

Swale Academies Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2019



Swale Academies Trust
(A company limited by guarantee)

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Reference and Administrative Details of the Academy trust, its trustees and Advisers
For the Year Ended 31 August 2019

Members	Mr A. Barham (resigned 28/10/2019) Mr G. Clifton Mr P. Goodson Mrs V. Miner (appointed 01/09/2018) Mr R. Slee Mr M. Whiting (resigned 06/11/2019)
Trustees	Mr P. Goodson (Chairman) Dr C. Duckling* (Vice Chairman) Mr A. Barham (resigned 10/09/2018) Mr P. Jarvis Mrs D. Jessel Mr R. Moreton (appointed 28/02/2019) Mr S. Penney* Mr G. Ward* (Chairman Audit and Risk Committee) Mr J. Whitcombe (Accounting Officer) * members of the Audit and Risk Committee
Company registered number	07344732 (England and Wales)
Principal and registered office	Ashdown House Johnson Road Sittingbourne Kent ME10 1JS
Senior management team	Mr J. Whitcombe, Trust Principal/CEO and Accounting Officer Mr M. Wilson, Deputy CEO/Director of Primary Mr D. Trimmer, Director of Secondary Mrs C. Wood, Advisory Headteacher Primaries Ms R. Gough, School Improvement Lead Mrs J. Garraway, Chief Operating Officer Mr G. Bailey, Head of Finance
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants, Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	HSBC 115 High Street Sittingbourne Kent ME10 4AL

Swale Academies Trust
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Trustees' Report
For the Year Ended 31 August 2019

The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the period 1 September 2018 to 31 August 2019.

At 31 August 2019 the trust operates 10 primary and 5 secondary academies across Kent, East Sussex, and Bromley. Its academies have a combined pupil roll of 8,973 from the October 2018 pupil census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity, and its memorandum and articles of association are the primary governing documents of the trust.

The trustees of Swale Academies Trust are also the directors for the purposes of company law. The academy trust is known as Swale Academies Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The academy trust maintains trustees' and Officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Details of the insurance cover are provided in note 17 to the financial statements.

Principal activities

The academy trust's principal objective and activity is to provide education to pupils between the ages of 5 and 19. Funding is obtained from the Department for Education (DfE), through the Education and Skills Funding Agency (ESFA) and various Local Authorities in the form of recurrent grants, the use of which is restricted to particular purposes.

During the year the trust has operated the following academies:

Beaver Green Primary School
Istead Rise Primary School
James Dixon Primary
Langney Primary Academy (joined on 01/09/2018)
Meopham School
Parkland Infant School
Parkland Junior School
Regis Manor Primary School
Shinewater Primary School
South Borough Primary School
The Eastbourne Academy
The Sittingbourne School
The Whitstable School (joined on 01/09/2018)
Westlands Primary School
Westlands School

Each of the academies is supported by a central function as explained in note 15 to the financial statements.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Method of Recruitment and Appointment or Election of Trustees

The number of trustees shall not be less than three but shall not be subject to a maximum.

The Members of the trust may appoint up to nineteen trustees save that, for each academy, there shall be no more than three employees of the trust including the Trust Principal appointed as trustees.

The Trust Principal shall be a trustee for as long as he remains in office.

The trustees may appoint up to three co-opted trustees. A co-opted trustee means a person who is appointed to be a trustee by being co-opted by trustees who have themselves been so appointed. The trustees may not co-opt an employee of the trust as a co-opted trustee if the number of trustees who are employed by the trust would thereby exceed the maximum of three, including the Principal.

The Secretary of State may appoint additional trustees as he thinks fit if a warning notice has been given to the trustees in the event that standards of performance of pupils at any of the academies are unacceptably low, there is a serious breakdown in the way the academies are managed or governed or the safety of staff and pupils is threatened and following this, the trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction with the compliance period.

The Secretary of State may also appoint additional trustees following an inspection by the Chief Inspector in accordance with the Education Act 2005 and if any academy receives an Ofsted grading which amounts to a drop, either from one inspection to the next or between two inspections carried out within a five year period.

The Secretary of State may also appoint further trustees as he thinks fit if a Special Measures Termination Event occurs in respect of any academy.

The term of notice for any trustee shall be four years, save that this time limit shall not apply to the Trust Principal. Subject to remaining eligible to be a particular type of trustee the trustee may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

All new trustees will be given a tour of the multi academy trust and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role. Induction tends to be done informally and is tailored specifically to the individual upon their appointment. Where necessary, induction will provide training on charity, educational, legal and financial matters.

Organisational Structure

A unified management structure is operated within Swale Academies Trust, which prioritises the safeguarding of children. The structure consists of three levels: the Trustees, The Senior Managers and the Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. There is a clear line of delegation which is supported by a detailed Scheme of Delegation. The Trust Principal is also confirmed as the Accounting Officer.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the multi academy trust by the use of budgets and making major decisions about the direction of the multi academy trust, capital expenditure and senior staff appointments. The trustees also receive and approve the audited financial statements of the multi Academy Trust at the period end.

The Senior Managers are the Trust Principal, Directors of Learning, Advisory Headteacher, School Improvement Lead, the Chief Operating Officer and the Head of Finance. These managers control the Multi Academy Trust at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a trustee. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

The Management Team includes the Executive Headteachers, Heads of School, School Senior Management and Curriculum Area Managers. These managers are responsible for the day to day operation of schools under Swale Academies Trust, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Trust Principal and following guidance from the relevant professional pay review bodies. Naturally the Trust Principal was not involved in setting his/her own remuneration package.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Arrangements for setting pay and remuneration of key management personnel – cont.

Only staff trustees, including the Trust Principal, are remunerated and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 16.

The day to day running of the remuneration policy is delegated to the Trust Principal and monitored by the HR and Remuneration Committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and recognise the fact that the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 14(e).

Risk management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the trust, and its finances. The trustees have implemented a number of systems to assess risks that the trust and its academies face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected Organisations, including Related Party Relationships

Swale Academies Trust is working in conjunction with the ESFA and Kent County Council with The North School and The Holmesdale School, and with East Sussex County Council with Peacehaven Community School and Causeway School, assisting with the schools' improvement and subsequent conversion to academy status. Peacehaven Community School joined the trust on 1st September, 2019.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Objects, aims and strategies

The object and aim of the charitable company is the operation of the Swale Academies Trust to provide education for pupils of different abilities up to the age of 19 with an emphasis on English, mathematics, computing, science, geography, history and modern foreign languages.

The curriculum should comply with the substance of the national curriculum.

The trust's main objective is encompassed in its mission statement which is 'Working together to succeed'.

To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs; and
- a careers advisory service to help students obtain employment or move on to higher education.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

The main objectives of the trust during the year ended 31 August 2019 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the 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;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Public Benefit

Swale Academies Trust Trustees confirm that they have complied with the duties in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The Trustees confirm that the primary objective of Swale Academies Trust is to provide a good service of education within the local community. The management of, and future planning of, the Trust consistently considers how this objective will be met.

Disabled Employees

Swale Academies Trust promotes equality of opportunity for all with the right mix of talent, skills and potential.

The trust gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. All candidates are selected for interview based on their skills, qualifications and experience.

The trust supports the recruitment and retention of employees by adapting the physical environment, by making support resources available and through training and career development. Employees who become disabled are retained in their existing posts where possible, or retrained for suitable alternative posts.

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 contribution and needs of all people are fully valued.

Swale Academies Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy;
- Volunteers' Policy; and
- Health & Safety Policy.

