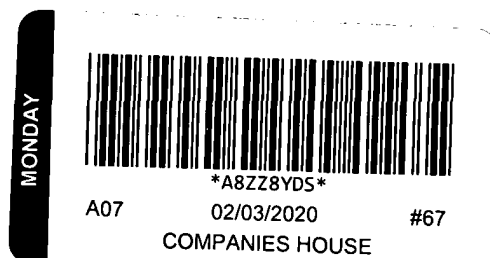

PRESDALES SCHOOL ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	D Allchin (appointed 10 October 2018) K Freed (appointed 10 October 2018) E Godfrey (appointed 10 October 2018) A Henshall (appointed 10 October 2018)
Trustees	P S Abraham K V Belinis O Bishi P J Dougherty M P Dunstan P Edwards (resigned 31 March 2019) H L Freed, Chair J Y J Harvey, Vice Chair G R Hayter A Hobson M A Robinson M Stanley (End of term 10 October 2018) M A Waller M L Warren, Headteacher (End of term 10 October 2018) M J Yates (End of term 10 October 2018) N B Denison (appointed 1 September 2019) J Salter (appointed 1 September 2019)
Company registered number	07990029
Company name	Presdales School Academy Trust
Principal and registered office	Hoe Lane Ware Herts SG12 9NX
Company secretary	K C Paxton
Senior leadership team	Mr M L Warren, Headteacher Ms K Chandler, Assistant Headteacher Mrs S Inwood, Assistant Headteacher Miss S Jennings, Assistant Headteacher Mrs S Miller, Deputy Headteacher Mrs J Stephenson, Deputy Headteacher Mrs M Stanley, Business Manager Mrs E Sykes, Assistant Headteacher

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent Auditor Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor
Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Bankers Lloyds PLC
5-6 Market Place
Hertford
SG14 1DS

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Presdales School Academy Trust (the Academy) for the period 01 September 2018 to 31 August 2019. The Trustees confirm that the Annual Report and Financial Statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purpose of both a Trustees' report and a Directors' report under company law.

Presdales School is an academy for girls aged 11-18, with boys welcome in the sixth form, serving a catchment area in Ware, Hertford and surrounding areas. The Pupil Admission Number (PAN) was increased to 180 giving a total capacity of 900 at Key Stages 3 and 4 with 867 students on roll in the school census in January 2018, plus 254 students at Key Stage 5.

Structure, Governance and Management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity which was set up by a Memorandum of Association on 14 March 2012.

The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The Articles of Association were revised in October 2018 to reflect the size and structure preferred by ESFA, separating the roles of members and trustees. Members of staff no longer serve as Trustees.

The Trustees of Presdales School Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is also known as Presdales School Academy Trust

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. Members' Liability

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

c. Trustees' Indemnities

The academy purchased insurance from Marsh Insurance Limited until 31 March 2019, and subsequently joined the Risk Protection Arrangement to protect Trustees and Officers from claims arising from negligent acts, errors or omissions whilst on academy business

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, Governance and Management (continued)

d. Method of Recruitment and Appointment or Election of Trustees

The management of the Academy is the responsibility of the Trustees who are elected and co opted under the terms of the Trust deed.

There are a minimum of 2 and maximum of 4 Trustees who are elected onto the board by parents. They are elected by parents of pupils registered at the Academy through a formal process following notification of vacancies and invitation of nominations. All parents and carers of students at the academy are eligible to stand, except those who are also members of staff at the Academy.

Members appoint up to 3 Trustees and 6 Trustees may be co-opted by the Board of Trustees. Potential new Trustees are requested to submit a CV and meet with the Chair and Vice Chair of Trustees and the Headteacher. When appropriate, the Chair, Vice Chair and Headteacher will make a recommendation to the board for an appointment. Care is taken to ensure a balance and mix of skills required for the proper running of the academy and this will be given weight when assessing a new appointment. New Trustees are often drawn from the local community and recruitment is through a combination of approaches to individuals with known skills, the use of School Trustees One Stop Shop and other agencies and by contacts received at the academy from interested parties.

e. Policies Adopted for the Induction and Training of Trustees

New Trustees meet with the Chair of the Board to discuss their role. They are strongly encouraged to attend induction training through Herts for Learning, with whom the academy contracts for school improvement training and services. All new Trustees are given a mentor for their first year on the board. The mentor is an existing member of the Board who can offer support and guidance where appropriate.

Ongoing training is available for all Trustees and specific in house training events have been arranged throughout the year. An annual Governor Performance Review was introduced in June 2013 to analyse training and activity undertaken with a view to identifying skill/training gaps which can be filled through appropriate training or mentoring.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, Governance and Management (continued)

f. Organisational Structure

The Trustees have responsibility for setting and monitoring the overall strategic direction and objectives of the charitable company. The Board of Trustees meets six times each year.

The work of the Board of Trustees is shared amongst two committees:

- Students
- Resources (including the function of the Audit Committee)

Committees meet five or six times each year to consider detailed matters and recommend decisions to the full board. A nominated Assistant Head/Senior Leader attends most committee meetings to provide information and to aid liaison with the Senior Leadership Team.

