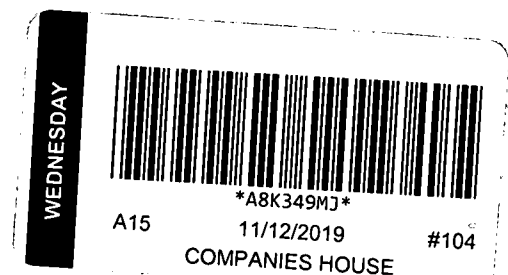


Company Registration No. 07641004 (England and Wales)

**THE GREAT SCHOOLS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



# **THE GREAT SCHOOLS TRUST**

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# THE GREAT SCHOOLS TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Mr D Hayes  
Mr T Quinn  
Ms K Sheldon  
Mr J Roberts  
Mr M Wyss

### Trustees

Mr C G Scotland  
Mr A Harper  
Mr J W Spencer  
Mr K J McGing  
Mrs R Crowe  
Mr M Ireland  
Mrs H Wilcock (Resigned 3 May 2019)  
Mr A Leah (Appointed 4 July 2019)

### Senior management team

- CEO	Sir I R Hall
- Chief Strategic Officer	Dr A Reay
- Chief Finance Officer	Mrs E Davison

### Company registration number

07641004 (England and Wales)

### Academies operated

King's Leadership Academy Warrington  
King's Leadership Academy Liverpool  
King's Leadership Academy Hawthornes  
The Aspire Centre  
King's Leadership Academy Bolton  
Central Services

### Location

Warrington  
Liverpool  
Liverpool  
Liverpool  
Bolton  
Warrington

### Independent auditor

Howard Worth  
Chartered Accountants and Statutory Auditors  
Drake House  
Gadbrook Park  
Northwich  
Cheshire  
CW9 7RA

### Bankers

NatWest PLC  
22 Castle Street  
Liverpool  
L2 0UP

Royal Bank of Scotland PLC  
1 Dale Street  
Liverpool  
L2 2PP

## THE GREAT SCHOOLS TRUST

### REFERENCE AND ADMINISTRATIVE DETAILS

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	Barclays Bank 20 Chapel Street Liverpool L3 9AG
<b>Solicitors</b>	Eversheds Bridgewater Place Water Lane Leeds LS11 5DR

# THE GREAT SCHOOLS TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates as a multi-academy trust currently comprising 3 academies and an Alternative Provision facility which provide education for pupils aged 11 to 18 serving a catchment area in Liverpool, Bootle and Warrington. The academies have a combined pupil capacity of 2,040 and a roll of 1,434 in the school census dated May 2019.

#### **Structure, governance and management**

##### Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association dated 25 May 2012 is the primary governing document.

The Trust formally commenced operations on 1 September 2012.

The Trust comprises the following academies:-

#### **Warrington**

##### **King's Leadership Academy Warrington**

Kings Leadership Academy Warrington was opened in 2012. It was judged to be outstanding by Ofsted in 2019. The academy is presently heavily oversubscribed with over 200 first choice applications for the 120 places it offers in Y7 and some 400 parents placing the academy in their top three choices on transfer to secondary school. The academy was the winner of the National Character Award in June 2015 and was referenced by the former Prime Minister David Cameron as 'a fantastic example of a school which was giving children the best start in life.' In July 2019 Warrington was formally inspected by Ofsted and became the first academy in the trust to be judged as being 'outstanding'.

#### **Sefton**

##### **King's Leadership Academy Hawthornes**

King's Leadership Academy Hawthorne's, previously known as The Hawthorne's, joined the trust in 2015. The academy had been judged as being 'inadequate' by Ofsted prior to joining the trust. It has been recently judged as showing good improvement but still requiring further improvement. The judgement recognised the many good improvements the academy had achieved since joining the trust especially in terms of ethos and student behaviour. We expect the academy to be judged as being good in all aspects at the next inspection.

#### **Liverpool**

##### **Kings Leadership Academy Liverpool**

Kings Leadership Academy Liverpool, previously known as University Academy Liverpool, officially joined the Trust in November 2015 although we had been running the academy since September 2015. Prior to our arrival the academy had a series of inspections which continually described it as being inadequate. Within nine months, the academy was judged by Ofsted as being no longer in 'special measures' receiving a judgement of good for leadership, teaching and learning and assessment. We expect the academy to be judged as being good in all aspects at the next inspection.

#### **The ASPIRE Centre**

The ASPIRE Centre opened on the same campus as King's Leadership Academy Liverpool in June 2018. The centre follows all of the recommendations of the 2012 Taylor Report on alternative provision and is unique in that it offers a full mainstream curriculum using the teaching staff of the parent academy. It offers "roll on – roll off" provision in the sense that it is designed to help students improve both their academic performance and personal behaviour so that they can successfully return to their mainstream as soon as possible.

#### **Bolton**

##### **King's Leadership Academy Bolton**

King's Leadership Academy Bolton will open in the Great Lever area in September 2019. It will be a co-educational 11 – 16 comprehensive academy built to accommodate 900 students.

# THE GREAT SCHOOLS TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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The trustees of The Great Schools Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

#### Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

#### Trustees' indemnities

An insurance indemnity is taken out with the Trust's insurance company. Each member has cover of £500,000. This is reviewed annually to protect the members against potential risk.

#### Method of recruitment and appointment or election of trustees

Members of the company and trustees were appointed in line with the Articles of Association.

