

REGISTRAR OF COMPANIES

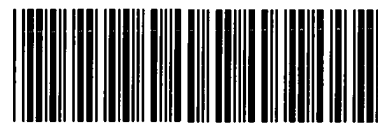
Connect Schools Academy Trust

Annual Report and Financial Statements

Year to 31 August 2019

Company Limited by Guarantee
Registration Number
07824714 (England and Wales)

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Reference and administrative information

Members	David Figg Peter Goodwin Diane Moss (resigned as a Member 7 September 2018) Richard Norman Scott Pinder (appointed as a Member 16 September 2018) Leigh Sims
Trustees	Andrea Carter CEO Sandra Clements Scott George Susan Hannay Naureen Khalid William Mitchell Diane Moss (Chair of Trustees until 7 September 2018 and resigned as a Trustee 7 September 2019) Christopher Munday Scott Pinder (Chair of Trustees from 7 September 2018) Marie Powell (appointed as a co-opted Trustee on 12 March 2019)
Senior Leadership Team	
CEO	Andrea Carter
Executive Head Teacher	Wendy Giles (appointed 1 September 2018)
Finance Director	Marie Ghansah-Poku (resigned 26 April 2019)
Financial Controller	Reshma Rao (appointed 09 May 2019)
Head Teachers	Susan Sargent – Crofton Junior School & Crofton Infant School (joint head of both schools from 1 September 2018) Stephen Jackson – Valley Primary School Kathleen Margetts – Raglan Primary School Suzanne Leader – River Mill Primary School (from 1 September 2019) Joanna Styles – Cage Green Primary School (from 4 November 2019)
Registered address	Crofton Junior School Towncourt Lane Orpington Kent BR5 1EL

Reference and administrative information

Company registration number 07824714

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers Lloyds TSB
PO Box 1000
Bromley
Kent
BX1 1LT

The Trustees of Connect Schools Academy Trust ('the Academy Trust') present their annual report together with the financial statements and the auditor's reports of the charitable company for the period from 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 financial statements have been prepared in accordance with the accounting policies set out on pages 34 to 39 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. It was set up under a memorandum of association on 26 October 2011. The principal regulator of the charitable company is the Department for Education ('DfE'). The Education and Skills Funding Agency ('ESFA') (an executive agency of the DfE) carries out the role of principal regulator on behalf of the DfE. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees act as the directors of the Academy Trust for the purpose of company law.

The Trust has five Members to give further strength to this layer of governance. The Members comprise the Chair of the Board of Trustees plus four independent Members drawn from the community.

The Articles of Association allow for a Board of Trustees comprising up to eleven Trustees, including the CEO.

Details of the Trustees who served throughout the year, except as noted, are included in the reference and administrative details on page 1.

Members' liability

Each member of the Academy Trust undertakes to contribute to the assets of the charitable company in the event of it being wound up whilst they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a Member.

Trustees' indemnities

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

Details of the insurance cover are provided in note 11 to the financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment of election of Trustees

The Trustee structure under the terms of the Articles of Association is referred to above.

There are currently two independent Trustees, a co-opted Trustee, the CEO and five further Trustees who also serve on Connect Schools' Local Governing Bodies.

An independent Trustee's term of office is four years but a Trustee is eligible for re-election at the meeting at which they retire.

Appropriate training is provided to all new Trustees, as required.

Policies and procedures adopted for the induction and training of Trustees

During the year under review the Board of Trustees met seven times. There were six Crofton Schools' Local Governing Body meetings, six Raglan Primary School Local Governing Body meetings, three Valley Primary School Local Governing Body meetings (alongside six committee meetings) and one River Mill Local Governing Body meeting,

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. During the 2018/19 academic year, Trustee and Governor training was run internally by Connect Schools Academy Trust.

Organisation structure

During the 2018/19 year, the Academy Trust consisted of five academies and two pre-schools: Crofton Infant School, Crofton Junior School, Valley Primary School, Raglan Primary School, Cage Green Primary School, St George's Pre School and Greenwood Pre-School. In addition, on 1 September 2019, River Mill Primary School opened. The Chief Executive Officer is the Accounting Officer for the Academy Trust as a whole, and each academy has its own Head Teacher, with the exception of Crofton Infant School and Crofton Junior School who share a Headteacher.

The Trustees of the Academy Trust are supported by a Local Governing Body at each school, with the exception of the Crofton Schools, who share a Local Governing Body.

The organisational structure consists of three governance levels: the Members, the Trustees and Local Governors.

The Trustees are responsible for the vision and direction of the Trust, adopting an annual strategic plan and budget, monitoring the Academy Trust by the use of budgets and making major decisions about the development of the Academy Trust, capital expenditure and senior staff appointments.

The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. At a Trust level, leadership consists of the Chief Executive Officer, Executive Headteacher and Finance Controller. These managers control the academies at an executive level implementing the policies laid down by the Trustees and reporting back to them. There are also three part time Lead Practitioners who form part of the central team and support school improvement across the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisation structure (continued)

At academy level, senior leadership consists of Head Teachers, Deputies in three of the schools and Assistant Head teachers, together with key finance personnel. As a group, the Senior Leadership Team are responsible for the strategic vision within their schools, authorisation of spending within agreed budgets and the appointment of staff up to teacher level.

The Middle Management Team in each academy includes Curriculum Area Leaders and Lead Practitioners in two of the academies. Along with the Senior Leadership Team, these leaders are responsible for the day-to-day operation of the Academy Trust, in particular organising the teaching staff, facilities and pupils.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Academy Trust comprise the Trustees and Senior Leadership Team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board of Trustees, after taking advice from the Chief Executive Officer and following guidance from the relevant professional pay review bodies. Naturally the Chief Executive Officer was not involved in setting her own remuneration package.

The only Trustee who is remunerated is the Chief Executive Officer, and she only receives remuneration in respect of services provided under her contract of employment, and not in respect of her role as a Trustee. Specific disclosures concerning staff Trustees' remuneration is included in note 11.

The day to day running of the remuneration policy is delegated to the Chief Executive Officer and monitored by the Finance Controller and the Trust Finance and Resources Committee. All details for setting pay and remuneration of key management personnel are set out in the Pay Policy and Appraisal Policy. The Pay Policy is reviewed annually by the Board of Trustees.

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

(continued)

Total remuneration paid to senior management personnel is set out in note 9.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	Full time equivalent employee number
1	1

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility team	£0
Total pay bill	£0
Percentage of total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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Connected organisations, including related parties

The following entities are established as separately registered charities, which organise various fund raising events to provide facilities for the pupils of Connect Schools Academy Trust:

- ◆ Parent-Teacher Association, Crofton Junior School PTA, registration number 1052857
- ◆ Crofton Infant School Parent Staff Association, registration number 1052854
- ◆ Valley Primary School PTA, registration number 286963
- ◆ Raglan Primary School (Friends of Raglan) PTA registration number 1020379
- ◆ Parents Teachers Friends Association (Cage Green), registration number 1138202
- ◆ Phoenix Autism Centre Tonbridge, registration number 1001590 (Cage Green)
- ◆ Raglan Voluntary Funds registration number 1056549

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

The Trustees have assessed the major risks to which each academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The Trustees have implemented a number of systems to **assess** risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, building and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. There is a Trust risk register that documents the key risks of the Trust and how these have been mitigated. The Trust Compliance Officer reviews these risks regularly. Where significant risk still remains they have ensured they have adequate insurance cover. Each academy has an effective system of financial controls and this is explained in more detail in the Governance Statement.

OBJECTIVES AND ACTIVITIES

Principal activities

The Academy Trust's principal object and activity is to manage Connect Schools Academy Trust and the provision of education to pupils between the ages of 4 and 11.