In addition, a committee designated the Chairs Group comprising the Chair of Trustees, Vice Chair, Chairs of the two committees and the Headteacher meets at least termly, and as required, to organise business, make recommendations to the Board of Trustees and to consider strategic matters.

A scheme of financial delegation is in place that allows budgetary responsibility to be delegated through the Headteacher to the lowest level.

Trustees are responsible for setting general policy, approving the School Improvement Plan, approving the annual budget and making major decisions about the direction of the school. Decisions are taken at meetings of the full Board of Trustees following consideration of reports and recommendations from Trustees' committees and the Headteacher.

Responsibility for managing the school on a day-to-day basis is delegated to the Headteacher, who also acts as the Accounting Officer. The Headteacher will implement the policies approved by Trustees and report to Trustees through the various sub committees and at full Board meetings.

A committee of Trustees with the participation of an external adviser undertakes the annual performance review of the Headteacher and monitors performance and achievements against targets.

Individual Trustees assume responsibility for particular areas such as Health and Safety, SEND, Pupil Premium, Safeguarding and GDPR.

Trustees are encouraged to, and do, participate fully in the work of the committees and the Board of Trustees.

g. Arrangements for setting pay and remuneration of key management personnel

The Board of Trustees gives due consideration to national guidance for the setting of staff salaries and will ensure that all key management personnel receive a salary review as part of the annual performance management process. On completion of this process, any pay awards, if due, will be made in accordance with the school pay policy.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, Governance and Management (continued)

h. Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time	£
--	----------

Total cost of facility time	-
Total pay bill	4,842,436
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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Objectives and Activities

a. Objects and Aims

Presdales School is a six form entry all ability school which became an Academy on 1st April 2012 for girls aged eleven to eighteen, with boys welcome in the sixth form. The school's principal activity is to advance, for the public benefit, education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The School will also support the provision of recreational facilities for the local community. The Trust was incorporated on 14 March 2012 and converted to an Academy School under the Trust on 1 April 2012.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities (continued)

b. Objectives, Strategies and Activities

Presdales School aims to provide an outstanding education that enables all students, regardless of their background and starting point, to achieve and surpass their academic potential. We are committed to the development of independent minded young women who have active and creative minds. We expect our students to acquire a sense of understanding and compassion for one another and to have courage to act on their beliefs.

We will equip our students with the skills and attributes to empower them to lead happy and successful lives, enabling them to make a meaningful contribution to our global society.

Our vision is of a school which values pupils of all ages and abilities and helps them to exceed expectations through high quality teaching and learning and access to a wide variety of activities which enrich their education and personal development beyond the classroom.

The school offers a broad and balanced curriculum which exceeds the basic requirements of the National Curriculum by offering increased opportunities to all students.

Our objectives for the school focus on six main strands:

1. To ensure the highest achievement for all students
2. To further improve the quality of Teaching and Learning at Presdales School
3. To further improve the quality of pastoral care in the school
4. To ensure the highest quality of Leadership and Management
5. To develop an outstanding sixth form for all
6. To ensure the highest quality resources and environment

c. Public Benefit

In setting objectives and planning activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees are satisfied that the academy has complied with its requirement for the public benefit for the education of girls in the Ware, Hertford and surrounding areas in accordance with its charitable purpose, which can be demonstrated by the continued excellent examination results achieved by students of this academy.

In addition, the School maintains links with a number of local primary schools by providing curricular support in Physical Education and sports and recreational facilities are made available for public use. The School has recently been accepted by the DfE as one of 9 Language Hubs in the country sharing our wealth of expertise with four other schools in the local area

The Academy follows the coordinated admissions arrangements for single sex schools previously designed by Hertfordshire County Council.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Report

Achievements and Performance

a. Key Performance Indicators

Ofsted Inspections

The School was rated 'outstanding' at the last four inspections and confirmed as such by letter in 2011.

Admissions/Pupil numbers

The School's excellent reputation ensures that it remains very popular in the local area and is consistently over subscribed for admissions into Year 7. There were 615 applications for September 2018, with 182 places offered

Attendance

The School's attendance rate for 2018/19 was 96.1% which is above average for secondary schools.

Examination results

The School continues to achieve results well above the national average:

GCSE	August 2017 (validated)	August 2018 (unvalidated)	August 2019 (provisional)
Attainment 8	56.76	58.15	59.90
% students achieving 4+ in both En and Ma	85%	92%	93%
% students achieving 5+ in both En and Ma	60.0%	69.0%	71.6%
% entered for Ebacc	88.00%	80.72%	86.40%
% achieving EBacc at 4+	67.00%	69.28%	72.00%
% A*/A/9-7 grades	35.00%	38.32%	38.30%
Ebacc APS for all students	NA	5.66	5.82

A level	August 2017	August 2018	August 2018
Average points score per entry (A2 only)	39.08	39.67	36.46
Expressed as a grade	B	B	B

Financial Performance Indicators

The academy spent 82% of its total income on staff costs. Of the total salary spend, teachers' salaries account for 78% and support staff account for 22%.