#### Policies and procedures adopted for the induction and training of trustees

Governors' training is provided by Eversheds, the Trust's legal representatives.

#### Organisational structure

The constitution of the board of trustees is set out in the articles of association. Trustees are appointed / elected / co-opted for a period of four years. The chair and vice-chair are elected bi-annually. Trustees appoint a chief executive to assure the strategic intentions of the Trust. The chief executive is a non- executive director of the Trust. The trustees appoint Principals to take responsibility for the day-to-day management of the constituent academies. Trustees appoint a clerk who takes on the role of trustees' secretary.

#### Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of the Trust's key management personnel is carried out as follows:

Chief Executive Officer	– Chair of Board plus 1 other trustee
Chief Strategic Officer	– Chief Executive Officer
Principal	– Chief Executive Officer
Finance Director	– Chief Executive Officer
Chief Operating Officer	– Chief Executive Officer
All other senior posts	– Principal and Local Governing Body

Pay progression is set using the criteria outlined in the Performance Management Policy.

#### Related parties and other connected charities and organisations

The Great Schools Trust has formed three Local Governing Bodies, acting as committees of the Trust in respect of its three constituent academies. They govern the everyday activities of Kings Leadership Academy Warrington, Kings Leadership Academy Liverpool and King's Leadership Academy Hawthorne's.

#### Trade Union Facility Time

There are no relevant disclosures in respect of trade union facility time.

# THE GREAT SCHOOLS TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Objectives and activities

#### Objects and aims

#### **Objects and aims**

The principal object of the Trust as set out in its Articles of Association is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum.

The Trust intends to establish and maintain, and to carry on or provide for the carrying on of a number of Academies in accordance with its Master Funding Agreement and the academy Supplemental Agreements.

#### **a. The Great Schools Trust**

Great Schools was incorporated in 2015 as a trust and an independent company limited by guarantee with the purpose of establishing, managing and developing academies and free schools as world class, mutually supportive, centres of excellence.

#### **b. The Great Schools Vision**

To create a mutually supportive group of outstanding schools that gives every Great Schools student the opportunity to go to university or pursue the career of their choice.

#### Key elements of our vision

- We are a group of mutually supportive schools not a collection of individually competing academies
- We will work as a group in helping each individual academy to achieve excellence by sharing good practice and expertise
- Our aim is to work together in ensuring that each of our students, irrespective of postcode or starting points, can get to university or follow a career of their choice

#### **c. The mission statement of our academies**

To develop in each of our students the academic skills, intellectual habits, qualities of character and leadership traits necessary to succeed at all levels and become successful citizens in tomorrow's world.

#### Key elements of our mission statement

#### **Academic skills**

The development of study habits, learning strategies, personal organisation and time management to help our students master their learning.

#### **Intellectual habits**

*The development of sustained attention; fierce concentration; thoroughness in all that they undertake; accuracy in all that they do, meaningful reflection and critical analytical thinking.*

#### **Qualities of character and leadership traits**

Aspirational, achievement focussed, self-aware, professional in approach, displays total integrity and endeavours to succeed.

Self-confident, team worker, problem solver, effective communicator, decisive.

#### **Successful citizen**

Highly qualified, digitally literate, critical and analytical thinker, effective communicator, purposefully productive, socially aware, strong moral purpose and civic contributor.

#### **d. Our values**

The Great School's 'seven pillars of character' are bound within the ASPIRE Code. The pillars are:

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## THE GREAT SCHOOLS TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

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##### **Objects and aims**

**A** aspiration and achievement - through the development of these character traits we want our students to develop not only the highest of aspirations but also the drive and determination to achieve those aspirations

**S** self-awareness - by becoming more self-aware our students will gradually develop a greater understanding of themselves as a person as well as their strengths and, perhaps more importantly, the areas in which they need to develop

**P** professionalism - by taking a 'professional' approach to life we encourage our students to develop 'self-pride' in all that they undertake. This includes being punctual, attending daily, dressing well, presenting their work to the highest professional standards, and adopting a professional approach to their behaviour

**I** integrity - we help our students understand that integrity is not just about telling the truth. It is about being true to their beliefs and upholding them; it is about having pride in all that they do, always working to their true ability and behaving correctly to other people at all times

**R** respect - we help our students understand that respect is not simply about being polite, courteous and good mannered. It is about respecting your own ability and working hard to achieve well. It is about valuing British Values and the differences in others, their background, faith and culture, and looking after our planet and its limited resources

**E** endeavour - by endeavour we mean working hard to achieve success; being focused on the task in hand; tackling it conscientiously and diligently; having the perseverance, resilience, tenacity and grit to keep going when others start to give up

##### **e. Our Motto**

**Credimus** - We believe - we believe that all students can succeed and it is both our mission and professional obligation to ensure that this happens

##### Objectives, strategies and activities

###### Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities. Given the activities of the Trust and the student population that it services, the trustees consider that the Trust's aims are demonstrably to the public benefit.

##### **Strategic report**

###### **Achievements and performance**

In 2018 the King's Leadership Academy Liverpool was judged by Ofsted as being no longer in 'special measures' receiving a judgement of good for leadership, teaching and learning and assessment. We expect the academy to be judged as being good in all aspects at the next inspection.