Objectives, strategies and activities

The Connect Schools Academy Trust's main strategy is encompassed in its school vision which is to provide exciting and challenging educational opportunities for all children. To this end its aims include:

- ◆ to help pupils acquire knowledge and skills with understanding at a level appropriate to each pupil's age, aptitude and ability;
- ◆ to help pupils become balanced and independent young people, who are able to keep themselves safe and have respect for themselves and for others; and
- ◆ to help pupil's develop lively, enquiring minds, the ability to question and debate rationally, a range of physical skills and apply themselves to a range of tasks.

The main objectives, strategies and activities of the Academy Trust during the year ended 31 August 2019 are summaries below:

Crofton Infant School

Results for Crofton Infant School remained high especially at the greater depth standard where the school is placed within the top 5 schools in Bromley. All teaching at the school has been good or better over the year, with the percentage of outstanding teacher profiles having increased to this 59% this year.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Crofton Infant School (continued)

Well-being has been an important focus for the school with new initiatives and teams put in place for pupils, staff and parents. The school is currently working towards a Well Being Award. Sport has been a focus this year with regular activities being delivered by specialist coaches to the children during lunchtimes. The Sports Week was also a huge success where children were exposed to different sports. Outdoor learning continues to be a strength with Forest School sessions being delivered with a 'dare to try' approach which embeds the STEM curriculum for children.

The curriculum is a real strength with children enjoying entry and exit point days. We have ensured there are well thought out visits, both in and out of school, to enhance the curriculum.

There has been a programme of collaboration between the staff at Crofton Infants School and Crofton Junior School from which Leaders and teachers were able to share good practice and communicate to ensure consistency between the two schools.

Leadership has been robust and there has been succession planning with a clear middle leader programme resulting in two members of staff gaining a promotion to senior leadership at the new Trust free school. One of the assistant heads was also seconded to another school in the trust where she has now successfully taken up headship.

We have a strong PSA, who run community and school events for children and these raise substantial funds for the school.

Crofton Junior School

During the year the school was graded as outstanding across the board by Ofsted. In July 2019 results at the school remained high, being above Bromley in nearly all areas. All teaching at the school has been good or better over the year, with the percentage of outstanding teacher profiles having increased to 61% this year.

The multi-media suite is in full use across the whole school and has had a significant impact on children's computing skills.

Children are given skills to enable them to succeed in their future lives with all children being taught about a job process. Some children applied and interviewed for Crofton News Team after having looked at job descriptions. They continue to produce broadcasts for the whole school every couple of weeks.

Pupil voice is seen as a high importance and many children have taken on different roles in the school including digital leaders, reading ambassadors, school council and in the children's leadership team. This team have written their own school improvement plan and carried out different initiatives and projects throughout the school.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Crofton Junior School (continued)

PSHE has been a real focus with a new learning mentor taking up post and reinforcing the successful behaviour policy during lunch and breaktimes. Groups such as friendship group, nurture group and 'lego' therapy are a successful way at Crofton for children to learn different social and emotional interactions and cooperation skills.

Crofton Junior has had much success with local sporting events including winning one of the year group events in the Bromley Cross Country and some children made the Bromley District Independent finals in Athletics. The boys' football team qualified for the Championship division. The new Netball, Rugby and girls football teams have started to compete in their first competitive matches.

Links with other schools and the community were further developed through network links both locally and further afield and local cluster groups, resulting in the sharing of good practise, moderation sessions and bespoke support for schools that needed it. Moderation was organised at Crofton and many schools attended from Bromley.

Parents continue to support the school in all its aims. Their support is shown in their response to questionnaires and parent forums; work at home with homework, attendance at school events, parent workshops and parents' evenings, fundraising

The curriculum continues to be a strength, with entry point days being a major highlight to pupils and parents.

Valley Primary School

Middle Leaders developed through the year. A teaching and learning review identified that they spoke confidently about standards in their area of responsibility and could identify what the next steps were in terms of development for their subject area. Ofsted 2018 recognised the development of leaders.

Valley now has 40% outstanding and 100% good in terms of teaching profile. Work set in lessons is appropriate and challenging for the emerging needs of the pupils. 'Teachers engage children's interest and enthusiasm through well-judged learning activities' noted Ofsted in 2018.

The school is now in the final stages of applying for the National Well Being award and Place2Be is established in the school.

Valley now has a fully revised behaviour policy with emphasis on restorative justice.

The school's three year reading attainment score is in the highest 20% of schools.

KS2 attainment of the expected standard in writing is significantly above national and in the top 20% of all schools in 2019, 2018 and 2017.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Valley Primary School (continued)

KS2 attainment of the greater depth standard in writing is significantly above national and in the top 20% of all schools in 2019 and 2018.

The school's three year maths attainment score is in the highest 20% of schools.

The school was number 1 in Bromley for progress in Writing.

KS1 attainment of the expected standard in reading was 86%, significantly above national and in the top 20% of schools in 2019.

KS1 attainment of the expected standard in writing was 85%, significantly above national and in the top 20% of schools in 2019.

Community events included the following;

- ◆ WW1 Commemorative Football match attending by MP and the Mayor.
- ◆ Forged new links with Deutsche Schule London.
- ◆ Grandparents' Easter Afternoon Tea.
- ◆ The Brass Band, Choir and Orchestra went out and about to perform at various community events including old people's home and Shortlands Railway Station Fun Day.

Raglan Primary School

All of the objectives outlined in the School Improvement Plan have been achieved.

A new nursery lead was appointed who has continued to work closely with Rachael, our EYFS lead and the provision across the EYFS setting is at least good.

There has been a focus on e-safety, lead by Danielle Wood. The Digital Council, with representatives from Staff, our IT technician, children and Giles Milton a Parent Governor meet regularly and have agreed the Acceptable Use Policies for KS1 and 2 and are working on the Acceptable Use Policy for parents.

Our new multimedia suite was completed and this is now 'up and running'. Liam Farmer, our computer lead has delivered CPD to ensure all staff feel confident to use the equipment. Children are using the suite to create documentaries, record songs and lots more.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Raglan Primary School (continued)

We have continued to improve the environment within the school to ensure the very best provision for the children. In preparation for the increase in numbers in the Language Provision which we agreed with Bromley a new speech therapy room was created in between the Language Provision class rooms. All of the classrooms and main teaching areas have now been repainted and we have started the cycle of replacing the carpets – which is very much needed. The outside area has also been improved with the addition of new reading and writing sheds for the children to use at lunch time and improvements in the Forest School Area. We now have a gardening club, and already they have had a very positive impact on the outside environment.

Pupil Voice continues to be a very important part of life at Raglan. The School Council have reviewed the behaviour policy and changes have been made across the school as a result of their views.

We continue to try to involve parents in the life of the school, as well as Reading Café and Maths Café we now also have a STEM Café, which has proved very popular with parents and children working together on challenging projects.

We see ourselves as being very much part of the local community and have held a very successful Strawberry Tea event and Christmas Party for the elderly in the local area. Both events are planned and hosted by the children in yr 5 and 6.

Staffing is stable at Raglan. Last year 2 teachers completed their NQT year and both are fast becoming very good practitioners.

Reading and Editing in writing were both areas for continued development on our SIP. Reading is an area of strength and we continue to monitor and work with staff on our approach to marking and feedback in writing. Recent moderation however showed that attainment and progress in writing is good.

We are in the progress of completing our Well Being Award and we have established a Change team to drive this forward. We are also part of the Trail Blazer Project to support children's Mental Health and Well Being. This is in the very early stages and as yet has had no measurable impact.