STRATEGIC REPORT

Achievement and Performance

Swale Academies Trust is working towards ensuring that each of its schools has at least a Good Ofsted judgement and that examination results in each of its schools show strong evidence of value added as measured against national benchmarks.

Swale Academies Trust had the following five development priorities for the period:

1. To ensure that all our schools demonstrate positive pupil progress and attendance residuals for all student groups and especially for disadvantaged students.
2. To develop the effectiveness of local governance to ensure effective accountability procedures are in place.
3. To develop and enhance existing Post 16 provision to improve vocational and academic pathways that promote student retention and more effectively meet the needs of the local economy.
4. To further develop an efficient support services provision that complements the educational work of schools and is cost effective, to include finance, ICT, catering, premises management, health and safety, and HR.
5. To develop and implement an efficient financial and performance monitoring system which reliably pinpoints the health of the organisation and gives leaders and trustees the necessary information to discharge their duties effectively

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Key Financial Performance Indicators

Staff Costs to Total Income

School	2019	2018
Westlands	74.60%	79.61%
The Sittingbourne School	76.86%	81.39%
Meopham School	79.57%	81.38%
Westlands Primary School	72.52%	79.23%
Regis Manor Primary School	74.27%	79.19%
South Borough Primary School	67.13%	67.95%
Beaver Green Primary School	71.37%	78.04%
Istead Rise Primary School	79.74%	78.07%
James Dixon Primary School	77.15%	81.08%
The Eastbourne Academy	75.65%	77.43%
Parkland Infant School	68.20%	66.45%
Parkland Junior School	77.09%	65.64%
Shinewater Primary School	78.57%	64.73%
Langney Primary Academy (joined on 01/09/2018)	76.21%	-
The Whitstable School (joined on 01/09/2018)	73.08%	-

Pupil Teacher Ratio

School	2019	2018
Westlands	16.88	15.93
The Sittingbourne School	14.10	12.17
Meopham School	15.27	14.32
Westlands Primary School	23.30	22.51
Regis Manor Primary School	21.24	21.58
South Borough Primary School	19.57	19.94
Beaver Green Primary School	22.82	22.01
Istead Rise Primary School	21.15	19.42
James Dixon Primary School	16.49	16.29
The Eastbourne Academy	14.30	14.51
Parkland Infant School	24.38	23.68
Parkland Junior School	21.17	23.88
Shinewater Primary School	17.62	19.68
Langney Primary Academy (joined on 01/09/2018)	20.20	-
The Whitstable School (joined on 01/09/2018)	15.52	-

Financial review

Most of the trust's recurrent income is received in the form of grants from the Education and Skills Funding Agency ("ESFA"), the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

Total income for the year, as shown by the SoFA, amounted to £91.0m, an increase on the £66.8m in 2017/18. The increase is mainly due to the difference in the net donation in respect of assets and liabilities transferred into the trust when new schools joined in the respect years and donations from the DfE Group. Further details of the transfers into the trust (£26.8m) are provided in note 29. Operational income has increased by £9m mainly as a result of the additional schools but also as a result of changes to the General Annual Grant funding and additional Other DfE/ESFA grants. The trust has seen an increase in its capital income as a result of the additional government funding.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Financial review (continued)

There has been a small decrease in trading & other income mainly as a result of a large decrease in staff consultancy from the schools joining the trust being compensated in an increase in facilities and services income from the joining schools.

The SoFA shows total expenditure for the year of £57.8m, leaving a net income before other recognised gains / (losses) of £33.2m. The overall net movement in funds is an increase of £30.3m as a result of an actuarial loss of £4.7m relating to the Local Government Pension Scheme (LGPS) and a £1.8m gain on revaluation of land and buildings.

This actuarial loss forms part of the movement in the LGPS deficit carried on the trust's Balance Sheet. A further £2.4m of non-actuarial pension charges are included within expenditure (staff costs), plus the trust inherited pension liabilities of £0.5m for the two joining schools. Therefore even after taking into account the inherited pension liabilities the underlying deficit has increased during the year, and at 31 August 2019 shows a higher deficit of £19.8m compared to £12.1m in the previous year.

The pension movements are one element that make reading the financial statements and understanding the underlying financial performance of the trust and its academies difficult. The restricted fixed asset fund is another such element and has little bearing on the day-to-day educational activities. Income for the year within this fund reflects the value of school land, buildings and other fixed assets transferred into the trust in relation to joining academies, plus capital grants used to improve the academies' buildings and to buy equipment used across the trust. Expenses charged to the fixed asset fund are largely non-cash depreciation charges which write off the cost of these assets over their useful lives.

Excluding inherited balances, movements on tangible fixed assets and the LGPS defined benefit pension the multi-academy trust achieved an operational revenue surplus on funds for the year of £895k (2018: suffered a deficit of £818k), as reconciled from the SoFA below:

		2019 (£000s)	2018 (£000s)
Overall net movement in funds for the year per SOFA		30,308	6,530
Decrease / (increase) attributable to fixed asset fund	See note A	(37,231)	(5,220)
Inherited deficit/(surplus) balances on revenue funds		193	(609)
LGPS inherited deficits		547	473
LGPS actuarial (gain)/loss	See note B	4,729	(4,237)
LGPS service and interest costs	See note B	2,349	2,116
Operational surplus /(deficit) on revenue funds after transfers to capital		895	(947)
Add: Transfers from revenue to capital to fund fixed asset additions		-	129
Operational surplus /(deficit) on revenue funds before transfers to capital		895	(818)

Note A - The movement on restricted fixed asset funds comprises capital grant income received during the year less depreciation charged on capitalised assets purchased from such funds. Since these do not relate to day-to-day operational matters the movement on fixed asset funds is excluded from the operational result.

Note B - The Balance Sheet carries the trust's share of the deficit on the Local Government Pension Scheme. A detailed report has been prepared by an actuary detailing the movement in the deficit during the year. The movement is in two parts: (1) the actuarial gain relates to movement linked to the assumptions made by the actuary, (2) other movements comprising (i) net interest costs (ii) current service costs - the value of benefits accrued by members over the accounting period less contributions paid and (iii) past service costs for additional benefits granted during the year which included the adjustment for McCloud. Again since the LGPS movement do not relate to operational matters these have been excluded from the operational result.

At 31 August 2019, the net book value of fixed assets was £122.6m and movements in tangible fixed assets are shown in note 18 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the academies, the only exceptions to this being letting of the premises to local community groups and other affiliated organisations.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Financial position

The multi-academy trust held fund balances at 31 August 2019 of £108.2m (2018: £77.9m). These funds included restricted fixed asset funds of £123.7m (2018: £86.5) and revenue reserves of £4.2m (2018: £3.5m) split across restricted and unrestricted funds as shown in note 23.

The only fund in deficit was the LGPS pension reserve of £19.7m (2018: £12.1m). The increase in this reserve during the year has arisen because of the actuarial loss that occurred in the financial year along with the other pension current service and finance costs. The deficit is not a concern and does not mean that an immediate liability crystallises. It can be described as an accounting deficit which has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions. These contribution rates are reviewed every three years in consultation with the scheme's administrators, and current employer contributions due by the multi-academy trust are fixed until 1 April 2020.

Reserves Policy

The trustees review the reserve levels of the trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The trustees have determined that the appropriate level of revenue reserves should be no less than 6% of GAG income (excluding bursary funds), amounting to approximately £2.45m. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The trust therefore has sufficient reserves as at 31 August 2019 to meet this target. Although the level of completely free unrestricted reserves is slightly less, most of the restricted funds relate to core General Annual Grant funding which will be used for the main educational operations.