# THE GREAT SCHOOLS TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### Key performance indicators

The outcomes achieved by our academies:

	Kings Leadership Academy Warrington	Kings Leadership Academy Liverpool	King's Leadership Academy Hawthorne's
English and mathematics A*-C	93%	41%	38%
EBacc	63%	4%	17%

#### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

#### Financial review

The results for the year show a surplus before LGPS actuarial adjustments and fixed assets depreciation of £269,925 (2018: deficit £277,904). During the year the school submitted a successful business case to temporarily alter the basis of funding from estimated to actual for two schools within the Trust.

#### Reserves policy

The initial intention of the trustees is to establish free reserves of approximately 3 months of running costs to provide both financial stability and funds to be utilised for potential future developments.

At 31 August 2019 the level of revenue reserves held was £282,378 (2018: £52,014). The level of fixed asset restricted funds held was £18,929,303 (2018: £19,307,811) and the local government scheme pension deficit was £3,233,000 (2018: £1,559,000).

Currently there are no requirements to repay the pension deficit. The trustees continue to monitor the situation regarding the pension deficit taking advice from the scheme's actuary and the local authority.

#### Investment policy

There are currently no investments.

#### Principal risks and uncertainties

The Trust is directly funded by the Education and Skills Funding Agency in accordance with the terms of the funding agreement.

The trustees consider the principal risks and uncertainties the trust faces are as follows:-

1. The current political climate leads to uncertainty over future government policies.
2. Future funding levels are dependent on both national and local government policy and are, therefore, inherently uncertain.
3. Future changes to staff pay and pensions.
4. Maintaining successful outcomes which are the main driver for pupil numbers and the trusts reputation.

# **THE GREAT SCHOOLS TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **Fundraising**

The academy trust has not undertaken any fundraising activities during the year.

#### **Plans for future periods**

##### **a. Fast track status**

On the 15th January 2015 the Trust was accredited as a fast track provider of Free Schools similar in nature to Kings Leadership Academy Warrington.

##### **b. Proposed growth plan**

2016 -7 Three academies

2017 -8 Three academies

2018 - 9 Seven academies

##### **c. The strategic plan (2015 - 2019)**

The strategic plan sets out to:

"Define the vision of the Strategic Board for the future

"Expand on the Trust's strategic objectives

"Define the key performance measures that will show our success and the success of the academies

"Define the key risks faced by GST Academy Trust

"Explain how we will track opportunities and risks in a complex and fast changing environment

"Show how we will achieve our growth plan

##### **d. How we will implement the strategic plan**

To ensure the effective implementation of the strategic plan individual academies will be expected to produce annual detailed implementation, financial and marketing plans against which progress will be measured. These plans will be tracked through the year by the Executive Arm of the Trust which will, in turn, report to the Strategic Board three times each year.

## **THE GREAT SCHOOLS TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2019**

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##### **e. Strategic Objectives (2015 – 2019)**

1. To establish a strong infra-structure which will enable growth as a multi-academy trust
2. To grow to seven academies by 2019
3. To continue to improve leadership across the trust at all levels
4. To develop educational excellence in each of our academies
5. To ensure that all of our students are protected from harm and that the opportunities for the most vulnerable are as good as those for any other child
6. To develop the character traits of our students through the successful implementation of the Trust's leadership development programme
7. To improve recruitment whilst supporting, developing and retaining teachers and support staff
8. To maximise 'academy –to – academy' support systems
9. To ensure financial stability in each academy and across the Trust as a whole
10. To strengthen governance across the Trust
11. To gain both national and international recognition for our innovative practice and success

##### **f. The cross-trust leadership structure we envisage to enable growth:**

- Chief Executive Officer
- Chief Strategic Officer
- Chief Finance Officer
- Executive Director - Education
- Executive Director - Intelligence and Data
- Executive Director - Institute of Character and Leadership
- Executive Director – Buildings and Capital Programmes
- Executive Director – Quality Assurance

This structure will be implemented when 'top-slice' financing allows.

##### **Funds held as custodian trustee on behalf of others**

The academy trust is not acting as a custodian trustee.

**THE GREAT SCHOOLS TRUST**

**TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Auditor**

In so far as the trustees are aware:

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

The auditors, Howard Worth, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 05 December 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'JWS', followed by a horizontal line.

Mr J W Spencer  
Trustee

# THE GREAT SCHOOLS TRUST

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

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### Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Great Schools 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 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 The Great Schools 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr C G Scotland	5	6
Mr A Harper	6	6
Mr J W Spencer	6	6
Mr K J McGing	5	6
Mrs R Crowe	1	6
Mr M Ireland	1	6
Mrs H Wilcock (Resigned 3 May 2019)	1	5
Mr A Leah (Appointed 4 July 2019)	1	1

### Review of value for money

As accounting officer the 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 academy 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:

1. The economic, efficient and effective use of all resources to produce better educational results.
2. The avoidance of waste and extravagance.
3. The prudent and economical administration of the organisation.
4. The establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting.
5. Ensuring all financial transactions represent value for money.

# THE GREAT SCHOOLS TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Great Schools Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

### **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 period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. 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 budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

Howard Worth has been appointed to conduct internal audit visits at all of our schools and centrally within the Trust. The reports of these visits are received by the Trust Board and Local Governing Bodies as appropriate. The internal auditor reports comment on the operation of the systems of control and on the discharge of the financial responsibilities of each school's appropriate staff and Governing Bodies.

