding at 31 August 2018.

The Corporation also provided the following services and facilities free of charge to the central MAT function of the Trust:

- ◆ Legal support and advice
- ◆ Clerking services;
- ◆ Office space, IT equipment and IT support and IT services;
- ◆ Telephone;
- ◆ Printing; and
- ◆ Meeting rooms.

In the year the Trust paid £858 (2018 - £19,599) to Sir John Cass's Foundation Primary School for SEN support and mathematics training for the Trust primary schools. Sir John Cass's Foundation Primary School is maintained by the Corporation of London.

The Trust works closely with The City Academy, Hackney (TCAH), which is co-sponsored by the Corporation of London and KPMG. TCAH participates in the Trust facilities management contract with an external provider. In the year the Trust provided IT support services to TCAH amounting to £5,196 (2018 £nil). The Trust also reclaimed £42,050 from TCAH in the year for Schools Direct funding (2018 £nil). TCAH provided support to the Trust in the prior year for premises staff (£7,372), broadband services (£10,522) and other support services (£10,225).

In the year the Trust has shared staffing resources with the City of London Academy Islington (COLAI) which is co-sponsored by the Corporation of London and City, University of London. The Trust paid COLAI £152,753 (2018 - £171,077) for the services of the Executive Principal, a Data Manager and other educational support staff of which £64,218 was outstanding at the year-end. COLAI has paid the Trust £24,107 (2018 £13,189) for administrative staff of which £15,884 was outstanding at the year-end.

All services provided by related parties have been provided at no more than cost. Most of the related party expenses incurred in the year are for staff. The recharges are all at no more than cost to include gross salary, national insurance and employer pension contributions.

The academy trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures. Where, for goods or services exceeding £2,500 cumulatively in the year, the element above £2,500 has been provided at no more than cost.

25 Post balance sheet events

The building works for the new permanent schools for City of London Primary Academy Islington and City of London Academy Shoreditch Park are continuing. The senior leaders in these academies and the central Trust team continue to work closely with the developers of each site (London Borough of Hackney and the Corporation of London respectively) to inform the design process, leading to high quality teaching and learning facilities for the new growing schools.

In the 2019 autumn term the refurbishment works at Galleywall Primary School were concluded and the formal handover process for the site is currently underway.