The trustees will continue to monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the trust will strive to rebuild free reserves up to the level needed.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason it has adopted the going concern basis to prepare these accounts.

Financial and Risk Management Objectives and Policies

The trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the trust to a number of financial risks which are described in more detail below. The main risks arising from the trust's financial instruments are liquidity risk and cash flow interest rate risk.

- *Liquidity risk* - The trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.
- *Interest rate risk* - The trust earns interest on cash deposits. With interest rates currently low, the trustees will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the trust's assets.
- *Credit risk* – this arises from the possibility that amounts owed to the trust will not be repaid. The trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Investment Policy

The investment policy includes the following terms:

- The investment policy of Swale Academies Trust is to maximise the interest return to the trust from available cash while providing the necessary liquidity for day-to-day operations and ensuring as far as possible the security of the funds invested.
- Trust funds may only be invested with UK based financial institutions, regulated by the Financial Services Authority, with a Standard & Poor credit rating of at least A.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

- In total, no more than £1,000,000 should be invested with any one financial institution.
- Investments for a fixed term should not normally exceed one year.

The trustees ensure that no risks are taken with the capital investment and they have due regard to the banks rating.

Principal Risks and Uncertainties

The main risks that the Trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

- *Operational and reputational* - this covers risks to the running of the trust (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.
- *Financial* - covering risks to the trust's financial position, including revenue streams, cost control and cash management.

The risks to which the trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations and the financial position of the staff pension schemes.

Risk Management

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to academic performance/finances/child welfare. The trustees have implemented a number of systems to assess risks that the academy faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Statement on Internal Control.

The risk management process has been codified in a risk register implemented by the Senior Management Team and overseen by the trustees.

Plans for future periods

The Trust plans to grow in an organised and sustained manner building upon our experience of turning around struggling underperforming schools. Our work is mainly focused upon Kent and East Sussex. The Trust remains fully committed to producing improved outcomes for its students across our schools as we move forward. One new academy has joined the trust from 1 September 2019 as disclosed in note 29.

The Regional School's Commissioner has approved the Trust to take on additional schools in 2019/20 and discussions with the Kent and East Sussex Local Authorities are underway to facilitate this.

Funds held as custodian trustee on behalf of others

The academy trust distributes 16-19 bursary funds to the students as an agent for the ESFA. Details, including any amounts not dispersed by the financial year end, are disclosed in note 30 to the financial statements.

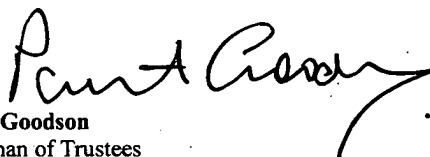
As a School Direct provider the trust is also in receipt of funding on behalf of other schools in the local area, as well as trainee teachers. The trust is responsible for ensuring that these funds are distributed appropriately and within the agreed timescale.

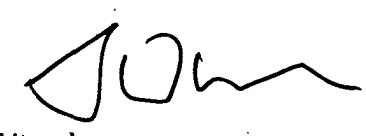
Auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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.

Approved by order of the board of trustees and signed on its behalf by:


Mr P. Goodson
Chairman of Trustees


Mr J. Whitcombe
Trust Principal and Accounting Officer

Date: 17-12-19

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Governance Statement
For the Year Ended 31 August 2019

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Swale Academies 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 Trust Principal, 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 Swale Academies Trust and the Secretary of State for Education. They are 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 formally met eight times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr P. Goodson (Chairman)	7	8
Dr C. Duckling (Vice Chairman)	7	8
Mr P. Jarvis	7	8
Mrs D. Jessel	7	8
Mr R. Moreton	2	4
Mr S. Penney	8	8
Mr G. Ward	7	8
Mr J. Whitcombe	8	8

Governance reviews:

Terms of Reference were reviewed for each board and committee and expectations relating to all governance roles were fully documented.

The Audit and Risk Committee is a sub-committee of the main board of trustees. Its purpose is to advise the Board and Accounting Officer on:

1. the strategic processes for risk, control and governance and the Governance Statement;
2. the accounting policies, the accounts and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified and management's letter of representation to the external auditors;
3. the planned activity and results of both internal and external audit;
4. adequacy of management response to issues identified by audit activity, including external audit's management letter;
5. assurances relating to the management of risk and corporate governance requirements for the organisation;
6. (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services;
7. anti-fraud policies, whistle-blowing processes and arrangements for special investigations; and
8. the Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board.

Attendance at the Audit and Risk Committee meetings in the period was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr G. Ward (Chairman)	4	4
Dr C. Duckling	4	4
Mr S. Penney	4	4

Swale Academies Trust
(A company limited by guarantee)

Governance Statement (continued)
For the Year Ended 31 August 2019

Review of value for money

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

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

- Focusing on targeted improvement linked to the Strategic Improvement Plan to ensure maximum impact on outcomes for pupils. The trust has focused on improving the quality of teaching by ensuring teachers set challenging targets for pupils, by ensuring teachers provide feedback to pupils that helps them move their learning forward.
- Continuing a programme of actively promoting the wider use of IT devices to engage pupils in their learning and to accelerate their progress across all subjects.
- Collaborating across our community of schools and with schools outside of the trust, extending to the National Leader of Education work undertaken.
- Developing a Central Services function to achieve consistency and economies of scale through common procurement and contract negotiation.

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Swale Academies Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed UHY Hacker Young, the external auditor, to perform additional checks. Four visits were carried out during the period.

Swale Academies Trust
(A company limited by guarantee)

Governance Statement (continued)
For the Year Ended 31 August 2019

Review of Effectiveness


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

- the work of the external auditors, including the supplementary programme of work;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees and signed on their behalf, by:


Mr P. Goodson
Chairman of Trustees

 X
Mr J. Whitcombe
Trust Principal and Accounting Officer

Date: 17-12-19 X

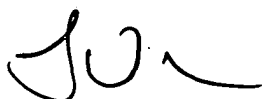
Swale Academies Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

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

I confirm that I and the multi-academy trust board of Trustees are able to identify any material irregular or improper use of all funds by the multi-academy trust, or material non-compliance with the terms and conditions of funding under the multi-academy 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. J. Whitcombe
Accounting Officer

Date: 17-12-19

X

X

Swale Academies Trust
(A company limited by guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 August 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

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

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


Mr. P. Goodson
(Chair of Trustees)

Date: 17-12-19

X

Swale Academies Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Trustees as a body of Swale Academies Trust

Opinion

We have audited the financial statements of Swale Academies Trust (the 'multi-academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the multi-academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the multi-academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Swale Academies Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Trustees as a body of Swale Academies Trust (continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the multi-academy trust 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
- 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 Trustees' responsibilities statement, the Trustees (who are also the directors of the multi-academy trust 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 multi-academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the multi-academy trust or to cease operations, or have no realistic alternative but to do so.

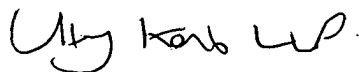
Auditors' responsibilities for the audit of the financial statements

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 Auditors' 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 Auditors' report.

Use of our report

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



Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 20 December 2019

Swale Academies Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Swale Academies Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 3 April 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Swale Academies Trust during the year 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 Swale Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Swale Academies Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Swale Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Swale Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Swale Academies Trust's funding agreement with the Secretary of State for Education dated 30 January 2015 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Swale Academies Trust for the year ended 31 August 2019 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance. The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy 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.