We continue to develop our partnership with CSAT at all levels across the school. Two teachers have received support from the Growth and Standards team and our EYFS lead is supporting a teacher in one of the other schools. Leaders meet regularly to plan the strategic vision for the schools and Subject Leads have begun to work together to review the curriculum in light of the new Ofsted framework. The schools have continued to moderate together to ensure consistency and standards.

We were very proud of our children's achievement at both KS1 and KS2 this year. We have been ranked 96th in the Times Top 250 state schools across the country.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Greenwood Pre-School

Greenwood continues to recognise that all children are individuals and they actively encourage this through spending quality time with them and their parents to discover what makes them unique.

Over the year numbers have grown and the setting is now full most mornings and numbers have significantly increased during the afternoon sessions.

Data this year shows that the majority of children leaving Greenwood are ready for the next stage of their education.

St George's Pre-School

The Trust also opened another Nursery in October 2018 in Bickley, offering full and part time places to 2-5 year old children.

Cage Green Primary School

Cage Green joined the Trust on the 1 July 2019. The school was previously inadequate before it joined CSAT as the result of a directed academy order. CSAT had been working with the school for approximately 6 weeks before the transfer in. At the end of July 2019 results had improved to be broadly in line with national averages.

River Mill Primary School

River Mill Primary was in the pre-opening phase from September 2018 to September 2019. There were many milestones to pass during this period including the Ofsted and the DfE pre-opening meeting. The school successfully opened in September 2019 with 30 Year R children and 23 Year 1 children, which has since increased to 27.

Public benefit

Connect Schools Academy Trust strives to promote and support the advancement of education within Orpington, Bromley and Kent. The Trust provides an extensive programme of educational and recreational activity designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport.

Wherever possible, the Trust also aims to contribute to the benefit of the wider public, through the provision of incidental educational and other planned activities. Over the year, the contributions that benefitted the local community included the following:

- ◆ providing Year 10 children from local secondary schools with work placements;
- ◆ extensive involvement and support for school sporting activities including regular fixtures in the local primary school football league and taking part in the Crystal Palace cross country; and,
- ◆ running a charity week in June where the children organised fundraising activities and chose a charity to support, such as Help for Heroes, Children In Need, NSPCC and Red Nose Day.

OBJECTIVES AND ACTIVITIES (continued)

Equal opportunities

The Directors recognise that equal opportunities should be an integral part of good practice in the workplace. The Academy Trust aims to maintain equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all pupils and employees are fully valued. The commitment to equality of opportunity of all potential employees is specifically considered at the interview stage.

STRATEGIC REPORT

Achievements and performance

The Trustees consider that the following are key performance indicators for the Academy Trust and are pleased that expectations for all key performance indicators listed have been successfully met during the year for the reason stated:

KPI	Measure against expectation
To maintain high standards	Reading writing and maths combined scores remain well above national: Crofton Junior School 83% Valley Primary School 77% Raglan Primary School 86%
Pupils numbers (leading directly to the Education Skills and Funding Agency ("ESFA") funding level)	The schools remain popular and over-subscribed, we believe this is likely to continue with our current Ofsted rating 'Outstanding' in Crofton Infant School.
Pupil attendance rate	Crofton Infant School – 96.7% Crofton Junior School – 97% Valley Primary School – 96.8% Raglan Primary School – 96%
Staff costs as a percentage of grant income	The percentage of budget spent on staff costs remains in line with best practice.
General financial stability – aim for income to match expenditure each year	The revenue funds result for 2018/2019 is a surplus of £161k before transfers from revenue to capital and excluding the transfer in the academies which joined the Trust in the year. We are currently forecasting a small deficit in 2019/2020 but the reserves we have built will help us to meet any funding deficit in future years that may result due to pressures in the educational sector.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

KPI	Measure against expectation
Ofsted inspection results	<p>"Outstanding" Crofton Infant School March 2016</p> <p>"Outstanding" Crofton Junior School 7 March 2019 "Good" Valley Primary School November 2018</p> <p>"Good" Raglan Primary School June 2017</p> <p>As a new Academy, River Mill has not yet received an Ofsted inspection.</p> <p>As a new Academy, Cage Green Primary does not have an Ofsted rating attached to it.</p>
To ensure equality of opportunity	<p>The Trust has a clear equality statement to which all of its schools adhere. The aims of the policy are that all schools in the Trust aim to meet their obligations under the public sector equality duty by having due regard to the need to:</p> <ul style="list-style-type: none"> ◆ Eliminate discrimination and other conduct that is prohibited by the Equality Act 2010 ◆ Advance equality of opportunity between people who share a protected characteristic and people who do not share it ◆ Foster good relations between different people when carrying out their activities <p>The Trust commitment is on-going and as a result of being proactive in this matter we have seen many gaps in achievement get smaller or indeed in some cases vanish all together.</p>

STRATEGIC REPORT (continued)

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The Academy Trust's total income for the year ended 31 August 2019 amounted to £15,010,479 (2018 – £19,773,727). This decrease is caused by the transfer in of Valley and Raglan in the year ended 31 August 2018 of £10,934,619, with the effect lessened by the first full year of income for these two schools, recognised in the year ended 31 August 2019.

The bulk of the Academy Trust's income was obtained from the ESFA, an agency of the DfE, the use of which is restricted to particular educational purposes. The grants received from the ESFA in the year ended 31 August 2019 and the associated expenditure are shown as restricted in the statement of financial activities.

During the year ended 31 August 2019 total expenditure amounted to £13,248,896 (2018 – £9,267,014). 75% (2018 – 77%) of the Academy Trust's expenditure relates to staff costs which totalled £9,924,616 for the year ended 31 August 2019 (2018 – £7,090,011).

The surplus for the year (before actuarial losses on the Local Government Pension Scheme) was £1,761,583 (2018 – surplus of £10,506,713). Excluding the pension adjustments in respect of the Local Government Pension Scheme, the movements on the fixed assets fund and net assets inherited upon the conversion of Cage Green Primary School, the operational surplus for the year was £154,000.

Financial position

The Academy Trust held fund balances at 31 August 2019 of £24,126,856 (2018 – £23,927,273) comprising £26,904,909 (2018 – £23,859,796) in the restricted fixed assets fund, a deficit of £4,130,000 (2018 – £1,067,000) on the pension reserve and general funds of £1,351,947 (2018 – £1,134,477).

The movements in the pension scheme reserve are shown in note 20.

The only fund in deficit as 31 August 2019 is the LGPS reserve and the increase in the year has been explained in the financial review above. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contribution due by the Academy Trust have been fixed for the three years from 1 April 2017.

ACHIEVEMENTS AND PERFORMANCE (continued)

Financial position (continued)

The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the Academy Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the Academy Trust because of recognising the deficit.

Reserves policy

The Trustees review the reserve levels of the Academy Trust annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trustees have determined that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trustees have agreed that a minimum of 4 weeks operational costs will be kept by each academy at all times.

Financial and risk management objectives and policies

Each academy uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Academy Trust's operations.

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

Liquidity risk – each academy manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk – each academy earns interest on cash deposits and with interest rates currently low, the Trustees will take appropriate action to ensure they maximise the income from these deposits.

Credit risk – this arises from the possibility that amounts owed to the academies will not be repaid. Neither academy partakes in credit activities so are only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Principal risks and uncertainties

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

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Strategic and reputational – this covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for academy services, competition from other schools with similar objects and little scope for differentiations. This risk also includes the capacity of existing buildings to deliver teaching and learning to students.

Finance risk – the risk of the Academy Trust not operating within its budget and running a deficit. Risks are linked to income not increasing at the same rate as inflation over the coming years. There are also risks in connection with the deficit on the Local Government Pension Scheme, although the Trustees are comfortable with the current level of employer contributions the Academy Trust is required to pay.