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

- Testing of payroll systems
- Testing purchases are correctly authorised and represent an appropriate use of school funds
- Testing of employee expenses, credit card expenditure and petty cash
- Review of the analysis of receipts against funding documentation
- Investigation of the nature and analysis of miscellaneous income
- Review of bank reconciliations
- Testing of bank payments for correct authorisation
- Review of capital items purchased in excess of £10,000 to ensure 3 quotes were obtained where appropriate
- Confirmation that ESFA submissions are being made on a timely basis

## THE GREAT SCHOOLS TRUST

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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The internal auditor undertakes regular system tests under the direction of the audit committee as set out in the ESFA financial handbook. The audit committee meets regularly and receives detailed reports from the internal auditor. The finance committee meets once a month and receives detailed reports from the Chief Executive, the Chief Finance Officer and the Chief Operating Officer. In this way, trustees have full knowledge of how spend and income is matching the budget profile. Monthly reconciliations of accounts with the bank are reported.

The trustees confirm the internal auditors, Howard Worth have delivered their schedule of work as planned. There are no material issues which have arisen as a result of this work.

#### Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

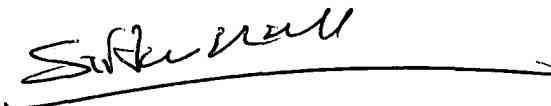
- the work of the internal auditor, Howard Worth;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control and a plan to ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 05 December 2019 and signed on its behalf by:



Mr J W Spencer  
Trustee



Sir I R Hall  
Accounting Officer

# **THE GREAT SCHOOLS TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

As accounting officer of The Great Schools Trust I have considered my responsibility to notify the 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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



Sir I R Hall  
**Accounting Officer**

05 December 2019



# **THE GREAT SCHOOLS TRUST**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees (who are also the directors of The Great Schools Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 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 accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 05 December 2019 and signed on its behalf by:



Mr J W Spencer

# THE GREAT SCHOOLS TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT SCHOOLS TRUST FOR THE YEAR ENDED 31 AUGUST 2019

---

### Opinion

We have audited the accounts of The Great Schools 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 notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## THE GREAT SCHOOLS TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT SCHOOLS TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the accounts

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

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

**THE GREAT SCHOOLS TRUST**

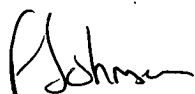
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT SCHOOLS TRUST  
(CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Use of our report**

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



**Fran Johnson BSc FCA (Senior Statutory Auditor)  
for and on behalf of Howard Worth**

5 December 2019

**Chartered Accountants  
Statutory Auditor**

Chartered Accountants and Statutory  
Auditors  
Drake House  
Gadbrook Park  
Northwich  
Cheshire  
CW9 7RA

## **THE GREAT SCHOOLS TRUST**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GREAT SCHOOLS TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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In accordance with the terms of our engagement letter dated 8 February 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Great Schools Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Great Schools Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Great Schools 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 The Great Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of The Great Schools Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Great Schools Trust's funding agreement with the Secretary of State for Education dated 1 March 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 period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Ensuring expenditure was made in line with the scheme of delegated authorities.
- Confirm the nature of credit card expenditure is appropriate.
- Ensure that the AFH 2018 "musts" have been complied with.
- Review for any novel, contentious or percussive transactions.
- Review for any borrowing.
- Review the nature of leases.
- Review of severance payments.
- Review for debts written off.

**THE GREAT SCHOOLS TRUST**

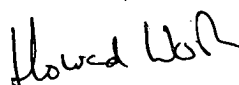
**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
THE GREAT SCHOOLS TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY  
(CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Reporting Accountant**  
Howard Worth

Dated: 05 December 2019

# THE GREAT SCHOOLS TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	19,667	-	242,627	262,294	194,507
<b>Charitable activities:</b>						
- Funding for educational operations	4	-	10,309,342	-	10,309,342	9,079,950
Other trading activities	5	237,679	99,975	-	337,654	251,849
<b>Total</b>		257,346	10,409,317	242,627	10,909,290	9,526,306
<b>Expenditure on:</b>						
<b>Charitable activities:</b>						
- Educational operations	8	-	10,765,140	710,294	11,475,434	10,809,484
<b>Total</b>	6	-	10,765,140	710,294	11,475,434	10,809,484
<b>Net income/(expenditure)</b>		257,346	(355,823)	(467,667)	(566,144)	(1,283,178)
Transfers between funds	17	(35,654)	(53,505)	89,159	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(1,256,000)	-	(1,256,000)	494,000
<b>Net movement in funds</b>		221,692	(1,665,328)	(378,508)	(1,822,144)	(789,178)
<b>Reconciliation of funds</b>						
Total funds brought forward		52,014	(1,559,000)	19,307,811	17,800,825	18,590,003
Total funds carried forward		273,706	(3,224,328)	18,929,303	15,978,681	17,800,825

**THE GREAT SCHOOLS TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)  
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 AUGUST 2019**