Recruitment and Retention of Staff

Despite difficulties in the local area the school remains fully staffed and has been able to recruit high quality teaching staff. The turnover of staff is in line with expectations.

Teaching and Learning

The school follows the National Curriculum at KS3 and KS4. Students have the opportunity to study 2 languages in Year 7, including Russian and Italian. The average Pupil/Teacher ratio is 16.1 against a benchmark figure of 15 and teaching staff costs account for approximately 70% of the academy's GAG income.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Report (continued)

Achievements and Performance (continued)

Destination of Year 13 Leavers

	August 2015	August 2016	August 2017	August 2018	August 2019
Total number of students in year	109	126	117	115	130
Percentage in Higher Education	76%	77%	64%	78%	77%
Percentage in Further education and Higher Apprenticeships	13%	3%	13%	15%	5%
Percentage in any other category (eg gap year students, Year 14, employment)	11%	17%	23%	7%	18%

Other Achievements

During the period under review the following objectives have been achieved:

- Improved GCSE and A level results
- Students have participated in a very wide range of extra curricular activities including sports, musical concerts, and drama performances
- A successful World Challenge expedition to Vietnam and Laos was completed
- Students have participated in wide range of school trips to support their learning outside the classroom
- The sum of £9,388.60 was raised for Fanconi Hope which was the school's 2018 chosen charity.
- A successful first year following the introduction of our new House system
- Introduction of new technologies to support learning e.g. Edulink, Google classroom
- Work started towards the Gatsby benchmark to support excellent careers education and advice
- Improvements made to the school site, including new flat roofs, site security and the redecoration of a number of classrooms

b. Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy 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 Accounting Policies.

Financial Review

a. Reserves Policy

The Trustees have operated on the basis that, whilst efforts will be made to allocate funds to be spent on the education of those students who have generated the income, it is prudent to set a reasonable contingency to allow for unforeseen and emergency expenditure and to plan for future projects. The contingency sum for 2018/19 was £195,832. At 31 August 2019 the value of unrestricted general reserves was £190,831

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Report (continued)

Financial Review (continued)

b. Investment Policy

The Board of Trustees has investigated the transfer of surplus funds to a higher interest account whilst ensuring that sufficient funds are readily available for the academy's monthly expenditure. It was concluded that as interest rates were generally very low and a small amount of interest was already generated on the school's current accounts, at this stage, this would not be beneficial to the school.

c. Principal Risks and Uncertainties

The Board of Trustees is responsible for overseeing the risks faced by the school. A Risk Management Policy and Risk Register are maintained by the Resources Committee and reviewed annually. The academy has identified and assessed other major risks to which the school is exposed and ensured that policies and procedures are in place to mitigate such risks. These include strategic and reputational risks, compliancy risks, operational and financial risks including the following:

- a reduction in and uncertainty over ESFA funding due to a change in the funding formula or a reduction in student numbers.
- reduced numbers of students in the sixth form
- insufficient funds in a flat cash budget allocation to honour staff pay rises and increased NI employer's contributions
- extensive staff absence
- difficulty in recruiting appropriate staff.
- damage to buildings or failure of plant and equipment
- LGPS pension deficit (currently calculated at £1,730,000).

Trustees are satisfied that the major risks identified have been adequately mitigated where necessary, although it is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Fundraising

The Academy does not use any external fundraisers. Any fundraising undertaken during the year was monitored by the Trustees.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for Future Periods

For the coming financial year, the Academy plans to focus on the following key objectives as highlighted in the School Improvement Plan:

- Quality of education – update the curriculum content, continue to develop digital technology in the classroom and as a way of reducing staff workload
- Behaviour and attitudes – proactive behaviour programme, review lunchtime arrangements
- Personal Development – Promoting good mental health, prepare for the introduction of the new Relationships and Health education programme, acquire the Quality in Careers Standard
- Leadership and management – Move our safeguarding systems to be electronically held, reduce staff workload, develop our role as a Language Hub school
- 16-19 programme of Study – Further development, enrichment programmes, provide more opportunities for student leadership
- Resources and environment – Improve the fabric of the buildings and produce a master plan to support long term planning

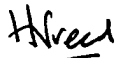
In addition the Academy plans to re-submit a bid to the Academies Capital Improvement Fund for the second phase of replacement of flat roofs as well as a fire safety bid.


Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustee's report is approved has confirmed that::

- so far as that the Trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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


.....
H L Freed
Chair of Trustees


.....
M L Warren
Accounting Officer

9 December 2019

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Presdales School 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 Headteacher, 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 Presdales School 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 and in the Statement of Trustee's responsibilities. The board of Trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
P S Abraham	4	6
K V Belinis	6	6
O Bishi	5	6
P J Dougherty	3	6
M P Dunstan	5	6
P Edwards	1	3
H L Freed, Chair	5	6
J Y J Harvey, Vice Chair	6	6
G R Hayter	5	6
A Hobson	5	6
M A Robinson	6	6
M A Waller	6	6

There have been no significant changes to the composition of the board.