Fundraising

All schools raise funds for a number of registered charities. These funds are raised through sponsorship and donations, there is no obligation for any child/parent to donate and all funds and donations collected are given to the relevant charity in a timely manner.

Plans for future periods

It is the plan of the Trust to grow to 10/12 schools in total and we are looking to increase by another three in the next three years. We are mindful of slow and steady growth but at the same time are clear that the growth is needed to provide the Trust with on-going financial stability in the future. The Trust has a clear staff development plan and provides substantial in-house training to ensure that staff are trained ready to take up new positions as they arise. This strategy not only supports capacity for the future but ensures that highly skilled personnel move around the Trust rather than having to seek promotion elsewhere. The Trust also has a clear succession plan for key roles in the future.

Disclosure of information to auditors

In so far as the Trustees are aware:

- ♦ there is no relevant audit information of which the Trust's auditor is unaware; and
- ♦ the Trustees have taken all the steps 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.

This report, incorporating the Strategic report, was approved by order of the Board of Trustees on 16 December 2019 and signed on the Board's behalf by:



Scott Pinder
(Chair of Trustees)



Andrea Carter
(Accounting Officer)

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Connect Schools Academy 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 seven times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Andrea Carter, CEO	6	7
Sandra Clements	6	7
Scott George	7	7
Susan Hannay	6	7
Naureen Khalid	6	7
William Mitchell	6	7
Christopher Munday	7	7
Diane Moss (resigned 7 September 2019)	7	7
Scott Pinder	7	7
Marie Powell	3	3

Trust Audit and Resources Committee 2018/19

Trustee	Meetings attended	Out of a possible
Andrea Carter, CEO	3	3
Naureen Khalid	3	3
William Mitchell	3	3
Scott Pinder	3	3

Its purpose is to assess the risks the Academy Trust faces and introduce necessary controls and procedures to ensure that these risks are adequately managed

Governance (continued)

Trust Finance and Resources Committee 2018/19

Trustee	Meetings attended	Out of a possible
Andrea Carter, CEO	4	4
Scott George	4	4
William Mitchell	3	4
Christopher Munday	2	4
Scott Pinder	3	4
Marie Powell	2	2

Crofton Infant School and Junior School – attendance at Local Governing Body meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Ryan Boxall (Lead Finance Governor)	1	1
Catherine Byford	5	5
Beth Carley (resigned 31 August 2019)	4	4
Elizabeth Griffiths	4	6
Claire Harris (resigned 12 October 2018)	0	1
Naureen Khalid	5	6
Shibu Kurian	1	1
Polly Lockwood	6	6
Ann Massey	3	3
Kirsty Munro	4	6
Jade Onashoga	2	3
Susan Sargent	6	6
Neville Secular (resigned 12 October 2018)	1	1

Valley Primary School – attendance at Local Governing Body meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Ece Erol	3	3
Menna Helmy (resigned 14 February 2019)	1	1
Katey Hewitt	1	1
Stephen Jackson	3	3
William Mitchell (Lead Finance Governor)	3	3
Rachael Mole	2	2
Helen Randell (resigned 1 September 2019)	3	3
Toby Reid	3	3
Phil Ridgewell	2	3
Andrew Storey	3	3

Governance statement 31 August 2019

Governance (continued)

Raglan Primary School – attendance at Local Governing Body Meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Jessica Benning (resigned 31 August 2019)	5	6
Martin Daniels (Lead Finance Governor)	4	6
Alison Dumper	5	6
Rachael Ezinwa	3	6
James Faiers	5	6
Scott George	6	6
Kath Margetts	6	6
Giles Milton	5	6
Helena Smith	3	6

River Mill Primary School – attendance at Local Governing Body Meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Zarina Camal	1	1
Susan Hannay	1	1
Suzanne Leader	1	1
Mark Maddison	1	1
Christopher Middleton	1	1
Adepeju Mobaolarunduro	1	1
Daniel Pollitt	0	0
Dorina Read (Lead Finance Governor)	0	0
Nythan Smith	1	1

The Cage Green Local Governing Body did not meet during the 2018/19 academic year.

Trustees and Governors complete a skills audit annually and this informs any decision making about additional governance personnel needed. The Trustees have used the outcome of the audit to ensure that all the necessary skills needed are covered in terms of the Trust Board. There has not been an external governance review in the last year but there is one planned for the coming year.

Its purpose is to assess the risks the Academy Trust faces and introduce necessary controls and procedures to ensure that these risks are adequately managed.

Review of value for money

As Accounting Officer, the CEO 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 appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- ◆ Targeting resources in key subjects, such as literacy and numeracy, to include one to one support and small groups;
- ◆ Further increased capacity of Before and After School Clubs, to generate additional income and to satisfy parental demand;
- ◆ Regularly reviewing contracts and service level agreements;
- ◆ Ensuring appropriate procurement procedures have been undertaken when securing larger contracts;
- ◆ Developing curriculum led financial planning to provide a clear process for bench marking across the academies; and,
- ◆ Planning for the centralisation of finance across the Trust to ensure economies of scale.

The purpose of the system of internal control

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

Capacity to handle risk

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

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 Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ regular review of risks and controls.
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and for the year ended 31 August 2019 this service was provided for by Liberata UK Limited for Crofton Junior and Infant Schools and Wilkins Kennedy LLP for Raglan and Valley Schools.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a half yearly basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. No material weaknesses were identified this year.

The monitoring checks on the school systems help to ensure that appropriate systems are in place and are operating efficiently throughout the year, and narrative reports are issued to Trustees after each monitoring visit. This year we asked for an additional payroll audit as Trustees felt they needed additional information in this area.

Review of effectiveness

As Accounting Officer, the CEO 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;
- ◆ the work of the external auditors; and
- ◆ the work of the Senior Leadership Team within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

Governance statement 31 August 2019

Review of effectiveness (continued)

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

Approved by order of the Board of Trustees on 16 December 2019 and signed on its behalf by:



Scott Pinder
(Chair of Trustees)



Andrea Carter
(Accounting Officer)

Statement on regularity, propriety and compliance 31 August 2019

As Accounting Officer of Connect Schools Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding under the 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 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.

A J Cawk

Accounting Officer

Date: 16 December 2019

Statement of Trustees' responsibilities 31 August 2019

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- ◆ make judgments and accounting estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

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

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



Scott Pinder
Chair of Trustees
Date: 16 December 2019

Independent auditor's report on the financial statements to the Members of Connect Schools Academy Trust

Opinion

We have audited the financial statements of Connect Schools Academy Trust (the 'charitable company') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2018 to 2019.