Swale Academies Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Swale Academies Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 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.



UHY Kent LLP
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 20 December 2019

Swale Academies Trust
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	(224,064)	(502,602)	38,825,230	38,098,564	22,800,148
Charitable activities	4	729,608	50,172,538	-	50,902,146	41,923,118
Teaching schools	37	-	219,455	-	219,455	277,460
Other trading activities	5	1,559,136	151,775	-	1,710,911	1,784,805
Investments	6	46,270	-	-	46,270	15,229
Total income		2,110,950	50,041,166	38,825,230	90,977,346	66,800,760
Expenditure on:						
Raising funds	8	1,772,890	151,755	-	1,924,645	1,702,901
Charitable activities	9,10	423,522	51,778,117	3,465,746	55,667,385	51,061,155
Teaching schools	37	-	219,455	-	219,455	277,460
Total expenditure		2,196,412	52,149,327	3,465,746	57,811,485	53,041,516
Net (expenditure)/income		(85,462)	(2,108,161)	35,359,484	33,165,861	13,759,244
Transfers between funds	23	70,662	(70,662)	-	-	-
Net movement in funds before other recognised gains/(losses)		(14,800)	(2,178,823)	35,359,484	33,165,861	13,759,244
Other recognised gains/(losses):						
Gains on revaluation of fixed assets		-	-	1,871,000	1,871,000	(11,465,749)
Actuarial losses on defined benefit pension schemes	30	-	(4,729,000)	-	(4,729,000)	4,237,000
Net movement in funds		(14,800)	(6,907,823)	37,230,484	30,307,861	6,530,495
Reconciliation of funds:						
Total funds brought forward		2,367,698	(10,973,480)	86,461,900	77,856,118	71,325,623
Net movement in funds		(14,800)	(6,907,823)	37,230,484	30,307,861	6,530,495
Total funds carried forward	23	2,352,898	(17,881,303)	123,692,384	108,163,979	77,856,118

The Statement of Financial Activities includes all gains and losses recognised in the year.


The notes on pages 22 to 54 form part of these financial statements.


Swale Academies Trust
(A company limited by guarantee)
Registered number: 07344732

Balance Sheet
As at 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	18	122,575,989	85,134,617
Current assets			
Stocks	19	24,133	24,133
Debtors	20	2,306,649	1,767,747
Cash at bank and in hand		6,322,929	5,611,642
		<u>8,653,711</u>	<u>7,403,522</u>
Creditors: amounts falling due within one year	21	(3,309,721)	(2,551,021)
Net current assets		<u>5,343,990</u>	<u>4,852,501</u>
Net assets excluding pension liability		<u>127,919,979</u>	<u>89,987,118</u>
Defined benefit pension scheme liability	30	(19,756,000)	(12,131,000)
Total net assets		<u><u>108,163,979</u></u>	<u><u>77,856,118</u></u>
Funds of the multi-academy trust			
Restricted funds:			
Fixed asset funds	23	123,692,384	86,461,900
Restricted income funds	23	1,874,697	1,157,520
		<u>125,567,081</u>	<u>87,619,420</u>
Restricted funds excluding pension asset	23	125,567,081	87,619,420
Pension reserve	23	(19,756,000)	(12,131,000)
Total restricted funds	23	<u>105,811,081</u>	<u>75,488,420</u>
Unrestricted income funds	23	<u>2,352,898</u>	<u>2,367,698</u>
Total funds		<u><u>108,163,979</u></u>	<u><u>77,856,118</u></u>

The financial statements on pages 19 to 54 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:


Mr. P. Goodson
 (Chair of Trustees)


Mr. J. Whitcombe
 (Trustee and Accounting Officer)

Date: 17-12-19 X

The notes on pages 22 to 54 form part of these financial statements.

Swale Academies Trust
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	25	309,019	(353,464)
Cash flows from investing activities	27	403,768	1,268,732
Cash flows from financing activities	26	(1,500)	(1,500)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		711,287	913,768
Cash and cash equivalents at the beginning of the year		5,611,642	4,697,874
Cash and cash equivalents at the end of the year	28	<hr/> <hr/> 6,322,929	<hr/> <hr/> 5,611,642

The notes on pages 22 to 54 form part of these financial statements

Swale Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

1.2 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 multi-academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the multi-academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the multi-academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the multi-academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

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

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

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

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

• **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.

• **Transfer on conversion**

Where assets and liabilities are received by the multi-academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the multi-academy trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

Swale Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.4 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 on raising funds**

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

- **Charitable activities**

These are costs incurred on the multi-academy trust's educational operations, including support costs and costs relating to the governance of the multi-academy trust apportioned to charitable activities.

All resources expended are inclusive of any irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the multi-academy trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

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

Accordingly, the multi-academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

1.7 Tangible fixed assets

All individual assets and capital projects costing more than £10,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Swale Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Long-term leasehold property	- Over remaining lease term
Short-term leasehold property	- 10% straight line
Furniture and equipment	-
Plant and machinery	- 20% straight line
Computer equipment	- 10% straight line
Motor vehicles	-

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

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.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 20. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 21. 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.

1.10 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.11 Pensions

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

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

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

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

1.12 Conversion to academy status

The conversion from a state maintained school to academy status involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from The Community College Whitstable and Langney Primary School to the multi-academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transactions are set out in note 29.

1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use a percentage of the allocation towards its own administration costs, however chooses not to do so. The funds received and paid and any balances held are disclosed in note 30.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.14 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the multi-academy trust at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 30, 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.

For 2018-19 there have been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019. This is reflected as a past service cost, within staff costs, and detailed in note 30, of £470k.

There will also be an increase in the cost of benefits from 1 September 2019.

(2) Guaranteed Minimum Pension (GMP). GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

2. Critical accounting estimates and areas of judgment (continued)

(3) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(4) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 30. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Transfer from local authority on conversion (see note 29)	(236,916)	(502,602)	27,555,005	26,815,487	6,949,843
Donated buildings	-	-	9,382,693	9,382,693	14,548,932
	(236,916)	(502,602)	36,937,698	36,198,180	21,498,775
Donations	12,852	-	-	12,852	3,032
Capital grants	-	-	1,887,532	1,887,532	1,298,341
	12,852	-	1,887,532	1,900,384	1,301,373
	(224,064)	(502,602)	38,825,230	38,098,564	22,800,148
<i>Analysis of total by fund</i>	611,875	(473,000)	22,661,273	22,800,148	

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Notes to the Financial Statements
For the Year Ended 31 August 2019

4. Funding for the multi-academy trust's funding for the academy trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	40,769,088	40,769,088	34,216,441
Start up grants	-	5,605	5,605	-
Other DfE/ESFA grants	-	4,688,940	4,688,940	3,675,376
	-	45,463,633	45,463,633	37,891,817
Other government grants				
Local authority grants	-	2,384,414	2,384,414	1,245,089
Local authority - Special educational projects	-	1,682,485	1,682,485	1,512,143
	-	4,066,899	4,066,899	2,757,232
Other educational income				
Student catering income	10	104,762	104,772	362,352
Student educational visits	-	510,535	510,535	431,667
Educational collaboration	372,798	-	372,798	270,529
Other educational income	356,800	13,931	370,731	209,521
Notional apprenticeship levy income	-	12,778	12,778	-
	729,608	642,006	1,371,614	1,274,069
	729,608	50,172,538	50,902,146	41,923,118
<i>Analysis of total by fund</i>	198,278	41,724,840	41,923,118	