Following the approval of revised Articles of Association, the board has reduced in size and there is a clear distinction between members and trustees.

The Resources Committee is a sub committee of the main Board of Trustees. Its purpose is to closely review the Trust's financial position, financial policies and procedures, to provide strategic financial direction and to ensure that the academy's premises and health and safety obligations are fulfilled.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
P Abrahams	3	5
K Belinis	4	5
O Bishi	4	5
P Dougherty	3	5
P Edwards	1	3
A Hobson	4	5
M A Robinson (Chair)	5	5

The Resources Committee also acts as the Audit Committee. The audits committee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems, including the review of internal audit reports, ensuring efficient and robust systems of control are in place and the appropriate discharge of the Board of Trustees' financial responsibilities. The School contracts with Hertfordshire County Council Shared Internal Audit Systems to carry out termly audits, and produce formal reports on the school's internal financial controls for consideration by the Audit Committee.

Review of value for money

As accounting officer, the Headteacher has responsibility for ensuring that the Academy 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'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 has delivered improved value for money during the year by:

- Continuous monitoring of the staff structure
- Continuous monitoring of the curriculum on offer
- Change from insurance cover to Risk Protection Arrangement.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Raising Student Attainment

The school was rated 'outstanding' at the last four Ofsted inspections and confirmed as such by letter in 2011. The school continues to achieve results well above the national average and this is demonstrated by the excellent examination results for 18/19: full details are available on the Academy website <http://www.presdales.herts.sch.uk>.

- **Targeted Improvement**

The Headteacher carries out an annual review of teaching staff to ensure best value in terms of quality of teaching and learning, pupil-teacher ratio, and curriculum management.

- **Focus on Individual Students**

The Academy focuses on the wide range of needs of our students, arranging one-to-one tuition where applicable and providing mentoring and counselling when appropriate. Pupil Premium funding has primarily been used for interventions to close gaps in core subjects. The academy has focused on initiatives identified by the Education Endowment Foundation as having the best educational gain for financial outlay. The impact of interventions in Presdales' context is evaluated and strategies are extended, modified or changes altogether in light of student outcomes.

- **Collaboration**

The Academy works collaboratively with local secondary schools for the provision of some Sixth Form courses and with local primary schools in Physical Education. We also jointly lead training sessions for middle leaders, working with another local school.

Financial Governance and Oversight

The Board of Trustees has strong oversight of the financial management of the budget and is mindful of the need to balance expenditure against income to ensure the Academy remains a 'going concern'. The board approves the annual school budget and the Annual accounts and responds to issues raised in the External Audit Management Reports on financial statements and on regularity.

The Finance committee considers the annual budget before recommending it for approval by the board of Trustees, alongside the School Improvement Plan. The committee receives termly budget monitoring information and reviews performance in line with budget.

The Academy has engaged an internal audit service from Hertfordshire County Council to review key financial policies, systems and procedures. Reports on compliance are considered by the Responsible Officer and Audit committee.

PRESDALES SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Effective Purchasing

The Academy has procedures and controls for assessing need and procuring goods and services which provide "best value" in terms of suitability, efficiency, time and cost.

- Improved Income Generation
- The Academy's excellent reputation ensures that it remains popular in the local area and is consistently oversubscribed for admissions into Year 7. The Academy attracts good numbers of students into the sixth form and is continuing its drive to recruit across a wide local area in order to ensure the viability of the varied curriculum and increase income.
- School facilities are made available for hire by local community and organisations which generates additional income for the school in terms of lettings.

Reviewing Controls and Managing Risks

- The Academy has prepared a Risk Register and Risk Management Policy to identify potential financial and business risks and put measures in place to minimise the implications of these risks.
- The Finance Committee regularly reviews the Medium Term Financial Plan to ensure that any future financial risks are identified as soon as possible.
- Monthly budget monitoring reports are produced and reviewed by the Headteacher and Finance Manager and any necessary remedial actions taken to address significant variances that may have an impact on the budget out-turn.

Monitoring

The Academy will continue to use the following strategies to be able to maintain and improve student attainment and to achieve best value:

- In-house monitoring by the Senior Leadership Team, Heads of Department and Heads of Year, including classroom observation, work scrutiny
- Annual programme of Performance Appraisal for all staff
- Annual Budget Planning including medium term 3 to 5 year plan
- Review of progress in achieving School Improvement Plan objectives
- Termly internal audit reviews
- Analysis of benchmark data for all schools
- Analysis of DfE student performance data
- Trustees' meetings (full and committee).
- Annual achievement meetings with subject leaders

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Presdales School Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Effective Purchasing (continued)

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy 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's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to contract with Hertfordshire County Council Shared Audit Services to carry out a range of internal checks of the academy trust's financial systems including:

- Effectiveness of Governance
- Budget preparation and controls
- Financial controls
- Purchasing and payment systems and contracting
- Payroll systems
- Income controls

The results of these each inspection are reported immediately to the Responsible Officer, Headteacher and Chair of Resources and followed up with an end-of-year report which concluded with substantial assurance of financial controls and no major recommendations to implement

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of Effectiveness

As accounting officer, the Headteacher 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 auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

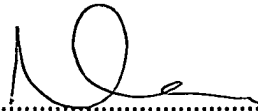
The Accounting Officer is aware of the necessity for efficient systems of internal controls and plans to address weaknesses and ensure continuous improvement of the systems are in place.