In our opinion, the financial statements:

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

Basis for opinion

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

Other information (covering the reference and administrative details, the report of the Trustees and strategic report and the governance statement)

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

Other information (covering the reference and administrative details, the report of the Trustees and strategic report and the governance statement) (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Requirements of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

18 December 2019

Independent reporting accountant's assurance report on regularity to Connect Schools Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 11 February 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Connect Schools Academy Trust during the period from 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

Approach

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

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

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

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

Approach (continued)

The work undertaken to draw to our conclusion includes:

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

Conclusion

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

Use of our report

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

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 December 2019

Statement of financial activities (including income and expenditure account) Year to 31 August 2019

	Notes	Unrestricted general fund £	Restricted funds		2019 Total funds £	2018 Total funds £
			General £	Fixed assets fund £		
Income from:						
Donations and capital grants	1	48,245	—	197,671	245,916	80,849
Transfer on conversion	23	—	(878,212)	3,351,136	2,472,924	—
Transferred in on existing academies joining the Trust	24	—	—	—	—	10,934,619
Charitable activities:						
Funding for the Academy Trust's educational operations	2	1,160,613	10,994,727	—	12,155,340	8,662,400
Other trading activities	3	134,014	—	—	134,014	95,336
Investments	4	2,285	—	—	2,285	523
Total income		1,345,157	10,116,515	3,548,807	15,010,479	19,773,727
Expenditure on:						
Raising funds	5	—	—	—	—	703
Charitable activities:						
Academy Trust educational operations	6	—	12,755,518	493,378	13,248,896	9,266,311
Total expenditure	5	—	12,755,518	493,378	13,248,896	9,267,014
Net income / (expenditure) before transfers		1,345,157	(2,639,003)	3,055,429	1,761,583	10,506,713
Transfers between funds	16	(1,127,059)	1,137,375	(10,316)	—	—
Net income / (expenditure) after transfers		218,098	(1,501,628)	3,045,113	1,761,583	10,506,713
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension scheme	20	—	(1,562,000)	—	(1,562,000)	747,000
Net movement in funds		218,098	(3,063,628)	3,045,113	199,583	11,253,713
Reconciliation of funds						
Total fund balances brought forward at 31 August 2018		1,093,849	(1,026,372)	23,859,796	23,927,273	12,673,560
Total fund balances carried forward at 31 August 2019		1,311,947	(4,090,000)	26,904,909	24,126,856	23,927,273

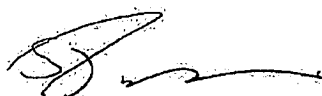
The notes on pages 40 to 58 form part of these financial statements.

Balance sheet 31 August 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible fixed assets	12		8,049		13,132
Tangible fixed assets	13		26,896,860		23,846,664
			<u>26,904,909</u>		<u>23,859,796</u>
Current assets					
Debtors	14	511,947		260,608	
Cash at bank and in hand		<u>1,516,565</u>		<u>1,624,173</u>	
		<u>2,028,512</u>		<u>1,884,781</u>	
Liabilities					
Creditors: amounts falling due within one year	15	<u>(676,565)</u>		<u>(750,304)</u>	
Net current assets			<u>1,351,947</u>		<u>1,134,477</u>
Total assets less current liabilities			<u>28,256,856</u>		<u>24,994,273</u>
Defined benefit pension scheme liability	20		<u>(4,130,000)</u>		<u>(1,067,000)</u>
Net assets including pension scheme liabilities			<u>24,126,856</u>		<u>23,927,273</u>
Funds of the Academy Trust					
Restricted funds					
· Restricted fixed asset fund	16		26,904,909		23,859,796
· Restricted income fund	16		40,000		40,628
· Pension reserve	16		<u>(4,130,000)</u>		<u>(1,067,000)</u>
Total restricted funds			<u>22,814,909</u>		<u>22,833,424</u>
Unrestricted income funds					
· General fund	16		1,311,947		1,093,849
· Designated fund	16		—		—
Total funds	16		<u>24,126,856</u>		<u>23,927,273</u>

The financial statements on pages 32 to 59 were approved by the board of Trustees, and authorised for issue on 16 December 2019 and are signed on its behalf by:

Scott Pinder
Chair of Trustees



The notes on pages 40 to 58 form part of these financial statements.

Connect Schools Academy Trust
Company Limited by Guarantee
Registration Number: 07824714 (England and Wales)

Statement of cash flows Year to 31 August 2019

		2019 £	2018 £
Cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(120,209)	495,650
Cash flows from investing activities	B	12,601	636,196
Change in cash and cash equivalents in the year		(107,608)	1,131,846
Cash and cash equivalents at 1 September 2018		1,624,173	492,327
Cash and cash equivalents at 31 August 2019	C	1,516,565	1,624,173

A Reconciliation of expenditure to net cash provided by operating activities

	Notes	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)		1,761,583	10,506,713
Adjustment for:			
Depreciation	13	488,295	378,171
Amortisation	12	5,083	—
Dividends, interest and rents from investments		(2,285)	(523)
Increase in debtors	14	(251,339)	(108,854)
(Decrease)/increase in creditors	15	(73,739)	477,575
Capital grants from DfE and other capital income		(197,671)	(30,822)
Defined benefit pension scheme cost less contributions payable	20	514,000	138,000
Defined benefit pension scheme finance cost	20	46,000	50,000
Transfer in of fixed assets	24	(3,351,136)	(10,820,274)
Transfer in of pension scheme liabilities	24	941,000	850,000
Transfer in of other assets and liabilities	24	—	(944,345)
Net cash (used in)/provided by operating activities		(120,209)	495,650

B Cash flow from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	2,285	523
Purchase of intangible fixed assets	—	(15,250)
Purchase of tangible fixed assets	(187,355)	(324,244)
Capital grants from DfE Group	197,671	30,822
Cash funds transferred in to the Trust	—	944,345
Net cash provided by/(used in) investing activities	12,601	636,196

C Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,516,565	1,624,173
	1,516,565	1,624,173

Accounting policies

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

Basis of preparation of financial statements

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

Connect Schools Academy Trust constitutes a public benefit entity as defined by FRS 102.

Going concern

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

Income

All income is 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Income (continued)

Donations

Donations are recognised on a receivable basis where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income to the net assets received.

Where assets are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass in the Trust, which is on signing of the transfer agreement with the transferring Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within income from donations and capital grants.

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.

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.

Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost of value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Intangible fixed assets and amortisation (continued)

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

- ♦ Computer software 3 years

Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised. Where assets are purchased in bulk there is a bulk purchase capitalisation threshold of £5,000.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets on a straight line basis, less their estimated residual value, over their expected useful lives on the following bases:

- ♦ Freehold property 2%
- ♦ Long term leasehold property 2%
- ♦ Furniture and fixtures 20%
- ♦ Computer equipment 33.33%

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 incorporating income and expenditure account.

Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Operating leases

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

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.

Pensions benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- ◆ The net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the Directors' assessment of the estimated useful economic lives of such assets. The basis of the original valuation of the long leasehold properties (which from 1 September 2014, the date of transition to FRS 102, were deemed to be equal to cost) is disclosed in note 13 of the accounts.

Notes to the financial statements Year to 31 August 2019

1 Income from donations and capital grants

	Unrestricted funds £	Restricted funds £	2019 Total funds £
2019			
Donations	48,245	—	48,245
Capital grants	—	197,671	197,671
	48,245	197,671	245,916
	Unrestricted funds £	Restricted funds £	2018 Total funds £
2018			
Donations	50,027	—	50,027
Capital grants	—	30,822	30,822
	50,027	30,822	80,849

2 Funding for Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2019 Total funds £
2019			
DfE / ESFA grants			
. General Annual Grant (GAG)	—	9,046,317	9,046,317
. Start up Grants	—	275,339	275,339
. Other DfE / ESFA grants	—	763,203	763,203
	—	10,084,859	10,084,859
Other government grants			
. Local authority grants	—	902,092	902,092
. Special educational projects	—	7,776	7,776
	—	909,868	909,868
Other income from the Academy Trust's educational operations			
PE and Sports Grant	82,770	—	82,770
Before and after school club	716,176	—	716,176
School trips	156,551	—	156,551
Pre-school	104,269	—	104,269
Catering	100,847	—	100,847
	1,160,613	—	1,160,613
2019 total funds	1,160,613	10,994,727	12,155,340