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Notes to the Financial Statements
For the Year Ended 31 August 2019

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from facilities and services	645,284	151,775	797,059	590,145
Insurance claims	49,409	-	49,409	18,627
Staff consultancy	864,443	-	864,443	1,176,033
	<u>1,559,136</u>	<u>151,775</u>	<u>1,710,911</u>	<u>1,784,805</u>
<i>Analysis of total by fund</i>	<u>1,635,667</u>	<u>149,138</u>	<u>1,784,805</u>	

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	46,270	46,270	15,229

Total investment income in the prior year was unrestricted.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading activities:					
Direct costs	1,694,072	53,909	176,664	1,924,645	1,702,901
Funding for the academy trust's educational operations:					
Direct costs	34,626,582	2,893,847	4,038,797	41,559,226	35,081,938
Allocated support costs	7,758,934	3,186,507	3,162,718	14,108,159	15,979,217
Teaching school	219,455	-	-	219,455	277,460
	<u>44,299,043</u>	<u>6,134,263</u>	<u>7,378,179</u>	<u>57,811,485</u>	<u>53,041,516</u>
<i>Total 2018</i>	<u>38,622,278</u>	<u>4,793,537</u>	<u>9,625,701</u>	<u>53,041,516</u>	

8. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Premises costs	53,909	-	53,909	46,365
Learning resources	24,909	-	24,909	15,389
Wages and salaries	1,694,072	151,755	1,845,827	1,641,147
	<u>1,772,890</u>	<u>151,755</u>	<u>1,924,645</u>	<u>1,702,901</u>
<i>Analysis of total by fund</i>	<u>1,553,763</u>	<u>149,138</u>	<u>1,702,901</u>	

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Notes to the Financial Statements
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9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Funding for the academy trust's educational operations	423,522	55,243,863	55,667,385	51,061,155
<i>Analysis of total by fund</i>	<u>521,973</u>	<u>50,539,182</u>	<u>51,061,155</u>	

10. Analysis of expenditure by activities

	Direct costs 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Funding for the academy trust's educational operations	41,559,226	14,108,159	55,667,385	51,061,155
<i>Analysis of total by activity</i>	<u>35,081,938</u>	<u>15,979,217</u>	<u>51,061,155</u>	

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	34,474,827	29,716,088
Depreciation	2,965,155	2,280,618
Staff expenses	611,169	566,361
Educational supplies	1,897,197	1,472,565
Examination fees	474,096	398,507
Technology costs	398,017	126,262
Educational consultancy	136,743	101,156
Other direct costs	602,022	420,381
	<u>41,559,226</u>	<u>35,081,938</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2019

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	7,758,934	6,987,583
Technology costs	468,896	526,703
Maintenance of premises	1,260,832	929,596
Cleaning and caretaking	452,756	396,236
Rates	662,025	499,731
Energy	810,894	640,991
Operating lease rentals	193,509	69,313
Transport	16,432	54,608
Catering	1,192,253	967,353
Legal and professional fees	478,240	550,252
Governance costs	42,682	49,139
Other support costs	768,077	783,832
Loss on disposal of tangible fixed assets	2,629	3,523,880
	<u>14,108,159</u>	<u>15,979,217</u>

11. Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the trust	2,227	-	
Administration write offs	11,444	10,027	Provider went into administration

12. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2019 £	2018 £
Operating lease rentals	193,509	121,186
Depreciation of tangible fixed assets	2,893,847	2,280,618
Loss on disposal of fixed assets	2,629	3,523,880
	<u>2,893,847</u>	<u>2,280,618</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2019

13. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the multi-academy trust's auditor and its associates for the audit of the multi-academy trust's annual accounts	26,475	24,975
Fees payable to the multi-academy trust's auditor and its associates in respect of:		
Audit-related assurance services	14,400	7,725
Internal audit services	5,150	3,000
All non-audit services not included above	1,675	3,360
	<u> </u>	<u> </u>

14. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	32,664,221	28,046,496
Social security costs	3,141,843	2,682,562
Pension costs	7,608,430	6,668,092
	<u>43,414,494</u>	<u>37,397,150</u>
Agency staff costs	801,405	996,804
Staff restructuring costs	83,144	228,324
	<u>44,299,043</u>	<u>38,622,278</u>

Staff restructuring costs comprise:

	2019	2018
	£	£
Redundancy payments	17,743	101,685
Severance payments	65,401	126,639
	<u>83,144</u>	<u>228,324</u>

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

The total severance payments include non-statutory/non-contractual staff severance payments of £750, £3,000, £8,145 and £16,653.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

14. Staff costs (continued)

c. Staff numbers

The average number of persons employed by the multi-academy trust during the year was as follows:

	2019 No.	2018 No.
Leadership	30	31
Teachers	581	497
Administration and support	836	770
	<u>1,447</u>	<u>1,298</u>

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Leadership	29	29
Teachers	506	436
Administration and support	505	456
	<u>1,040</u>	<u>921</u>

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	17	18
In the band £70,001 - £80,000	8	5
In the band £80,001 - £90,000	9	5
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	-	1
In the band £110,001 - £120,000	1	3
In the band £130,001 - £140,000	1	-
In the band £190,001 - £200,000	1	2
In the band £200,001 - £210,000	1	-
	<u>1</u>	<u>-</u>

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,073,258 (2018: £1,021,675).

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Notes to the Financial Statements
For the Year Ended 31 August 2019

15. Central services

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

- Finance
- Governance
- Human resources
- Information technology
- Leadership and educational support
- Projects and estates

The multi-academy trust charges for these services on the following basis:

Central costs are charge on the basis of a percentage of GAG income with a time apportionment for joining academies.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Beaver Green Primary School	98,150	82,161
Istead Rise Primary School	70,036	59,485
James Dixon Primary School	135,261	110,830
Langney Primary Academy	50,000	-
Meopham School	210,067	153,876
Parkland Infant School	42,281	35,041
Parkland Junior School	54,972	43,809
Regis Manor Primary School	94,299	80,076
Shinewater Primary School	94,198	81,554
South Borough Primary School	82,668	64,669
The Eastbourne Academy	226,406	174,215
The Sittingbourne School	428,786	377,735
The Whitstable School	150,000	-
Westlands Primary School	114,799	96,818
Westlands School	496,449	398,848
Total	2,348,372	1,759,117

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Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Trustees' remuneration and expenses

The Principal is the only staff trustee, and he has been paid remuneration and received other benefits only in respect of services provided under his contract of employment. Details of his remuneration and other benefits are provided below:

		2019	2018
		£	£
Mr. J. Whitcombe, Principal	Remuneration	195,000 - 200,000	180,000 - 185,000
	Pension contributions paid	5,000 - 10,000	10,000 - 15,000
	Other benefits	0 - 5,000	5,000 - 10,000

Mr. J. Whitcombe opted out of the Teachers' Pension Scheme for 9 months (2018: 6 months). An alternative remuneration package was agreed with Mr. J. Whitcombe which includes a £19k (2018: £14k) retirement allowance. This was paid as taxable remuneration and is therefore included in the remuneration banding stated above.

During the year ended 31 August 2019, expenses were reimbursed or paid directly to 4 Trustees (2018 - to 6 Trustees) broken down as follows:

	2019	2018
	£	£
Travel	2,882	2,094

17. Trustees' and Officers' insurance

In accordance with normal commercial practice, the multi-academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £4,339 (2018: £nil). The cost of this insurance is included in the total insurance cost.