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



.....
H L Freed
Chair of Trustees

Date: 9 December 2019



.....
M L Warren
Accounting Officer

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Presdales School Academy Trust I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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.



.....
M L Warren
Accounting Officer

Date: 9 December 2019

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

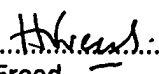
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

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

..........
H L Freed

Chair of Trustees

Date: 9 December 2019

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRESDALES SCHOOL ACADEMY TRUST**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRESDALES SCHOOL ACADEMY TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRESDALES SCHOOL ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the Academy 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 Academy'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 Academy 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 Academy'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 Academy'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 Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Bottom ACA (senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants

Statutory Auditor

Radius House

51 Clarendon Road

Watford

Herts

WD17 1HP

Date: 11th December 2019

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PRESDALES
SCHOOL ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 16 November 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Presdales School Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Presdales School 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 Presdales School Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Presdales School Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Presdales School Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Presdales School Academy Trust's funding agreement with the Secretary of State for Education dated 15 March 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.
- Consideration of evidence obtained through the work performed 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 suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hillier Hopkins LLP
Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: 11th December 2019

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	4	-	19,171	1,000,393	1,019,564	59,756
Charitable activities		909,496	5,469,495	-	6,378,991	6,135,110
Other trading activities		122,905	-	-	122,905	90,292
Investments	7	487	-	-	487	436
Total income		1,032,888	5,488,666	1,000,393	7,521,947	6,285,594
Expenditure on:						
Raising funds		54,791	-	-	54,791	46,986
Charitable activities		832,184	5,647,808	307,786	6,787,778	6,645,898
Total expenditure		886,975	5,647,808	307,786	6,842,569	6,692,884
Net income/(expenditure)		145,913	(159,142)	692,607	679,378	(407,290)
Transfers between funds	20	(82,561)	41,142	41,419	-	-
Net movement in funds before other recognised gains/(losses)		63,352	(118,000)	734,026	679,378	(407,290)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(400,000)	-	(400,000)	175,000
Net movement in funds		63,352	(518,000)	734,026	279,378	(232,290)

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Note					
Reconciliation of funds:					
Total funds brought forward	127,479	(1,212,000)	12,254,882	11,170,361	11,402,651
Net movement in funds	63,352	(518,000)	734,026	279,378	(232,290)
Total funds carried forward	190,831	(1,730,000)	12,988,908	11,449,739	11,170,361

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 30 to 54 form part of these financial statements.

PRESDALES SCHOOL ACADEMY TRUST

(A company limited by guarantee)

REGISTERED NUMBER: 07990029

**BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	12,760,073	12,247,882
Current assets			
Stocks	15	1,966	2,087
Debtors	16	677,475	286,713
Cash at bank and in hand		388,833	520,562
		<u>1,068,274</u>	<u>809,362</u>
Creditors: amounts falling due within one year	17	(583,700)	(586,248)
Net current assets		<u>484,574</u>	<u>223,114</u>
Total assets less current liabilities		<u>13,244,647</u>	<u>12,470,996</u>
Creditors: amounts falling due after more than one year	18	(64,908)	(88,635)
Net assets excluding pension liability		<u>13,179,739</u>	<u>12,382,361</u>
Defined benefit pension scheme liability	26	(1,730,000)	(1,212,000)
Total net assets		<u><u>11,449,739</u></u>	<u><u>11,170,361</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	20	12,988,908	12,254,882
Pension reserve	20	(1,730,000)	(1,212,000)
Total restricted funds	20	<u>11,258,908</u>	<u>11,042,882</u>
Unrestricted income funds	20	<u>190,831</u>	<u>127,479</u>
Total funds		<u><u>11,449,739</u></u>	<u><u>11,170,361</u></u>

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 25 to 54 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



H L Freed
Chair of Trustees

Date: 9 December 2019

The notes on pages 30 to 54 form part of these financial statements.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(288,905)	93,667
Cash flows from investing activities	24	180,903	(21,247)
Cash flows from financing activities	23	(23,727)	(23,727)
Change in cash and cash equivalents in the year		(131,729)	48,693
Cash and cash equivalents at the beginning of the year		520,562	471,869
Cash and cash equivalents at the end of the year	25	<u>388,833</u>	<u>520,562</u>

The notes on pages 30 to 54 form part of these financial statements

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Presdales School Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.3 Income (continued)

- **Other income**

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Charitable activities**

Expenditure on charitable activities are costs incurred on academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

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

Long-term leasehold property	- 2% on property, 125 years on land
Furniture and equipment	- 10% - 20%
Computer equipment	- 20% - 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.