<b>Comparative year information Year ended 31 August 2018</b>	<b>Notes</b>	<b>Unrestricted Funds £</b>	<b>Restricted funds: General Fixed asset £ £</b>		<b>Total 2018 £</b>
<b>Income and endowments from:</b>					
Donations and capital grants	<b>3</b>	11,882	-	182,625	194,507
Charitable activities:					
- Funding for educational operations	<b>4</b>	-	9,079,950	-	9,079,950
Other trading activities	<b>5</b>	157,608	94,241	-	251,849
<b>Total</b>		<b>169,490</b>	<b>9,174,191</b>	<b>182,625</b>	<b>9,526,306</b>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	<b>8</b>	318,896	9,641,689	848,899	10,809,484
<b>Total</b>	<b>6</b>	<b>318,896</b>	<b>9,641,689</b>	<b>848,899</b>	<b>10,809,484</b>
<b>Net expenditure</b>		<b>(149,406)</b>	<b>(467,498)</b>	<b>(666,274)</b>	<b>(1,283,178)</b>
Transfers between funds	<b>17</b>	-	(76,981)	76,981	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	<b>19</b>	-	494,000	-	494,000
<b>Net movement in funds</b>		<b>(149,406)</b>	<b>(50,479)</b>	<b>(589,293)</b>	<b>(789,178)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		201,420	(1,508,521)	19,897,104	18,590,003
Total funds carried forward		52,014	(1,559,000)	19,307,811	17,800,825



# THE GREAT SCHOOLS TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	12		18,896,080		19,300,149
<b>Current assets</b>					
Stocks	13	41,689		21,087	
Debtors	14	493,156		361,122	
Cash at bank and in hand		2,553,535		2,816,294	
		<u>3,088,380</u>		<u>3,198,503</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(2,772,779)		(3,138,827)	
<b>Net current assets</b>			315,601		59,676
<b>Net assets excluding pension liability</b>			19,211,681		19,359,825
Defined benefit pension scheme liability	19		(3,233,000)		(1,559,000)
<b>Total net assets</b>			<u>15,978,681</u>		<u>17,800,825</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			18,929,303		19,307,811
- Restricted income funds			8,672		-
- Pension reserve			(3,233,000)		(1,559,000)
<b>Total restricted funds</b>			<u>15,704,975</u>		<u>17,748,811</u>
<b>Unrestricted income funds</b>	17		273,706		52,014
<b>Total funds</b>			<u>15,978,681</u>		<u>17,800,825</u>

The accounts on pages 21 to 44 were approved by the trustees and authorised for issue on 05 December 2019 and are signed on their behalf by:

  
Mr J W Spencer

Company Number 07641004

**THE GREAT SCHOOLS TRUST**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash (used in)/provided by operating activities	20		(199,161)		865,021
<b>Cash flows from investing activities</b>					
Capital grants from DfE Group		242,627		182,625	
Purchase of tangible fixed assets		(306,225)		(251,944)	
<b>Net cash used in investing activities</b>			(63,598)		(69,319)
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			(262,759)		795,702
Cash and cash equivalents at beginning of the year			2,816,294		2,020,592
<b>Cash and cash equivalents at end of the year</b>			<u>2,553,535</u>		<u>2,816,294</u>

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

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

##### 1.1 Basis of preparation

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

The Great Schools Trust meets the definition of a public benefit entity under FRS 102.

##### 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 charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

##### 1.3 Income

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

###### Grants

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

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

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

###### Sponsorship income

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

###### Donations

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

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

##### Other income

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

##### Donated goods, facilities and services

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

##### Donated fixed assets

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

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

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

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

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

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 1 Accounting policies

(Continued)

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

Land and buildings	2% on cost
Improvements to property	2% on cost
Computer equipment	33% on cost
Fixtures, fittings & equipment	20% on cost
Motor vehicles	20% on cost

Land is not depreciated.

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.

#### 1.6 Liabilities

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

#### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. 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.

#### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

##### 1.10 Taxation

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

##### 1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The 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 are recognised in the period to which they relate.

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

##### 1.12 Fund accounting

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

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

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

#### 2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement

(Continued)

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	242,627	242,627	182,625
Other donations	19,667	-	19,667	11,882
	<u>19,667</u>	<u>242,627</u>	<u>262,294</u>	<u>194,507</u>

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	8,884,056	8,884,056	7,867,985
Start up grants	-	270,000	270,000	274,895
Other DfE group grants	-	775,457	775,457	669,634
	<u>-</u>	<u>9,929,513</u>	<u>9,929,513</u>	<u>8,812,514</u>
<b>Other government grants</b>				
Local authority grants	-	165,669	165,669	142,084
	<u>-</u>	<u>165,669</u>	<u>165,669</u>	<u>142,084</u>
<b>Other funding</b>				
Other incoming resources	-	214,160	214,160	125,352
	<u>-</u>	<u>214,160</u>	<u>214,160</u>	<u>125,352</u>
<b>Total funding</b>	<u>-</u>	<u>10,309,342</u>	<u>10,309,342</u>	<u>9,079,950</u>

**THE GREAT SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**5 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	43,393	-	43,393	40,279
Staff consultancy	55,068	-	55,068	18,579
Parental contributions	-	99,975	99,975	94,241
Other income	139,218	-	139,218	98,750
	<u>237,679</u>	<u>99,975</u>	<u>337,654</u>	<u>251,849</u>

**6 Expenditure**

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	6,337,683	305,000	584,435	7,227,118	5,533,092
- Allocated support costs	1,479,898	976,182	1,792,236	4,248,316	5,276,392
	<u>7,817,581</u>	<u>1,281,182</u>	<u>2,376,671</u>	<u>11,475,434</u>	<u>10,809,484</u>

**Net income/(expenditure) for the year includes:**

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	10,500	10,500
- Other services	7,625	4,247
Depreciation of tangible fixed assets	710,294	848,899
Net interest on defined benefit pension liability	43,000	41,000
	<u></u>	<u></u>

**7 Central services**

In 2017/18 the academy trust provided educational support services to its academies during the year. During 2018/19 incoming revenue funds have been pooled centrally.