2 Funding for academy's educational operations (continued)

	Unrestricted funds £	Restricted funds £	2018 Total funds £
2018			
<i>DfE / ESFA grants</i>			
· General Annual Grant (GAG)	—	6,799,186	6,799,186
· Other DfE / ESFA grants	—	649,568	649,568
	<u>—</u>	<u>7,448,754</u>	<u>7,448,754</u>
<i>Other government grants</i>			
· Local authority grants	—	410,683	410,683
	<u>—</u>	<u>410,683</u>	<u>410,683</u>
<i>Other income from the Academy Trust's educational operations</i>			
Before and after school club	426,389	—	426,389
School trips	185,926	—	185,926
Pre-school	107,410	—	107,410
Catering	54,885	—	54,885
Other income	28,353	—	28,353
	<u>802,963</u>	<u>—</u>	<u>802,963</u>
2018 total funds	<u>802,963</u>	<u>7,859,437</u>	<u>8,662,400</u>

3 Income from other trading activities

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Catering profit share	69,965	—	69,965
Lettings	53,234	—	53,234
Other	10,815	—	10,815
	<u>134,014</u>	<u>—</u>	<u>134,014</u>

	Unrestricted funds £	Restricted funds £	2018 Total funds £
Catering profit share	42,957	—	42,957
Lettings	39,256	—	39,256
Other	13,123	—	13,123
	<u>95,336</u>	<u>—</u>	<u>95,336</u>

Notes to the financial statements Year to 31 August 2019

4 Investment income

	Unrestricted funds £	Restricted funds £	2019 Total funds £
2019			
Interest receivable	2,285	—	2,285
	2,285	—	2,285

	Unrestricted funds £	Restricted funds £	2018 Total funds £
2018			
Interest receivable	523	—	523
	523	—	523

5 Expenditure

		Non pay expenditure		
	Staff costs (note 9) £	Premises £	Other costs £	2019 Total funds £
2019				
Expenditure on raising funds				
· Direct costs	—	—	—	—
Academy's educational operations (note 6):				
· Direct costs	7,945,463	493,379	804,776	9,243,618
· Support costs	1,979,153	778,732	1,247,393	4,005,278
	<u>9,924,616</u>	<u>1,272,111</u>	<u>2,052,169</u>	<u>13,248,896</u>
		Non pay expenditure		
	Staff costs (note 9) £	Premises £	Other costs £	2018 Total funds £
2018				
Expenditure on raising funds				
· Direct costs	—	—	703	703
Academy's educational operations (note 6):				
· Direct costs	5,753,259	242,529	700,337	6,696,125
· Support costs	1,336,752	428,694	804,740	2,570,186
	<u>7,090,011</u>	<u>671,223</u>	<u>1,505,780</u>	<u>9,267,014</u>

	2019 Total funds £	2018 Total funds £
Net income/(expenditure) is stated after charging:		
Depreciation of tangible fixed assets	488,295	376,053
Amortisation of intangible fixed assets	5,083	2,118
Auditors' remuneration – audit	14,000	12,540
Auditors' remuneration – other services	5,400	2,660
Operating lease rentals	26,616	17,965

6 Charitable activities

	2019 Total funds £	2018 Total funds £
Direct costs – educational operations	9,243,618	6,696,125
Support costs – educational operations (see below)	4,005,278	2,570,186
	13,248,896	9,266,311

	2019 Total funds £	2018 Total funds £
Analysis of support costs		
Support staff costs	1,979,153	1,336,752
Technology costs	182,492	97,756
Premises costs	778,732	420,465
Other support costs	1,037,513	715,213
Governance costs	27,388	143,759
Total support costs	4,005,278	2,713,945

Support staff costs include service costs and net finance charges arising from the Local Government Pension Scheme valuation of £560,000 (2018 - £188,000).

Notes to the financial statements Year to 31 August 2019

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2018 between restricted and unrestricted funds:

	Unrestricted general fund £	Restricted funds		2018 Total funds £
		General £	Fixed assets fund £	
Income from:				
Donations and capital grants	50,027	—	30,822	80,849
Transfer on academies joining the Trust conversion	897,345	(783,000)	10,820,274	10,934,619
Charitable activities:				
· Funding for the Academy Trust's educational operations	802,963	7,859,437	—	8,662,400
Other trading activities	95,336	—	—	95,336
Investments	523	—	—	523
Total income	1,846,194	7,076,437	10,851,096	19,773,727
Expenditure on:				
Raising funds	703	—	—	703
Charitable activities:				
· Academy Trust educational operations	593,941	8,294,199	378,171	9,266,311
Total expenditure	594,644	8,294,199	378,171	9,267,014
Net income / (expenditure) before transfers	1,251,550	(1,217,762)	10,472,925	10,506,713
Transfers between funds	(421,521)	112,849	308,672	—
Net income / (expenditure) after transfers	830,029	(1,104,913)	10,781,597	10,506,713
Other recognised gains and losses				
Actuarial gains on defined benefit pension scheme	—	747,000	—	747,000
Net movement in funds	830,029	(357,913)	10,781,597	11,253,713
Reconciliation of funds				
Total fund balances brought forward at 31 August 2017	263,820	(668,459)	13,078,199	12,673,560
Total fund balances carried forward at 31 August 2018	1,093,849	(1,026,372)	23,859,796	23,927,273

8 Central services

The Academy Trust has provided the following central services to its academies during the year:

- ◆ School improvement plan
- ◆ Financial and budgeting support
- ◆ Compliance and statutory policies
- ◆ Health and safety checks
- ◆ Procurement services to ensure value for money

The Academy Trust charges for these services on the following basis:

A charge of £110 per pupil for schools that are graded good or outstanding by Ofsted and £150 per pupil for schools that are graded as requiring improvement by Ofsted.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Crofton Junior School	78,650	71,700
Crofton Infant School	61,050	55,400
Valley Primary School	52,580	27,533
Raglan Primary School	48,400	14,667
Cage Green Primary School	8,825	—
Total	249,505	169,300

9 Staff

(a) Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	7,298,919	5,556,028
Social security costs	679,599	433,601
Pension costs	1,816,603	1,042,515
	9,795,121	7,032,144
Agency staff costs	128,495	57,867
Staff restructuring costs	1,000	—
	9,924,616	7,090,011

9 Staff (continued)

(b) Staff numbers (continued)

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

	2019 No.	2018 No.
Teachers	136	107
Administration and support	242	255
Management	27	16
	405	378

(c) Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	1	—
£70,001 - £80,000	4	2
£80,001 - £90,000	1	—
£90,001 - £100,000	1	1
£100,0001 - £110,000	1	—

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019, pension contributions for these staff amounted to £64,242 (2018 – £41,350).

(d) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team. The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their services to the Academy Trust was £579,024 (2018 – £493,354).

10 Related party transactions – Trustees' remuneration and expenses

The Executive Head Teacher has been paid remuneration from her employment with the Academy Trust. She only receives remuneration in respect of services she provides undertaking the role of Executive Head Teacher under her contract of employment, and not in respect of her role as Trustee. The value of Trustees' remuneration was as follows:

	2019 £	2018 £
A Carter, Executive Head Teacher		
Remuneration	100,000 – 105,000	95,000 – 100,000
Employer's pension contributions	15,000 – 20,000	15,000 – 20,000

During the year ended 31 August 2019, two Trustees received reimbursement of travel expenses totalling £395 (2018 - £nil).

11 Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover between £1,000,000 and £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £500 (2018 - £2,000).