The Trustee Indemnity insurance cost was waived for 2017/18 as compensation for the insurer's administrative delays.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

18. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Property improvements £	Assets under construction £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation								
At 1 September 2018	25,304,132	63,570,736	2,865,770	95,745	2,456,196	2,179,876	197,198	96,669,653
Additions	-	9,382,693	1,337,074	64,329	91,691	115,799	17,995	11,009,581
Inherited on conversion	-	27,555,005	-	-	-	-	-	27,555,005
Disposals	-	-	-	-	-	-	(104,056)	(104,056)
Transfers between classes	-	-	95,745	(95,745)	-	-	-	-
Revaluations	-	1,871,000	-	-	-	-	-	1,871,000
At 31 August 2019	25,304,132	102,379,434	4,298,589	64,329	2,547,887	2,295,675	111,137	137,001,183
Depreciation								
At 1 September 2018	751,232	6,535,789	1,213,397	-	1,198,250	1,688,517	147,851	11,535,036
Charge for the year	390,003	1,752,037	323,017	-	232,563	254,728	12,807	2,965,155
On disposals	-	-	-	-	-	-	(74,997)	(74,997)
At 31 August 2019	1,141,235	8,287,826	1,536,414	-	1,430,813	1,943,245	85,661	14,425,194
Net book value								
At 31 August 2019	24,162,897	94,091,608	2,762,175	64,329	1,117,074	352,430	25,476	122,575,989
At 31 August 2018	24,552,900	57,034,947	1,652,373	95,745	1,257,946	491,359	49,347	85,134,617

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Notes to the Financial Statements
For the Year Ended 31 August 2019

18. Tangible fixed assets (continued)

Land and buildings are revalued upon receipt of the DfE's Whole Government Accounts valuations.

The multi-academy trust has adopted a policy of revaluation for tangible fixed assets. Had these assets been measured at historic cost, the carrying values would have been as follows:

	2019	2018
	£	£
Freehold property	38,043,537	38,622,900
Long-term leasehold property	99,870,511	66,610,354
	<u>137,914,048</u>	<u>105,233,254</u>

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2019	2018
	£	£
Freehold land	5,804,000	5,804,000
Long-term leasehold land	16,866,000	13,940,000
	<u>22,670,000</u>	<u>19,744,000</u>

19. Stocks

	2019	2018
	£	£
Finished goods and goods for resale	24,133	24,133

20. Debtors

	2019	2018
	£	£
Due within one year		
Trade debtors	488,952	155,489
Other debtors	516,895	369,945
Prepayments and accrued income	1,300,802	1,242,313
	<u>2,306,649</u>	<u>1,767,747</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Other loans	-	1,500
Trade creditors	820,537	761,294
Other taxation and social security	184,551	125,373
Other creditors	943,134	586,434
Accruals and deferred income	1,361,499	1,076,420
	<u>3,309,721</u>	<u>2,551,021</u>
	2019	2018
	£	£
Deferred income at 1 September 2018	524,167	382,757
Resources deferred during the year	578,478	524,167
Amounts released from previous periods	(524,167)	(382,757)
	<u>578,478</u>	<u>524,167</u>

The deferred income above related to the following income sources:

	2019	2018
	£	£
ESFA Universal Infant Free School Meals grant	271,669	233,253
ESFA Rates Relief grant	172,603	118,163
Sussex Learning Network	-	18,500
School direct clawback provision	16,545	19,927
Big Lottery Fund - Head Start clawback provision	25,330	59,273
DfE Strategic School Improvement Fund	-	5,000
Other government grants	34,707	22,000
School trips	32,152	36,369
Other	25,472	11,682
	<u>578,478</u>	<u>524,167</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2019

22. Financial instruments

	2019	2018
	£	£
Financial assets		
Financial assets measured at fair value through income and expenditure	6,322,929	5,611,642
Financial assets that are debt instruments measured at amortised cost	1,386,944	1,105,189
	<u>7,709,873</u>	<u>6,716,831</u>
	2019	2018
	£	£
Financial liabilities		
Financial liabilities measured at amortised cost	(2,504,459)	(1,870,950)

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors. For goods sold to a customer on short term credit, a trade debtor is recognised at the undiscounted amount of cash receivable from that entity, which is normally the invoice price.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors and net wages creditors. For goods purchased from a supplier on short term credit, a trade creditor is recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

23. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	2,355,322	2,110,950	(2,196,412)	70,662	-	2,340,522
Teaching school	12,376	-	-	-	-	12,376
	<u>2,367,698</u>	<u>2,110,950</u>	<u>(2,196,412)</u>	<u>70,662</u>	<u>-</u>	<u>2,352,898</u>
Restricted general funds						
GAG	1,032,212	40,774,693	(40,246,569)	179,338	-	1,739,674
Other DfE/ESFA	62,632	4,688,940	(4,688,940)	-	-	62,632
Other government	-	4,079,677	(3,826,804)	(250,000)	-	2,873
Other restricted	50,598	825,401	(818,559)	-	-	57,440
Teaching school	12,078	219,455	(219,455)	-	-	12,078
Pension reserve	(12,131,000)	(547,000)	(2,349,000)	-	(4,729,000)	(19,756,000)
	<u>(10,973,480)</u>	<u>50,041,166</u>	<u>(52,149,327)</u>	<u>(70,662)</u>	<u>(4,729,000)</u>	<u>(17,881,303)</u>
Restricted fixed asset funds						
Capital grant fund	1,327,282	1,887,532	(471,533)	(1,626,886)	-	1,116,395
Fixed asset fund	85,134,618	-	(2,994,213)	38,564,584	1,871,000	122,575,989
Inherited on conversion	-	27,555,005	-	(27,555,005)	-	-
Donated buildings	-	9,382,693	-	(9,382,693)	-	-
	<u>86,461,900</u>	<u>38,825,230</u>	<u>(3,465,746)</u>	<u>-</u>	<u>1,871,000</u>	<u>123,692,384</u>
Total Restricted funds	<u>75,488,420</u>	<u>88,866,396</u>	<u>(55,615,073)</u>	<u>(70,662)</u>	<u>(2,858,000)</u>	<u>105,811,081</u>
Total funds	<u>77,856,118</u>	<u>90,977,346</u>	<u>(57,811,485)</u>	<u>-</u>	<u>(2,858,000)</u>	<u>108,163,979</u>

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

- (i) General Annual Grant "GAG" must be used for the normal running costs of the multi-academy trust's academies.
- (ii) The Other DfE/ESFA grants fund is used to track non-GAG grants provided by the DfE and related bodies.
- (iii) The Other government grants fund is used to track grants provided by the local authority and other government departments.
- (iv) The Pension reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.
- (v) The Restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfers into this

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For the Year Ended 31 August 2019

23. Statement of funds (continued)

fund represent capital items purchases during the year from revenue reserves.

Under the funding agreement with the Secretary of State, the multi-academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£	£
Beaver Green Primary School	566,916	401,069
Istead Rise Primary School	(378,441)	(243,489)
James Dixon Primary School	42,915	36,935
Langney Primary Academy	51,558	-
Meopham School	(889,953)	(804,026)
Parkland Infant School	145,359	92,370
Parkland Junior School	58,551	152,515
Regis Manor Primary School	683,808	650,133
Shinewater Primary School	279,774	326,408
South Borough Primary School	375,338	225,544
The Eastbourne Academy	926,152	654,214
The Sittingbourne School	(347,673)	(425,306)
The Whitstable School	94,771	-
Westlands Primary School	794,614	725,545
Westlands School	1,781,077	2,018,771
Central services	42,829	(285,465)
Total before fixed asset funds and pension reserve	4,227,595	3,525,218
Restricted fixed asset fund	123,692,384	86,461,900
Pension reserve	(19,756,000)	(12,131,000)
Total	108,163,979	77,856,118

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit
	£
Istead Rise Primary School	(387,004)
Meopham School	(916,048)
The Sittingbourne School	(352,677)

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23. Statement of funds (continued)

Istead Rise Primary School and Meopham School have deficits on the Restricted General Annual Grant fund. This is due to the academies operating with low pupil numbers.

