

Company Registration Number: 08401607 (England & Wales)

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

Ian Smith
Debbie Stokes
Darren Digby
Mike Davis
David Oxtoby

Trustees

Debbie Stokes
Peter Hennessy
Keith Hudson
Ceri Jones
Clare Laidler
June Morgan
Katharine Dines appointed 22nd April 2019
Andrew Hodgkinson resigned 22nd April 2019

The Sweyne Park School and Glebe Primary School also has appointed Local Governing Bodies (see website for details www.rayleighschoolstrust.com)

Company Secretary

Simon Smith

Senior Management Team

Andrew Hodgkinson	CEO	Headteacher Sweyne Park School	resigned 22 nd April 2019
Katharine Dines	CEO	Headteacher Sweyne Park School	appointed 22 nd April 2019
Katharine Dines		Deputy Head Teacher	
Sally Pemberton		Deputy Headteacher	
Ed Hawkins		Assistant Headteacher	
Nicola Welch		Assistant Headteacher	
Alick Robertson		Assistant Headteacher	
Nicola Bache		Headteacher Glebe Primary School	
Sarah Field		Deputy Headteacher	
Simon Smith		Finance Director	

Company Name

Rayleigh Schools Trust Trading as The Sweyne Park School and Glebe Primary School

Principal and Registered Office

c/oThe Sweyne Park School
Sir Walter Raleigh Drive
Rayleigh
Essex
SS6 9BZ

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

Company Registered Number

08401607 (England & Wales)

Independent Auditor

MHA MacIntyre Hudson, Boundary House, 4 County Place, Chelmsford, Essex, CM2 0RE

Bankers

Lloyds Bank Plc
78 High Street
Rayleigh
Essex
SS6 7EB

Solicitors

Essex Legal Services c/o County Hall
Chelmsford
Essex

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

The Trust operates 2 academies for pupils aged 3 to 11 and 11 to 18 serving a catchment area in Rayleigh. It has a pupil capacity of (Yr Rec-Yr 6) 420 and has a roll of 415 (+ 17 Nursery Pupils) (Yr 7-11) 1248 and had a roll of 1275 (Yr 12-13) 280 and has a roll of 184 at 12 September 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of Rayleigh Schools Trust are also the directors of the charitable company for the purposes of company law. The 2 operating school within the Trust are, The Sweyne Park School and Glebe Primary School.

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 pages 1.

Members' Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law which would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust. This cover is provided within the Risk Protection Arrangement (RPA) provided by the Department for Education.

Method of Recruitment and Appointment or Election of Trustees

Trustees are selected on a skill, knowledge and experience basis. The CEO will carry out due diligence prior to the Members appointing by ordinary resolution up to 6 Trustees to satisfy the objectives of the Trust.

The Trustees will appoint a Local Governing body for each school within the MAT. Staff representatives will sit on the LGB of each school. Parent governors sit on the Local Governing body of the respective schools within the MAT and are appointed in accordance with the terms of reference determined by the Trustees. The method of appointment is set out within the MAT Articles.

Policies and Procedures Adopted for the Induction and Training of Trustees

Prior to any appointment the CEO will conduct discussions and interviews during the appointment process to establish the profile of a prospective member. At the commencement of each academic year a skills audit training needs will be reviewed. This informs training requirements during the year. The Governing Body subscribes to a training package from Essex Governor services. Trustees may attend internal and external sessions. Attendance at training sessions is recorded. Formal Child protection training is given to Trustees at the start of their term and is refreshed annually. An Induction Pack is provided to all new Trustees on appointment, this is discussed with them.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

Organisational Structure

Members

Will normally meet once a year at their AGM. There may be additional meeting should there be a requirement or to discharge duties covered within the scheme of delegation.

Trustees

Will meet 6 times a year. Additionally, the Assets committee will meet 6 times a year. The Trustees are the strategic decision making body of the Trust. Their duties and responsibilities are set out in the scheme of delegation which they will agree each year.

The Assets committee is delegated to undertake examination of financial and audit matters and report back to the Trustees.

The Scheme of delegation sets out the Trustees' roles. Summarised by;

- Setting suitable aims and objectives;
- Agreeing policies, targets and priorities
- Monitoring and reviewing aims and objectives and whether the policies, targets and priorities are being achieved in order to hold the school to account;
- Setting and monitoring a balanced financial budget;

Ensuring the schools are a welcoming and safe place and providing a positive learning environment

Local Governing Body (LGB)

Trustees will appoint an LGB to each of the Trust Schools. The LGB shall undertake the duties and responsibilities as set out in the scheme of delegation.

The LGB administration shall comprise of full LGB meeting, a resources committee and a Standards & curriculum committee each meeting once a term.

CEO

The CEO shall always be the Headteacher of the lead school within the MAT and shall be responsible for the day-to-day running of the MAT and the lead school. They shall have the strategic lead in the delivery of education and administration of assets. They shall report to and deliver the policies of the Trustees. They shall also work closely with the LGB. The CEO will be the Accounting Officer.