The academy trust charged for these services on the basis of the amount of time spent at each school.



**THE GREAT SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**7 Central services**

**(Continued)**

The amounts charged during the year were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
King's Leadership Academy Warrington	96,838	91,473
King's Leadership Academy Liverpool	100,841	86,666
King's Leadership Academy Hawthornes	51,734	36,213
The Aspire Centre	6,000	-
King's Leadership Academy Bolton	-	-
Central Services	-	-
	<u>255,413</u>	<u>214,352</u>

**8 Charitable activities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
All from restricted funds:		
<b>Direct costs</b>		
Educational operations	7,227,118	5,533,092
<b>Support costs</b>		
Educational operations	4,248,316	5,276,392
	<u>11,475,434</u>	<u>10,809,484</u>

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Analysis of support costs</b>		
Support staff costs	1,538,861	2,399,575
Depreciation	405,294	848,899
Technology costs	143,963	155,584
Premises costs	570,888	385,729
Other support costs	1,561,559	1,451,698
Governance costs	27,751	34,907
	<u>4,248,316</u>	<u>5,276,392</u>

**THE GREAT SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**9 Staff**

**Staff costs**

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	5,801,168	5,528,505
Social security costs	562,015	533,138
Pension costs	1,299,125	1,123,164
Amounts paid to employees	7,662,308	7,184,807
Agency staff costs	143,868	49,264
Staff restructuring costs	11,405	3,026
Amounts paid to staff	7,817,581	7,237,097
Staff development and other staff costs	80,164	71,634
Total staff expenditure	7,897,745	7,308,731

Staff restructuring costs comprise:

Redundancy payments	-	3,026
Severance payments	11,405	-
	11,405	3,026

**Staff numbers**

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

	2019 Number	2018 Number
Teachers	92	91
Administration and support	85	77
Management	21	13
	198	181

**Higher paid staff**

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

	2019 Number	2018 Number
£60,0001 - £70,000	2	3
£70,0001 - £80,000	2	2
£80,0001 - £90,000	3	1

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Staff

(Continued)

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £248,759 (2018: £472,793).

### 10 Trustees' remuneration and expenses

During the year none of the trustees received any remuneration or expenses.

### 11 Trustees and officers insurance

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

### 12 Tangible fixed assets

	Land and buildings	Improvements to property	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2018	19,639,895	367,219	1,016,581	946,338	14,304	21,984,337
Additions	-	-	272,043	19,182	15,000	306,225
At 31 August 2019	19,639,895	367,219	1,288,624	965,520	29,304	22,290,562
<b>Depreciation</b>						
At 1 September 2018	1,186,320	22,032	948,913	516,414	10,509	2,684,188
Charge for the year	381,848	7,344	125,134	189,407	6,561	710,294
At 31 August 2019	1,568,168	29,376	1,074,047	705,821	17,070	3,394,482
<b>Net book value</b>						
At 31 August 2019	18,071,727	337,843	214,577	259,699	12,234	18,896,080
At 31 August 2018	18,453,575	345,187	67,668	429,924	3,795	19,300,149

### 13 Stocks

	2019 £	2018 £
School uniform	41,689	21,087

**THE GREAT SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

<b>14 Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade debtors	42,575	60,836
Other debtors	-	47,084
Prepayments and accrued income	450,581	253,202
	<u>493,156</u>	<u>361,122</u>
<b>15 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	228,228	1,249,448
Other taxation and social security	237,972	143,295
Other creditors	108,245	100,919
Accruals and deferred income	2,198,334	1,645,165
	<u>2,772,779</u>	<u>3,138,827</u>
<b>16 Deferred income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	<u>41,605</u>	<u>118,918</u>
Deferred income at 1 September 2018	118,918	132,480
Released from previous years	(118,918)	(132,480)
Resources deferred in the year	<u>41,605</u>	<u>118,918</u>
<b>Deferred income at 31 August 2019</b>	<u><b>41,605</b></u>	<u><b>118,918</b></u>

The main elements of deferred income are in relation to the PE Sports grant and rates relief received from the ESFA. In addition in 2018 £72,160 was included for September's salary contribution from King's Leadership Liverpool to King's Leadership Hawthornes for which a corresponding prepayment is included in debtors.

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	8,884,056	(8,830,551)	(53,505)	-
Start up grants	-	270,000	(261,328)	-	8,672
Other DfE / ESFA grants	-	775,457	(775,457)	-	-
Other government grants	-	165,669	(165,669)	-	-
Other restricted funds	-	314,135	(314,135)	-	-
Pension reserve	(1,559,000)	-	(418,000)	(1,256,000)	(3,233,000)
	<u>(1,559,000)</u>	<u>10,409,317</u>	<u>(10,765,140)</u>	<u>(1,309,505)</u>	<u>(3,224,328)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	<u>19,307,811</u>	<u>242,627</u>	<u>(710,294)</u>	<u>89,159</u>	<u>18,929,303</u>
<b>Total restricted funds</b>	<u>17,748,811</u>	<u>10,651,944</u>	<u>(11,475,434)</u>	<u>(1,220,346)</u>	<u>15,704,975</u>
<b>Unrestricted funds</b>					
General funds	<u>52,014</u>	<u>257,346</u>	<u>-</u>	<u>(35,654)</u>	<u>273,706</u>
<b>Total funds</b>	<u>17,800,825</u>	<u>10,909,290</u>	<u>(11,475,434)</u>	<u>(1,256,000)</u>	<u>15,978,681</u>

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 17 Funds

(Continued)

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

**General Annual Grant (GAG)**

GAG is the main source of funding from the ESFA. The funding received, which is based on the pupil numbers, is applied to fund the core educational activities of the Trust.