The Sittingbourne School has a deficit on its the Restricted General Annual Grant fund. This is the result of significant restructuring and capital investment during 2017/18.

The multi-academy trust is taking the following action to return the academies to surplus:

The PAN for Istead Rise has been reduced to achieve staffing efficiencies. Meopham School is now over-subscribed and the deficit will reduce year-on-year through economies of scale.

The Sittingbourne School has experienced an increase in pupil numbers which will afford greater economies of scale.

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Beaver Green	1,320,104	248,703	78,596	282,660	1,930,063	2,072,502
Istead Rise	986,811	151,123	58,879	293,599	1,490,412	1,505,864
James Dixon	1,962,682	238,121	124,743	419,487	2,745,033	2,821,519
Langney	1,742,970	214,347	94,965	437,346	2,489,628	-
Meopham	2,837,418	334,684	81,666	573,012	3,826,780	7,101,642
Parkland Infant	522,981	133,873	29,786	180,973	867,613	846,833
Parkland Junior	749,120	119,327	50,744	246,974	1,166,165	1,035,728
Regis Manor	1,390,122	241,656	105,986	376,388	2,114,152	2,025,047
Shinewater	1,533,206	126,525	65,336	329,323	2,054,390	2,016,131
South Borough	1,154,089	136,174	71,605	344,183	1,706,051	1,482,069
The Eastbourne	2,811,710	745,181	102,246	780,930	4,440,067	4,207,738
The Sittingbourne	6,011,280	903,902	328,590	1,152,693	8,396,465	8,459,853
The Whitstable	2,728,929	384,427	161,455	738,338	4,013,149	-
Westlands Primary	1,815,440	254,304	118,524	466,188	2,654,456	2,635,179
Westlands	6,478,262	627,482	324,916	1,523,305	8,953,965	8,929,102
Central services	2,038,335	3,355,753	99,169	504,684	5,997,941	5,621,691
Multi-academy trust	36,083,459	8,215,582	1,897,206	8,650,083	54,846,330	50,760,898

The Central services other support staff costs includes the non-actuarial LGPS charges for the year of £2,349,000.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

23. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General funds	1,818,425	2,731,578	(2,075,736)	(118,945)	-	2,355,322
Teaching school	12,376	-	-	-	-	12,376
	<u>1,830,801</u>	<u>2,731,578</u>	<u>(2,075,736)</u>	<u>(118,945)</u>	<u>-</u>	<u>2,367,698</u>
Restricted general funds						
GAG	1,865,767	34,216,441	(35,118,540)	68,544	-	1,032,212
Other DfE/ESFA	53,777	3,675,377	(3,666,522)	-	-	62,632
Other government	47,762	2,758,709	(2,766,057)	(40,414)	-	-
Other restricted	65,128	952,923	(917,453)	(50,000)	-	50,598
Teaching school	-	277,459	(277,459)	12,078	-	12,078
Pension reserve	(13,779,000)	(473,000)	(2,116,000)	-	4,237,000	(12,131,000)
	<u>(11,746,566)</u>	<u>41,407,909</u>	<u>(44,862,031)</u>	<u>(9,792)</u>	<u>4,237,000</u>	<u>(10,973,480)</u>
Restricted fixed asset funds						
Capital grant fund	885,433	1,298,341	(299,251)	(557,240)	-	1,327,283
Fixed asset fund	80,355,955	-	(5,668,218)	21,912,629	(11,465,749)	85,134,617
Inherited on conversion	-	6,814,000	(136,280)	(6,677,720)	-	-
Donated buildings	-	14,548,932	-	(14,548,932)	-	-
	<u>81,241,388</u>	<u>22,661,273</u>	<u>(6,103,749)</u>	<u>128,737</u>	<u>(11,465,749)</u>	<u>86,461,900</u>
Total Restricted funds	<u>69,494,822</u>	<u>64,069,182</u>	<u>(50,965,780)</u>	<u>118,945</u>	<u>(7,228,749)</u>	<u>75,488,420</u>
Total funds	<u><u>71,325,623</u></u>	<u><u>66,800,760</u></u>	<u><u>(53,041,516)</u></u>	<u><u>-</u></u>	<u><u>(7,228,749)</u></u>	<u><u>77,856,118</u></u>

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24. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	122,575,989	122,575,989
Current assets	2,352,898	5,036,144	1,264,669	8,653,711
Creditors due within one year	-	(3,161,447)	(148,274)	(3,309,721)
Provisions for liabilities and charges	-	(19,756,000)	-	(19,756,000)
Total	2,352,898	(17,881,303)	123,692,384	108,163,979

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	85,134,617	85,134,617
Current assets	2,367,698	3,708,541	1,327,283	7,403,522
Creditors due within one year	-	(2,551,021)	-	(2,551,021)
Provisions for liabilities and charges	-	(12,131,000)	-	(12,131,000)
Total	2,367,698	(10,973,480)	86,461,900	77,856,118

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Notes to the Financial Statements
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25. Reconciliation of net income to net cash flow from operating activities

	2019	2018
	£	£
Net income for the year (as per Statement of financial activities)	33,165,861	13,759,244
Adjustments for:		
Depreciation	2,965,155	2,280,618
Loss of disposal of fixed assets	2,629	3,493,080
Capital grants from DfE and other capital income	(11,270,225)	(15,848,773)
Interest receivable	(46,270)	(15,229)
Defined benefit pension scheme obligation inherited	547,000	473,000
Defined benefit pension scheme cost less contributions payable	2,011,000	1,749,000
Defined benefit pension scheme finance cost	326,000	356,000
Defined benefit pension scheme obligation administration cost	12,000	11,000
Increase in debtors	(538,902)	(233,085)
Increase in creditors	760,200	1,044,523
Net gain on assets and liabilities from local authority on conversion	(27,625,429)	(7,422,842)
Net cash provided by/(used in) operating activities	309,019	(353,464)

26. Cash flows from financing activities

	2019	2018
	£	£
Repayments of borrowing	(1,500)	(1,500)
Net cash used in financing activities	(1,500)	(1,500)

27. Cash flows from investing activities

	2019	2018
	£	£
Dividends, interest and rents from investments	46,270	15,229
Purchase of tangible fixed assets	(11,009,581)	(15,233,412)
Proceeds from the sale of tangible fixed assets	26,429	30,800
Capital grants from DfE Group	1,732,383	1,164,272
Capital funding received from sponsors and others	155,149	134,069
Donated building from DfE Group	-	14,548,932
Donated buildings from Local Authority	9,382,693	-
Cash received from transfers on conversion	70,425	608,842
Net cash provided by investing activities	403,768	1,268,732

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Notes to the Financial Statements
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28. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	6,322,929	5,611,642
Total cash and cash equivalents	6,322,929	5,611,642

29. Conversion to academy status

Included in the amount recognised for transfer from local authority on conversion is £42,238 for Parkland Infant School and £2,160 for Parkland Junior School. These are for voluntary bank accounts declared during 2018/19.