Heateacher

A Headteacher who is not a CEO shall be responsible for the administration and oversight of the strategic direction for their school. Their role and responsibilities are set out in the scheme of delegation. They shall work closely with their LGB.

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

Arrangements for setting pay and remuneration of key management personnel

The Trust key management personnel comprise of the CEO, Headteacher and their Leadership teams. All key personnel are paid according to the relevant national and Essex pay body recommendations. The Trustees are responsible for CEO/Headteacher performance and pay and changes to staffing structures that will influence pay.

The CEO/Headteachers implement a performance reviews that will inform pay decisions.

Trustees receive no remuneration for undertaking their responsibilities.

Members receive no remuneration for undertaking their responsibilities.

Employees and disabled persons

Applications for employment from disabled persons are treated in the same way as for other employees. Where required, reasonable steps are taken to facilitate employment. Members of staff who become disabled during their employment have reasonable adaptations made to meet their needs. Advice is taken from professionals to help inform these actions. In all other respects employees are treated the same.

Consultation with employees as a group happens at regular meetings with the Headteacher. Trade Union representatives are invited. Attendees will also represent non union employees. At any time, the Headteacher will have an "open door" policy on employment matters.

Trade union facility time

Trade union facility time is purchased as part of the Essex CC public duties fund that the Trust subscribes to. The cost equates to £1 per pupil. The Headteachers have regular meetings within directed time with Union representatives. The trust supports wider union representation at County Level. Expenditure is less than 0.1% of the wage bill.

Related Parties and other Connected Charities and Organisations

Across the Trust, its schools are members of, or subscribes to, wider networks of schools that include close links with the Specialist Schools and Academies Trust, The Rayleigh Teaching School Alliance, The Benfleet Teaching School Alliance, Rochford District Schools Partnership Trust (LDG) and Castle Point & Rochford Association of Secondary Heads' Essex (ASHE), EnPro (an informal Trust of Essex Schools with a RBHIP), South Essex Teaching Institute (SETI), The South Essex Teaching School Alliance, The Deanes Schools Sports Partnership, Essex Primary Headteachers Association (EPHA). Trustees have all completed a declaration of interest form along with senior staff.

Lynda Walker is a Director of Rochford District Schools Partnership Trust. Ceri Jones is Headteacher at Chipping Hill Primary who are a training provider to the Trust. Simon Smith is an elected member of Rochford District Council.

OBJECTIVES AND ACTIVITIES

The Trust's object is specifically restricted to the advancement, for the public benefit, of education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum to ensure the highest possible educational standards.

The principal aim of the Trust is to provide high quality learning that helps all students to fulfil their intellectual potential and become good citizens and emotionally well-balanced young people.

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

Objects and Aims

The Trustees have complied with their duty under section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and the Trustees have paid due regard to this guidance in deciding what activities the charitable company should undertake.

The Trustees have given consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The Trust provides education to children and young people that is:

- 1) balanced and broadly based;
- 2) promotes the spiritual, moral, cultural, mental and physical development of students at the school and society;
- 3) prepares students at the school for the opportunities, responsibilities and experiences of later life;
- 4) promotes, sustains and increases individual and collective knowledge and understanding of specific areas of study, skills and expertise.

The Trust operates 2 schools and serves pupils within Rayleigh and its surroundings. It is subject to the current statutory arrangements as laid down in the national Admissions Code. Current arrangements for entry to the schools are available in the section of the respective school websites dealing with admission arrangements.

Objectives, Strategies and Activities

Key influences on the Trust Development Plans for the period under review were the significant challenges and opportunities arising from national changes in education policy and funding. The establishment of the MAT and support mechanism for the joining school have been a priority. The Swayne Park now has an established 6th form and is building on its initial achievements (6th form Ofsted Autumn 2017). This is in addition to the Achievements in Teaching and Learning, Leadership, Spiritual, Moral, Social and Cultural, Behaviour, Safety and Child Protection priorities as identified via the school's Self-Evaluation Form and legislation.

Key activities and targets are set out in our school Development Plan, which is available on request, the key priorities are set out on our website, www.sweynepark.com.

Glebe Primary School

Successfully became a Sponsored MAT on 1 October 2017, thus part of the Rayleigh Schools Trust. Strong, collaborative partnerships have developed between Glebe Primary and Chipping Hill Primary School. Key activities and targets are set with the MAT and are presented within the School Development Plan. This is available on request.

STRATEGIC REPORT

Achievements and Performance

Key data about the school and its performance can be found on the school website:
www.rayleighschoolstrust.com

During the course of the year the CEO left the employment of Rayleigh Schools Trust. An interim CEO Katharine Dines was appointed until September 2020. During this period a formal appointment process will take place. Succession planning has helped to ensure a smooth transition. An additional Deputy Head at Swayne park has also given resilience to the Leadership team.