1.7 Stocks

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

1.8 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.

1.9 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.

1.10 Liabilities

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

1.11 Provisions

Provisions are recognised when the Academy has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.13 Operating leases

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

1.14 Pensions

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

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

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

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

PRESDALES SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.15 Agency arrangements

The Academy Trust acts as the agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

1.16 Fund accounting

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

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

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

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

2. General information

Presdales School Academy Trust is an Academy limited by guarantee and incorporated in England and Wales.

3. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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.

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4. Income from donations and capital grants

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	19,171	-	19,171
Government grants	-	1,000,393	1,000,393
	<u>19,171</u>	<u>1,000,393</u>	<u>1,019,564</u>
	<u><u>19,171</u></u>	<u><u>1,000,393</u></u>	<u><u>1,019,564</u></u>
	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Donations	36,147	-	36,147
Government grants	-	23,609	23,609
	<u>36,147</u>	<u>23,609</u>	<u>59,756</u>
	<u><u>36,147</u></u>	<u><u>23,609</u></u>	<u><u>59,756</u></u>

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5. Funding for academy's Educational Operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	5,226,442	5,226,442
Rates Relief	-	19,704	19,704
Other DfE grants	-	57,544	57,544
	-	5,303,690	5,303,690
Other government grants			
Pupil Premium	-	95,007	95,007
Other local authority grants	-	62,034	62,034
	-	157,041	157,041
Other funding			
Trip income	488,708	-	488,708
Catering income	281,232	-	281,232
Music income	119,010	-	119,010
Other income	20,546	8,764	29,310
	909,496	8,764	918,260
Total 2019	909,496	5,469,495	6,378,991

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	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Total funds 2018 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	-	5,146,330	5,146,330
Rates Relief	-	19,200	19,200
Other DfE grants	-	5,294	5,294
	-	5,170,824	5,170,824
Other government grants			
Pupil Premium	-	92,574	92,574
Other local authority grants	-	30,135	30,135
	-	122,709	122,709
Other funding			
Trip income	370,016	-	370,016
Catering income	291,014	-	291,014
Music income	133,074	-	133,074
Other income	33,211	14,262	47,473
	827,315	14,262	841,577
<i>Total 2018</i>	<i>827,315</i>	<i>5,307,795</i>	<i>6,135,110</i>

6. Income from other trading activities

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>	<i>Total funds 2018 £</i>
Lettings income	34,361	34,361	25,149
Fund income	88,544	88,544	65,143
	122,905	122,905	90,292

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7. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	487	487	436

8. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on fundraising trading activities:				
Allocated support costs	-	-	54,791	54,791
Educational activities:				
Direct costs	3,964,474	-	862,266	4,826,740
Allocated support costs	1,001,294	540,020	419,724	1,961,038
Total 2019	4,965,768	540,020	1,336,781	6,842,569

	Staff Costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	54,791	54,791
Allocated support costs	-	-	46,986	46,986
Educational activities:				
Direct costs	3,842,608	-	782,085	4,624,693
Allocated support costs	985,556	628,801	406,848	2,021,205
Total 2018	4,828,164	628,801	1,290,710	6,747,675

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9. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational Activities	4,826,740	1,961,038	6,787,778

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Educational activities	4,624,693	2,021,205	6,645,898

Analysis of support costs

	Educational activities 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Pension expense	35,000	35,000	35,000
Staff costs	966,294	966,294	950,556
Depreciation	307,786	307,786	340,505
Support staff costs	21,097	21,097	20,537
Recruitment	20,633	20,633	25,157
Premises costs	310,900	310,900	330,643
Catering costs	133,546	133,546	146,027
Technology costs	22,363	22,363	17,375
Governance costs	12,050	12,050	8,500
Other support costs	131,369	131,369	146,905
	1,961,038	1,961,038	2,021,205

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	307,786	340,505
Fees paid to auditor for:		
- audit	7,900	7,450
- other services	4,150	1,050
	<u> </u>	<u> </u>

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,847,598	3,723,239
Social security costs	325,654	325,471
Pension costs	730,127	729,244
	<u>4,903,379</u>	<u>4,777,954</u>
Agency staff costs	27,389	15,210
Pension Expense	35,000	35,000
	<u>4,965,768</u>	<u>4,828,164</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	89	93
Support/Administration	80	80
Management	8	8
	<u>177</u>	<u>181</u>

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11. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	5	5
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-

d. Key management personnel

The key management personnel of the academy trust comprise of the trustees and the senior leadership teams as listed on page 1 and 2. The total employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £586,311 (2018: £592,576).

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
M Warren	Remuneration	10,000 - 15,000	85,000 - 90,000
	Pension contributions paid	0 - 5,000	10,000 - 15,000

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £978 (2018 - £978). The cost of this insurance is included in the total insurance cost.