12 Intangible fixed assets

	Computer software £	2019 Total funds £
Cost		
At 1 September 2018	15,250	15,250
Additions	—	—
At 31 August 2019	15,250	15,250
Amortisation		
At 1 September 2018	2,118	2,118
Charge for the year	5,083	5,083
At 31 August 2019	7,201	7,201
Net book value		
At 31 August 2019	8,049	8,049
At 31 August 2018	13,132	13,132

13 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total funds £
Cost or valuation					
At 1 September 2018	14,038,887	10,993,587	882,718	709,721	26,624,913
Donated assets on conversion	3,351,136	—	—	—	3,351,136
Additions	—	68,843	63,207	55,305	187,355
At 31 August 2019	17,390,023	11,062,430	945,925	765,026	30,163,404
Depreciation					
At 1 September 2018	798,660	928,802	486,387	564,400	2,778,249
Charge for the year	127,863	150,244	114,147	96,041	488,295
At 31 August 2019	926,523	1,079,046	600,534	660,441	3,266,544
Net book value					
At 31 August 2019	16,463,500	9,983,384	345,391	104,585	26,896,860
At 31 August 2018	13,240,227	10,064,785	396,331	145,321	23,846,664

Included in land and building is freehold land at a valuation of £7,645,723 (2018 - £7,645,723) and leasehold land at a valuation of £3,393,010 (2018 - £3,393,010), which are not depreciated.

Notes to the financial statements Year to 31 August 2019

14 Debtors

	2019 £	2018 £
Trade debtors	31,784	30,999
VAT debtor	180,792	63,776
Other debtors	42,762	3,358
Prepayments and accrued income	256,609	162,475
	511,947	260,608

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	140,156	256,009
Other taxation and social security	31,086	31,086
Other creditors	98,493	21,416
Accruals and deferred income	406,830	441,793
	676,565	750,304
Deferred income		
Deferred income at 1 September 2018	242,352	137,240
Incoming resources deferred during the year	(242,352)	(137,240)
Released from previous years	250,335	242,352
Deferred income at 31 August 2019	250,335	242,352

The deferred income included above relates to the following:

	2019 £	2018 £
ESFA universal infant free school meal funding	240,476	210,636
ESFA rates grant	—	5,752
ESFA MAT funding	—	15,339
Before and after school club income	2,337	8,771
Other	7,522	1,854
	250,335	242,352

At the balance sheet date the Academy Trust was holding funds of £7,522 received in advance for lettings booked for the autumn term 2019.

16 Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (losses) £	Balance at 31 August 2019 £
Restricted general funds					
· General Annual Grant (GAG)	13,628	9,046,317	(10,197,320)	1,137,375	—
· Start up grant	—	275,339	(235,339)	—	40,000
· Pupil premium	—	370,293	(370,293)	—	—
· Donated current assets on conversion	—	62,788	(62,788)	—	—
· Other DfE/ESFA grants	27,000	1,302,778	(1,329,778)	—	—
· Pension reserve	(1,067,000)	(941,000)	(560,000)	(1,562,000)	(4,130,000)
	<u>(1,026,372)</u>	<u>10,116,515</u>	<u>(12,755,518)</u>	<u>(424,625)</u>	<u>(4,090,000)</u>
Restricted fixed asset funds					
· Transfer on conversion	—	3,351,136	—	—	3,351,136
· DfE/ESFA capital grants	—	136,955	—	(136,955)	—
· Fixed assets	23,859,796	60,716	(493,378)	126,639	23,553,773
Total restricted funds	<u>23,859,796</u>	<u>3,548,807</u>	<u>(493,378)</u>	<u>(10,316)</u>	<u>26,904,909</u>
Unrestricted funds					
· General funds	1,093,849	1,345,157	—	(1,127,059)	1,311,947
Total unrestricted funds	<u>1,093,849</u>	<u>1,345,157</u>	<u>—</u>	<u>(1,127,059)</u>	<u>1,311,947</u>
Total funds	<u>23,927,273</u>	<u>15,010,479</u>	<u>(13,248,896)</u>	<u>(1,562,000)</u>	<u>24,126,856</u>

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

- ◆ General Annual Grant must be used for the normal running cost of the Academy Trust.
- ◆ The other DfE/ESFA grants fund is used to track non-GAG grants received from the ESFA, the DfE or executive agencies of the DfE, and includes Pupil Premium and Universal Infant Free School Meal grant money and related expenditure.
- ◆ The other government grants fund is used to track grants provided by government departments and includes the individually Assigned Recourses Funding.
- ◆ The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.
- ◆ The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfers of £691,726 from the unrestricted fund represent the total capital expenditure from that fund during the year.

16 Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Crofton Infant School	311,699	154,204
Crofton Junior School	274,506	227,057
Valley Primary School	448,763	478,163
Raglan Primary School	393,848	320,250
Cage Green Primary School	13,000	—
Central Trust department	(89,869)	(45,197)
Total before fixed asset fund and pension reserve	1,351,947	1,134,477
Restricted fixed asset fund	26,904,909	23,859,796
Pension reserve	(4,130,000)	(1,067,000)
Total	24,126,856	23,927,273

The central Trust department is carrying a net deficit on its portion of the funds as follows:

	Amount of deficit £
Central Trust department	89,869

The central Trust department deficit is associated with costs incurred from on-going partnership work with other schools. As the Trust grows, this will reduce.

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
Crofton Infant School	1,773,368	410,050	136,331	429,574	2,749,323
Crofton Junior School	1,937,436	397,143	281,776	423,361	3,039,716
Valley Primary School	1,736,936	384,017	119,175	532,926	2,773,054
Raglan Primary School	1,571,569	308,036	177,114	363,528	2,420,247
Cage Green Primary School	298,690	26,444	22,155	44,733	392,022
Central Trust department	501,489	579,437	40,429	259,801	1,381,156
Total funds	7,819,488	2,105,127	776,980	2,053,923	12,755,518

16 Statement of funds (continued)

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £
Crofton Infant School	1,914,506	338,270	79,794	437,660	2,770,230
Crofton Junior School	2,019,582	338,314	268,037	352,289	2,978,222
Valley Primary School	1,120,484	258,933	115,248	256,732	1,751,397
Raglan Primary School	526,590	86,641	71,251	86,529	771,011
Central Trust department	195,752	126,594	6,710	100,927	429,983
Total funds	5,776,914	1,148,752	541,040	1,234,137	8,700,843

Statement of funds – prior year

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2018 £
Restricted general fund						
General Annual Grant (GAG)	72	6,799,186	(6,965,479)	179,849	—	13,628
Other DfE/ESFA grants	105,106	649,568	(727,674)	—	—	27,000
Other government grants	2,363	410,683	(413,046)	—	—	—
Transferred in on existing Academies joining the Trust	—	(783,000)	—	783,000	—	—
Pension reserve	(776,000)	—	(188,000)	(850,000)	747,000	(1,067,000)
	<u>(668,459)</u>	<u>7,076,437</u>	<u>(8,294,199)</u>	<u>112,849</u>	<u>747,000</u>	<u>(1,026,372)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	—	30,822	—	(30,822)	—	—
Tangible fixed assets	13,078,199	—	(378,171)	11,159,768	—	23,859,796
Transfer in on existing academies joining the Trust	—	10,820,274	—	(10,820,274)	—	—
	<u>13,078,199</u>	<u>10,851,096</u>	<u>(378,171)</u>	<u>308,672</u>	<u>—</u>	<u>23,859,796</u>
Total restricted funds	12,409,740	17,927,533	(8,672,370)	421,521	747,000	22,833,424
Unrestricted funds						
General funds	263,820	948,849	(594,644)	475,824	—	1,093,849
Transferred in on existing academies joining the Trust	—	897,345	—	(897,345)	—	—
Total unrestricted funds	263,820	1,846,194	(594,644)	(421,521)	—	1,093,849
Total funds	12,673,560	19,773,727	(9,267,014)	—	747,000	23,927,273

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds 2019 £
Intangible fixed assets	—	—	8,049	8,049
Tangible fixed assets	—	—	26,896,860	26,896,860
Current assets	1,311,947	716,565	—	2,028,512
Creditors due within one year	—	(676,565)	—	(676,565)
Pension liability	—	(4,130,000)	—	(4,130,000)
	<u>1,311,947</u>	<u>(4,090,000)</u>	<u>26,904,909</u>	<u>24,126,856</u>

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds 2018 £
Intangible fixed assets	—	—	13,132	13,132
Tangible fixed assets	—	—	23,846,664	23,846,664
Current assets	1,018,743	866,038	—	1,884,781
Creditors due within one year	75,106	(825,410)	—	(750,304)
Pension liability	—	(1,067,000)	—	(1,067,000)
	<u>1,093,849</u>	<u>(1,026,372)</u>	<u>23,859,796</u>	<u>23,927,273</u>

18 Commitments under operating leases

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

	2019 £	2018 £
Amounts due within one year	18,396	11,676
Amounts due between one and five years	14,630	5,251
	<u>33,026</u>	<u>16,927</u>

19 Members' liability

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

20 Pension commitments

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 London Borough of Bromley. Both are multi-employer defined benefit pension schemes.