**Start up Grant**

The start up grant received from the ESFA is being use to fund the set up costs of King's Leadership Academy Bolton, which opened on 1 September 2019.

**Other DfE / ESFA**

The main source of funding included is pupil premium which is applied to meet the educational needs of disadvantaged pupils. The funding also includes PE sports grants, rates relief and grants for high needs pupils.

**Pension reserve**

The pension reserve represents the deficit in funding required to meet the future pensions of employees in the Cheshire & Merseyside local government pension schemes.

**DfE group capital grants**

Capital grants are awarded by the ESFA to fund maintenance projects and refresh ICT provision within the Trust.

**Gains & losses**

Gains & losses represent the effect of changes in actuarial assumptions on the projected future pension liability.

**Transfers between funds**

Transfers from general funds were made to finance capital additions in excess of the capital grants received from the ESFA.

**THE GREAT SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**17 Funds**

**(Continued)**

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	7,867,985	(7,791,004)	(76,981)	-
Start up grants	-	274,895	(274,895)	-	-
Other DfE / ESFA grants	-	669,634	(669,634)	-	-
Other government grants	-	142,084	(142,084)	-	-
Other restricted funds	246,479	219,593	(466,072)	-	-
Pension reserve	(1,755,000)	-	(298,000)	494,000	(1,559,000)
	<u>(1,508,521)</u>	<u>9,174,191</u>	<u>(9,641,689)</u>	<u>417,019</u>	<u>(1,559,000)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	<u>19,897,104</u>	<u>182,625</u>	<u>(848,899)</u>	<u>76,981</u>	<u>19,307,811</u>
<b>Total restricted funds</b>	<u>18,388,583</u>	<u>9,356,816</u>	<u>(10,490,588)</u>	<u>494,000</u>	<u>17,748,811</u>
<b>Unrestricted funds</b>					
General funds	<u>201,420</u>	<u>169,490</u>	<u>(318,896)</u>	<u>-</u>	<u>52,014</u>
<b>Total funds</b>	<u>18,590,003</u>	<u>9,526,306</u>	<u>(10,809,484)</u>	<u>494,000</u>	<u>17,800,825</u>

**Total funds analysis by academy**

	2019 £	2018 £
Fund balances at 31 August 2019 were allocated as follows:		
King's Leadership Academy Warrington	121,055	(52,495)
King's Leadership Academy Liverpool	177,453	248,693
King's Leadership Academy Hawthornes	(272,511)	(197,266)
The Aspire Centre	33,238	22,398
King's Leadership Academy Bolton	(272)	-
Central Services	223,415	30,684
<b>Total before fixed assets fund and pension reserve</b>	<u>282,378</u>	<u>52,014</u>
Restricted fixed asset fund	18,929,303	19,307,811
Pension reserve	(3,233,000)	(1,559,000)
<b>Total funds</b>	<u>15,978,681</u>	<u>17,800,825</u>

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 17 Funds

(Continued)

During the year additional funding of £489K was received for Hawthornes and Liverpool (£204k Hawthornes and £285k Liverpool). This was initially held centrally after discussion with the ESFA and then allocated to each academy on the fulfilment of certain criteria. £62k of the funding was used to replace the servers and wireless network in both schools which was obsolete and impacting on teaching and learning. The new infrastructure will also allow the central IT team to centralise software purchases and offer IT support to all schools in the trust. There is currently a balance of £77k still being held centrally which will, eventually be allocated to, or spent on the two schools.

In 2019/20 the Trust will present a business case to the ESFA to secure additional funding for Hawthornes based on a large increase in pupil numbers compared to those declared on the October 2018 census. At October 2019 pupil numbers were 335 an increase of 22% on the 276 reported on the October 2018 census.

The Trustees continue to closely monitor both the academic and financial performance at Hawthornes and are confident that current improvements will continue into the future.

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019
	£	£	£	£	£
King's Leadership Academy Warrington	2,430,680	439,961	275,211	472,530	3,618,382
King's Leadership Academy Liverpool	2,254,410	502,677	231,502	1,074,722	4,063,311
King's Leadership Academy Hawthornes	1,250,720	383,024	255,360	60,024	1,949,128
The Aspire Centre	201,334	16,095	15,969	351,444	584,842
King's Leadership Academy Bolton	-	-	-	272	272
Central Services	213,120	205,724	-	137,761	556,605
	<u>6,350,264</u>	<u>1,547,481</u>	<u>778,042</u>	<u>2,096,753</u>	<u>10,772,540</u>



# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	18,896,080	18,896,080
Current assets	273,706	2,781,451	33,223	3,088,380
Creditors falling due within one year	-	(2,772,779)	-	(2,772,779)
Defined benefit pension liability	-	(3,233,000)	-	(3,233,000)
<b>Total net assets</b>	<b>273,706</b>	<b>(3,224,328)</b>	<b>18,929,303</b>	<b>15,978,681</b>
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	19,300,149	19,300,149
Current assets	44,352	3,146,489	7,662	3,198,503
Creditors falling due within one year	7,662	(3,146,489)	-	(3,138,827)
Defined benefit pension liability	-	(1,559,000)	-	(1,559,000)
<b>Total net assets</b>	<b>52,014</b>	<b>(1,559,000)</b>	<b>19,307,811</b>	<b>17,800,825</b>

#### 19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £111,823 (2018: (£105,611)) were payable to the schemes at 31 August 2019 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation based on April 2016 data has resulted in an increase of the employer contribution rate from 16.48% to 23.68% payable from 1 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £ 593,479 (2018: £ 565,253).

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 academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 14.4 to 19.2% for employers and 5.5 to 12.5% 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.

Total contributions made	2019 £	2018 £
Employer's contributions	327,000	325,000
Employees' contributions	101,000	98,000
Total contributions	<u>428,000</u>	<u>423,000</u>

**THE GREAT SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**19 Pension and similar obligations**

**(Continued)**

<b>Principal actuarial assumptions</b>	<b>2019 %</b>	<b>2018 %</b>
Rate of increase in salaries	3.20	3.30
Rate of increase for pensions in payment/inflation	2.10	2.20
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.10	2.20
Commutation of pensions to lump sums	50.00	50.00

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

	<b>2019 Years</b>	<b>2018 Years</b>
Retiring today		
- Males	22.2	22.1
- Females	24.8	24.7
Retiring in 20 years		
- Males	24.8	24.6
- Females	27.4	27.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	<b>2019 £'000</b>	<b>2018 £'000</b>
Discount rate + 0.1%	(57)	(110)
Discount rate - 0.1%	57	110
Mortality assumption + 1 year	51	99
Mortality assumption - 1 year	(51)	(99)
CPI rate + 0.1%	57	111
CPI rate - 0.1%	(57)	(111)

**The academy trust's share of the assets in the scheme**

	<b>2019 Fair value £</b>	<b>2018 Fair value £</b>
Equities	1,793,000	1,574,000
Gilts	574,000	497,000
Corporate bonds	862,000	652,000
Cash & other liquid assets	105,000	273,000
Property	320,000	-
Other assets	-	82,000
<b>Total market value of assets</b>	<b>3,654,000</b>	<b>3,078,000</b>

The actual return on scheme assets was £193,000 (2018: £145,000).

**THE GREAT SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**19 Pension and similar obligations**

**(Continued)**

<b>Amount recognised in the Statement of Financial Activities</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Current service cost	526,000	577,000
Past service cost	171,000	-
Interest income	(92,000)	(68,000)
Interest cost	135,000	109,000
Administration expenses	5,000	5,000
<b>Total operating charge</b>	<b>745,000</b>	<b>623,000</b>

**Changes in the present value of defined benefit obligations**

**2019**  
**£**

At 1 September 2018	4,632,000
Current service cost	526,000
Interest cost	135,000
Employee contributions	101,000
Actuarial loss/(gain)	1,357,000
Benefits paid	(40,000)
Past service cost	171,000
Effect of non-routine settlements and administration expenses	5,000
<b>At 31 August 2019</b>	<b>6,887,000</b>

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

**2019**  
**£**

At 1 September 2018	3,073,000
Interest income	92,000
Actuarial gain	101,000
Employer contributions	327,000
Employee contributions	101,000
Benefits paid	(40,000)
<b>At 31 August 2019</b>	<b>3,654,000</b>

# THE GREAT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 20 Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the reporting period (as per the statement of financial activities)	(566,144)	(1,283,178)
Adjusted for:		
Capital grants from DfE and other capital income	(242,627)	(182,625)
Defined benefit pension costs less contributions payable	375,000	257,000
Defined benefit pension scheme finance cost	43,000	41,000
Depreciation of tangible fixed assets	710,294	848,899
(Increase) in stocks	(20,602)	(14,603)
(Increase) in debtors	(132,034)	(19,858)
(Decrease)/increase in creditors	(366,048)	1,218,386
<b>Net cash (used in)/provided by operating activities</b>	<b>(199,161)</b>	<b>865,021</b>

#### 21 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Logical Fox Marketing - a business which is owned by Mr C Scotland (a trustee of the trust):

- The trust purchased website design and marketing services from Logical Fox totalling £6,494 during the period (2018: 14,700). There were no amounts outstanding at 31 August 2019 (2018: £ nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Scotland neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.
- The element above £2,500 has been provided 'at no more than cost' and Logical Fox Marketing has provided a statement of assurance confirming this.

TFL Education Limited - a business which is owned by Mr A Harper (a trustee of the trust):

- The trust purchased educational courses and materials from TFL Education Ltd totalling £6,490 during the period (2018: £ 8,401). There were no amounts outstanding at 31 August 2019 (2018: £ nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Harper neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.
- The element above £2,500 has been provided 'at no more than cost' and TFL Education Ltd has provided a statement of assurance confirming this.

**THE GREAT SCHOOLS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £[insert amount as stated in memorandum and articles of association] for the debts and liabilities contracted before he or she ceases to be a member.