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14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	13,421,562	585,464	442,068	14,449,094
Additions	768,331	23,946	27,700	819,977
At 31 August 2019	14,189,893	609,410	469,768	15,269,071
Depreciation				
At 1 September 2018	1,481,921	329,335	389,956	2,201,212
Charge for the year	229,120	47,455	31,211	307,786
At 31 August 2019	1,711,041	376,790	421,167	2,508,998
Net book value				
At 31 August 2019	12,478,852	232,620	48,601	12,760,073
At 31 August 2018	11,939,641	256,129	52,112	12,247,882

15. Stocks

	2019 £	2018 £
Catering stock	1,966	2,087

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16. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	11,935	3,598
Other debtors	491,640	19,507
Prepayments and accrued income	173,900	263,608
	<u>677,475</u>	<u>286,713</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	23,727	23,727
Trade creditors	80,285	195
Other taxation and social security	167,410	163,718
Other creditors	20,251	16,764
Accruals and deferred income	292,027	381,844
	<u>583,700</u>	<u>586,248</u>

	2019 £	2018 £
Deferred Income		
Deferred income at 1 September 2018	300,507	231,796
Resources deferred during the year	238,844	300,507
Amounts released from previous periods	(300,507)	(231,796)
Deferred Income at 31 August 2019	<u>238,844</u>	<u>300,507</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips being held in the school year 2019/2020.

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18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	64,908	88,635

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2019 £	2018 £
Payable or repayable by instalments	-	3,727

The loan balances relate to SALIX loans to fund the Boiler project and Window Walling project. Repayments for Boiler loan of £10,000 commenced in March 2015 and will be made twice a year until 2022. Repayments for Window Walling loan of £1,864 commenced in September 2016 and will be made twice a year until 2023.

19. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through income and expenditure	388,833	520,562
Financial assets that are debt instruments measured at amortised cost	333,031	18,393
	721,864	538,955
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	(242,354)	(210,658)

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

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	86,040	944,344	(832,184)	(82,561)	-	115,639
School fund	41,439	88,544	(54,791)	-	-	75,192
	<u>127,479</u>	<u>1,032,888</u>	<u>(886,975)</u>	<u>(82,561)</u>	<u>-</u>	<u>190,831</u>
Restricted general funds						
General Annual Grant (GAG)	-	5,226,442	(5,267,584)	41,142	-	-
Other DfE/ESFA	-	77,248	(77,248)	-	-	-
Pupil Premium	-	95,007	(95,007)	-	-	-
Other Government	-	62,034	(62,034)	-	-	-
Other funding	-	8,764	(8,764)	-	-	-
Donations	-	19,171	(19,171)	-	-	-
Pension reserve	(1,212,000)	-	(118,000)	-	(400,000)	(1,730,000)
	<u>(1,212,000)</u>	<u>5,488,666</u>	<u>(5,647,808)</u>	<u>41,142</u>	<u>(400,000)</u>	<u>(1,730,000)</u>
Restricted fixed asset funds						
Fixed Asset fund	12,247,882	-	(307,786)	819,977	-	12,760,073
ESFA capital grants	7,000	1,000,393	-	(778,558)	-	228,835
	<u>12,254,882</u>	<u>1,000,393</u>	<u>(307,786)</u>	<u>41,419</u>	<u>-</u>	<u>12,988,908</u>
Total Restricted funds	<u>11,042,882</u>	<u>6,489,059</u>	<u>(5,955,594)</u>	<u>82,561</u>	<u>(400,000)</u>	<u>11,258,908</u>
Total funds	<u>11,170,361</u>	<u>7,521,947</u>	<u>(6,842,569)</u>	<u>-</u>	<u>(400,000)</u>	<u>11,449,739</u>

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20. Statement of funds (continued)

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy via the Education and Skills Funding Agency by the DfE. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the Academy.

The other material restricted general funds represent incoming resources for the following specific purposes:

- a) ESFA grant funding for part of the staff costs of the school's sports co-ordinator
- b) ESFA capital grant to maintain and improve school buildings
- c) Pupil premium grant allocated to schools with pupils that are known to be eligible for free school meals to raise attainment for pupils from low income families.

School fund income is derived largely from contributions from parents for school trips and also funds raised from charity events at the school.