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

Contributions amounting to £16,545 were payable to the schemes at 31 August 2019 (2018 - £18,125) and are included within creditors.

20 Pension commitments (continued)

Teachers' Pension Scheme (TPS)

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion, giving a notional past service deficit of £22 billion.

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

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

The employer's pension costs paid to TPS in the period amounted to £714,000 (2018 – £519,000).

20 Pension commitments (continued)

Local Government Pension Scheme

The LGPS is funded defined benefit scheme, with assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £757,000 (2018 - £554,000), of which employer's contributions totalled £606,000 (2018 - £443,000) and employees' contributions totalled £151,000 (2018 - £111,000). The agreed contribution rates for future years are 23.3% for employers and 5.5 to 12.5% for employees.

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

Principal Actuarial Assumptions	2019	2018
Discount rate for scheme liabilities	1.80%	2.80%
Rate of increase in salaries	3.55%	3.60%
Rate of increase for pensions in payment/inflation	2.15%	2.20%
Inflation assumption (CPI)	2.15%	2.10%

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

	2019 Years	2018 Years
Retiring today		
Males	23.4	23.4
Females	26.1	26.1
Retiring in 20 years		
Males	26.1	26.1
Females	28.4	28.4

	At 31 August 2019 £	At 31 August 2018 £
Sensitivity analysis – net increase in liability		
Discount rate +0.1%	(270,000)	201,000
Discount rate -0.1%	277,000	N/A
Mortality assumption – 1 year increase	231,000	(109,000)
Mortality assumption – 1 year decrease	(225,000)	N/A
CPI rate +0.1%	270,000	(147,000)
CPI rate -0.1%	(263,000)	N/A

20 Pension commitments (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	4,582,000	3,348,000
Gilts	—	325,000
Bonds	884,000	325,000
Property	371,000	170,000
Cash and other liquid assets	99,000	—
Other	1,232,000	985,000
Total market value of assets	7,168,000	5,153,000
Present value of scheme liabilities		
Funded	(11,298,000)	(6,220,000)
Deficit in the scheme	(4,130,000)	(1,067,000)

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

	2019 £	2018 £
Current service cost	(835,000)	(589,000)
Past service cost	(248,000)	22,000
Interest income	—	95,000
Interest cost	(22,000)	(145,000)
Admin expenses	(18,000)	(14,000)
Liability transferred in to the Trust	(941,000)	(850,000)
Total	(2,064,000)	(1,481,000)

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

	2019 £	2018 £
Defined benefit obligation at 1 September 2018	6,220,000	2,816,000
Transferred in on existing academies joining the Trust	1,854,000	3,089,000
Current service cost	835,000	589,000
Interest cost	183,000	145,000
Employee contributions	151,000	111,000
Actuarial losses (gains)	1,826,000	(470,000)
Benefits paid	(52,000)	(38,000)
Past service costs	281,000	(22,000)
Defined benefit obligation at 31 August 2019	11,298,000	6,220,000

20 Pension commitments (continued)

Local Government Pension Scheme (continued)

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

	2019 £	2018 £
Fair value of scheme assets at 1 September 2018	5,153,000	2,040,000
Transferred in on existing academies joining the Trust	913,000	2,239,000
Interest income	151,000	95,000
Actuarial gains	264,000	277,000
Employer contributions	606,000	443,000
Employee contributions	151,000	111,000
Benefits paid	(52,000)	(38,000)
Admin expense	(18,000)	(14,000)
Fair value of scheme assets at 31 August 2019	7,168,000	5,153,000

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 Trustees has an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Trust's regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Income related party transactions

During the year Crofton Infant School received £18,916 (2018: £12,320) from the Crofton Infant School PTA, Crofton Junior School received £45,944 (2018: £9,474) from the Crofton Junior School PTA, Cage Green Primary School received £11,183 from the Cage Green Primary School PTA, Raglan Primary School received £19,666 (2018: £nil) from the Friends of Raglan, and Valley Primary School received £16,395 (2018: £nil) from the Valley Primary School PTA.

During the year ended 31 August 2018, received £2,000 from the DfE for consultancy work carried out by D Moss, a member until 7 September 2018 and a Trustee, in her role as a National Leader of Governance. This arrangement existed because the DfE were unable to make payments to D Moss personally and all amounts received by the Trust have been passed on to her.

Expenditure related party transactions

Connect Schools Academy Trust paid £41,140 (2018: £nil) to St George's Church Hall for rental costs relating to the use of the hall by St George's Pre-School from 1 September 2018. The Rev Richard Norman, who is a member of the Trust, is a member of St George's Church, Bickley.

There are no other related party transactions to disclose.

22 Controlling party

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the board of Trustees. There is no ultimate controlling party.

23 Transfer on conversion

On 1 July 2019, Cage Green Primary School converted to academy status as part of Connect Schools Academy Trust.

	Value reporting by transferring Trust £	Fair value adjustments £	Transfer in recognised £
Cage Green Primary School			
Tangible fixed assets			
Freehold land and buildings	3,351,136	—	3,351,136
Budget surplus on LA funds	62,788	—	62,788
Pensions			
Pensions – pension scheme assets	913,000	—	913,000
Pensions – pension scheme liabilities	(1,854,000)	—	(1,854,000)
Net assets	2,472,924	—	2,472,924

24 Transfers of existing academies into the Academy Trust

In the year ending 31 August 2018, two existing academies transferred into the Academy Trust.

	Value reporting by transferring Trust £	Fair value adjustments £	Transfer in recognised £
Valley Primary School			
Tangible fixed assets			
Long-term leasehold property	4,687,763	—	4,687,763
Computer equipment	27,651	—	27,651
Debtors due after one year	109,828	—	109,828
Cash in bank and in hand	472,837	—	472,837
Liabilities			
Creditors due within one year	(77,803)	—	(77,803)
Pensions			
Pensions – pension scheme assets	1,256,000	—	1,256,000
Pensions – pension scheme liabilities	(1,753,000)	—	(1,753,000)
Net assets	4,723,276	—	4,723,276

24 Transfers of existing academies into the Academy Trust (continued)

	Value reporting by transferring Trust £	Fair value adjustments £	Transfer in recognised £
Raglan Primary School			
Tangible fixed assets			
Freehold property	5,987,100	—	5,987,100
Fixtures and fittings	77,632	—	77,632
Computer equipment	40,540	—	40,540
Debtors due after one year	99,479	—	99,479
Cash in bank and in hand	628,918	—	628,918
Liabilities			
Creditors due within one year	(269,326)	—	(269,326)
Pensions			
Pensions – pension scheme assets	983,000	—	983,000
Pensions – pension scheme liabilities	(1,336,000)	—	(1,336,000)
Net assets	6,211,343	—	6,211,343

25 Post balance sheet events

River Mill Primary School opened as an academy within Connect Schools Academy Trust on 1 September 2019.