On 1 September 2018 The Community College Whitstable converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Swale Academies Trust from Kent County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Tangible fixed assets				
Leasehold land and buildings	-	-	23,019,272	23,019,272
Current liabilities				
Budget deficit on Local authority funds	(185,095)	-	-	(185,095)
Trade creditors	(79,899)	-	-	(79,899)
Non-current liabilities				
Local Government Pension Scheme deficit	-	(324,000)	-	(324,000)
Net (liabilities)/assets	(264,994)	(324,000)	23,019,272	22,430,278

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29. Conversion to academy status (continued)

On 1 September 2018 Langney Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Swale Academies Trust from East Sussex County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as *Income from Donations and Capital Grants - transfer from local authority on conversion*.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	4,535,733	4,535,733
Current assets				
Cash - representing budget surplus on LA funds	26,026	-	-	26,026
Accrued income	2,052	-	-	2,052
Non-current liabilities				
Local Government Pension Scheme deficit	-	(223,000)	-	(223,000)
Net assets/(liabilities)	<u>28,078</u>	<u>(223,000)</u>	<u>4,535,733</u>	<u>4,340,811</u>

30. Pension commitments

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

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

Contributions amounting to £167,723 were payable to the schemes at 31 August 2019 (2018 - £138,546) and are included within creditors.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

30. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to TPS in the year amounted to £3,430,000 (2018 - £2,887,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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30. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £2,363,000 (2018 - £2,141,000), of which employer's contributions totalled £1,829,000 (2018 - £1,665,000) and employees' contributions totalled £ 534,000 (2018 - £476,000). The agreed contribution rates for future years are 15 to 20 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Average principal actuarial assumptions for Kent County Council, London Borough of Bromley and East Sussex County Council

	2019 %	2018 %
Rate of increase in salaries	3.0	3.0
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.3	2.3

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

	2019 Years	2018 Years
Retiring today		
Males	21.7	22.5
Females	24.0	24.8
Retiring in 20 years		
Males	22.9	24.4
Females	25.5	26.9

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(2,231)	(1,470)
Discount rate -0.1%	2,253	1,486
Mortality assumption - 1 year increase	1,982	1,278
Mortality assumption - 1 year decrease	(1,963)	(1,249)
CPI rate +0.1%	1,251	1,315
CPI rate -0.1%	(1,209)	(1,301)

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Notes to the Financial Statements
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30. Pension commitments (continued)

The multi-academy trust's share of the assets in the scheme was:

	At 31 August 2019 £	<i>At 31 August 2018 £</i>
Equities	18,044,000	15,348,000
Gilts	195,000	170,000
Corporate bonds	3,347,000	2,230,000
Property	2,855,000	2,542,000
Cash and other liquid assets	724,000	654,000
Other	1,612,000	1,222,000
Total market value of assets	26,777,000	22,166,000

The actual return on scheme assets was £1,277,000 (2018 - £1,067,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	<i>2018 £</i>
Current service cost	(3,370,000)	(3,366,000)
Past service cost	(470,000)	(48,000)
Interest income	660,000	518,000
Interest cost	(986,000)	(874,000)
Total amount recognised in the Statement of Financial Activities	(4,166,000)	(3,770,000)

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

	2019 £	<i>2018 £</i>
At 1 September	34,297,000	31,786,000
Conversion of academy trusts	1,914,000	1,705,000
Current service cost	3,370,000	3,366,000
Interest cost	986,000	874,000
Employee contributions	534,000	476,000
Actuarial losses/(gains)	5,346,000	(3,689,000)
Benefits paid	(384,000)	(269,000)
Past service costs	470,000	48,000
At 31 August	46,533,000	34,297,000

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Notes to the Financial Statements
For the Year Ended 31 August 2019

30. Pension commitments (continued)

Changes in the fair value of the multi-academy trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	22,166,000	18,007,000
Conversion of academy trusts	1,367,000	1,232,000
Interest income	660,000	518,000
Actuarial gains	617,000	548,000
Employer contributions	1,829,000	1,665,000
Employee contributions	534,000	476,000
Benefits paid	(384,000)	(269,000)
Administration expense	(12,000)	(11,000)
At 31 August	<u>26,777,000</u>	<u>22,166,000</u>

31. Operating lease commitments

At 31 August 2019 the multi-academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	107,127	104,418
Later than 1 year and not later than 5 years	150,174	130,926
	<u>257,301</u>	<u>235,344</u>

32. Members' liability

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

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33. Related party transactions

Owing to the nature of the multi-academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the multi-academy trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the financial year:

(1) Jessel Farms

Jessel Farms is owned by V. Jessel, a Trustee. During the year £2,203 of venue hire expenditure was incurred and an invoice for £2,062 received for venue hire in the previous academic year. There were no amounts outstanding at 31 August 2019.

In accordance with 3.10.14 of the AFH the 'at cost' requirements of the AFH have been adhered to and the relationship declared to the ESFA.

(2) Employment relationships

During the year:

- S. Clifton, daughter of G. Clifton, a member, was employed as a teacher; and
- B. Wood, son of C. Wood, part of the Trust's Key Management, was employed as a pastoral member of staff.

Each employee was paid a salary under an employment contract for their role. G. Clifton and C. Wood had no involvement in their close family appointments. The Board of Trustees are comfortable that their salaries provides value for money and are not at a preferential rates.

34. Post balance sheet events

On 1 September 2019 Peacehaven Community School joined the multi-academy trust on their conversion to academy status.

Swale Academies Trust assumed responsibility for the management and operation of Peacehaven Community School from 1 September 2019, and on this date all net assets and liabilities were transferred into the multi-academy trust.

35. Agency arrangements

The academy trust distributes 16-19 bursary funds to the students as an agent for the ESFA. During the year ended 31 August 2019, the trust received £42,706 (2018: £43,482) discretionary bursary and £9,600 (2018: £3,600) vulnerable bursary.

The academy trust charged a 5% administration fee of £1,750 (2018: £2,174) on the discretionary bursary and distributed £22,490 (2018: £54,204) from the fund. Undistributed funds from previous years of £17,125 were repaid back to the ESFA. The academy trust did not charge an administration fee on the vulnerable bursary and distributed £9,600 (2018: £3,600) from the fund.

Current year undistributed funds total £26,906 (2018: £25,565) for discretionary bursary and £nil (2018: £nil) for vulnerable bursary are included in other creditors as at 31 August 2019.

The academy trust distributes student bus passes to the students as an agent for Kent County Council. During the year ended 31 August 2019 the trust collected £7,260 (2018: £10,000) and distributed £7,650 (2018: £8,970) of bus pass income.

Current year undistributed funds total £640 (2018: £1,030) are included in other creditors as at 31 August 2019.

36. Controlling party

The multi-academy trust is run by the senior management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.

Swale Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

37. Teaching school trading account

	2019	2019	2018	2018
	£	£	£	£
Income				
Direct income				
DfE grant funding	46,000		46,000	
School direct funding	173,455		226,985	
Total direct income	219,455		272,985	
Other income				
Course income	-		4,475	
Total other income	-		4,475	
Total income		219,455		277,460
Expenditure				
Direct expenditure				
Direct staff costs	219,455		277,460	
Total direct expenditure	219,455		277,460	
Total expenditure		219,455		277,460
Surplus from all sources		-		-
Teaching school balances at 1 September 2018		24,454		24,454
Teaching school balances at 31 August 2019		24,454		24,454