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited on conversion and future GAG funding agreed by the ESFA is expected to be sufficient to take the fund back into surplus.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds					
Unrestricted funds	87,306	852,900	(748,588)	(105,578)	86,040
School fund	23,282	65,143	(46,986)	-	41,439
	<u>110,588</u>	<u>918,043</u>	<u>(795,574)</u>	<u>(105,578)</u>	<u>127,479</u>
Restricted general funds					
General Annual Grant (GAG)	-	5,146,330	(5,223,225)	76,895	-
Other DfE/ESFA	-	24,494	(24,494)	-	-
Pupil Premium	-	92,574	(92,574)	-	-
Other Government	-	30,135	(30,135)	-	-
Other funding	-	14,262	(14,262)	-	-
Donations	-	36,147	(36,147)	-	-
Pension reserve	(1,255,000)	-	(132,000)	175,000	(1,212,000)
	<u>(1,255,000)</u>	<u>5,343,942</u>	<u>(5,552,837)</u>	<u>251,895</u>	<u>(1,212,000)</u>
Restricted fixed asset funds					
Fixed Asset fund	12,547,063	-	(327,864)	28,683	12,247,882
ESFA capital grants	-	23,609	(16,609)	-	7,000
	<u>12,547,063</u>	<u>23,609</u>	<u>(344,473)</u>	<u>28,683</u>	<u>12,254,882</u>
Total Restricted funds	<u>11,292,063</u>	<u>5,367,551</u>	<u>(5,897,310)</u>	<u>280,578</u>	<u>11,042,882</u>
Total funds	<u>11,402,651</u>	<u>6,285,594</u>	<u>(6,692,884)</u>	<u>175,000</u>	<u>11,170,361</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	12,760,073	12,760,073
Current assets	610,541	228,898	228,835	1,068,274
Creditors due within one year	(354,802)	(228,898)	-	(583,700)
Creditors due in more than one year	(64,908)	-	-	(64,908)
Provisions for liabilities and charges	-	(1,730,000)	-	(1,730,000)
Total	190,831	(1,730,000)	12,988,908	11,449,739

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	12,247,882	12,247,882
Current assets	551,164	251,198	7,000	809,362
Creditors due within one year	(335,050)	(251,198)	-	(586,248)
Creditors due in more than one year	(88,635)	-	-	(88,635)
Provisions for liabilities and charges	-	(1,212,000)	-	(1,212,000)
Total	127,479	(1,212,000)	12,254,882	11,170,361

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the year (as per statement of financial activities)	679,378	(407,290)
Adjustments for:		
Depreciation	307,786	340,505
Capital grants from DfE and other capital income	(1,000,393)	(23,609)
Defined benefit pension scheme cost less contributions payable	83,000	97,000
Defined benefit pension scheme finance cost	35,000	35,000
Decrease in stocks	121	141
Increase in debtors	(390,762)	(46,103)
(Decrease)/increase in creditors	(2,548)	94,491
Dividends, interest and rents from investments	(487)	(436)
Loss on sale of fixed assets	-	3,968
Net cash (used in)/provided by operating activities	(288,905)	93,667

23. Cash flows from financing activities

	2019 £	2018 £
Repayments of borrowing	(23,727)	(23,727)
Net cash used in financing activities	(23,727)	(23,727)

24. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	487	436
Purchase of tangible fixed assets	(819,977)	(45,292)
Capital grants from DfE Group	1,000,393	23,609
Net cash provided by/(used in) investing activities	180,903	(21,247)

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NOTES TO THE FINANCIAL STATEMENTS
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25. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	<u>388,833</u>	<u>520,562</u>

26. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are multi-employer defined benefit 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 £77,796 were payable to the schemes at 31 August 2019 (2018 - £73,768) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million

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26. Pension commitments (continued)

The new employer contribution rate is applicable from 1 April 2019 and will be implemented for the TPS from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £482,649 (2018 - £473,627).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £203,000 (2018 - £195,000), of which employer's contributions totalled £164,000 (2018 - £157,000) and employees' contributions totalled £ 39,000 (2018 - £38,000). The agreed contribution rates for future years are 25.3 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	2.4	2.5
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8

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
<i>Retiring today</i>		
Males	21.5	22.5
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25	26.7

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26. Pension commitments (continued)

The Academy's share of the assets in the scheme was:

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,301,440	1,229,600
Corporate bonds	1,035,840	812,000
Property	212,480	185,600
Cash and other liquid assets	106,240	92,800
Total market value of assets	2,656,000	2,320,000

The actual return on scheme assets was £204,000 (2018 - £127,000).

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

	2019 £	2018 £
Current service cost	(243,000)	(254,000)
Past service cost	(4,000)	-
Interest cost	(35,000)	(35,000)
Total amount recognised in the Statement of financial activities	(282,000)	(289,000)

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

	2019 £	2018 £
At 1 September	3,532,000	3,451,000
Current service cost	243,000	254,000
Interest cost	102,000	89,000
Employee contributions	39,000	38,000
Actuarial losses/(gains)	537,000	(205,000)
Benefits paid	(71,000)	(95,000)
Past service costs	4,000	-
At 31 August	4,386,000	3,532,000

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26. Pension commitments (continued)

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	2,320,000	2,196,000
Interest income	67,000	54,000
Actuarial gains/(losses)	137,000	(30,000)
Employer contributions	164,000	157,000
Employee contributions	39,000	38,000
Benefits paid	(71,000)	(95,000)
At 31 August	2,656,000	2,320,000

27. Operating lease commitments

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

	2019 £	2018 £
Not later than 1 year	2,507	12,726
Later than 1 year and not later than 5 years	1,071	3,299
	3,578	16,025

28. 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.

29. Related party transactions

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

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30. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £11,412 (2018: £10,816) and disbursed £15,055 (2018: £13,430) from the fund. An amount of £2,305 (2018: £5,948) is included in other creditors relating to undistributed funds that is repayable to ESFA.

31. Controlling party

In the opinion of the Governors there is no ultimate controlling party.