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

Staff turnover remains well below 10% and staff attendance is 98%. The schools maintain a live Self-Evaluation form which provides the basis of self-reflection and monitoring of standards against Ofsted criteria. Key evidenced statements include; Leadership and management are highly effective, Governors are increasingly effective and set challenging targets/hold leaders to account. The quality of Teaching Learning and Assessment is highly effective.

Sweyne Park School

- The school has successfully run as a MAT, sponsoring Glebe Primary from 1st October 2017.
- The school was the first secondary school in the East of England to achieve the Rights Respecting Gold Award
- Pupil destinations are excellent across both KS4 and KS5 and over 90% of students achieved their firm or insurance choice of university
- GCSE results were stable with 99% of pupils gaining at least 5 GCSE's, or equivalent, passes
- 57% of pupils were entered for EBacc qualification
- 66% of pupils achieved a grade 4 or above in both English and Maths
- A-Level results were very strong and BTEC results in 2019 improved to give an average grade of Distinction*
- The school remained fully staffed with qualified teachers despite the national recruitment crisis.

Glebe Primary School

- In 2019 Good Level of Development was 70%, a decrease of 2% from that of 2018, but reflective of the 12% SEND within the cohort. This remains in-line with the national average (72%) and the average point score was equal to that of national at 34.6.
- Year 1 phonics data has risen by 5% since 2017 with 93% working at the expected standard in 2019. This remains above national average of 82%.
- Year 2 phonics rose by 36% in 2019 to 86%, significantly above that of national at 57%. (Although this was only 7 pupils).
- In 2019, KS1 attainment was slightly above the national average in reading and writing and in-line with the national average for maths. Reading, writing and maths combined has remained at 69% over the past two year, above that of the national average of 65%.
- In 2019 there was a significant drop in the reading age-related attainment at KS2, although this remained in-line with the national average. The percentage of pupils achieving greater depth was in-line with that of 2018 at 25%. The progress measure for reading fell to -0.7 from 0.7 in 2018. Writing has remained at 70% since 2017, currently 8% below national (However, the progress measure rose from -2.1 in 2018 to -1.3 in 2019).
- KS2 Maths expected attainment fell by 3% from that of 2018, which placed the school 7% below the national average. Greater depth remained in-line with that of 2018, at 22%. Progress also fell from 0.3 in 2018 to -1.3 in 2019.
- As a result, the expected standard for reading, writing and maths combined fell by 10% to 52%, 13% below national. This was 10% lower than predicted expectations. However, the percentage of pupils achieving greater depth in combined was above the national average at 13%. Based on current evidence, the attainment for 2020 will be at least in-line with national averages and the anticipated combined figure will not be below 65%.
- The school has worked hard to ensure that Fundamental British Values run through every aspect of its ethos and that pupil voice has an impact on school practice. In 2018 the bronze award for Rights Respecting Schools was achieved and the school is currently working towards the silver award.
- In the academic year of 2018-2019, the school achieved the Healthy Schools Award re-status, the silver award for the Schools Sports Mark and is working towards the Arts Mark.

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

Key Performance Indicators

The Trustees during the course of the year with assistance from the LGBs will monitor all aspects of financial performance and benchmark against data that is centrally produced. Financial income streams and transaction are monitored against the projections. Challenge and rigour is provided to the CEO and Chief Financial officer. External education section trends and influences are closely monitored and feed into Trustee agendas. External advice and opinion is taken from our Auditors. The formation of the MAT has strengthened the reserves position. Pupil admission numbers are very strong at Sweyne Park and are anticipated to grow at Glebe. Educational performance is not considered to be a risk factor moving forward. Recruitment with less than 10% turnover and retention of staff are very good. Staff absence is low at less than 3%.

Going Concern

There is concern about ongoing education funding that is presenting challenges across the education sector. However, after making appropriate enquiries and consideration of previous performance, the board of Trustees has a reasonable expectation that the Trust has adequate resources and skill to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

The Trustees have established a system of strategic overview for Trust finances. Monthly management reports are presented along with budget setting progress reports. These also benefit from the examination of detail by the LGBs of the respective schools. Regularity visits are carried out by an external auditor. The Trust's external auditors attend (at Partner level) key strategic meetings. The Trust principally uses its budget to provide support services to Glebe primary that are provided by Sweyne Park. Trustees have also given due consideration to the risk associated with financial mismanagement and / or compliance failures.

The Sweyne Park School is operating in a period of considerable financial uncertainty with regard to public funding. Financial planning is focused on maintaining the breadth and quality of future work in the context of diminishing budgets. The LGB has taken a closer monitoring role with the budget in the period covered by this report with monthly management reports being presented for examination.

The principal funding for the operation of the school is provided by the Education and Skills Funding Agency. A formal funding agreement is in place for this. Other funding is provided by Essex County Council and other local authorities who receive invoices for education provided for pupils who live in their administrative area. The School's governance arrangements ensure that financial performance is reviewed on a half termly basis.

Monthly accounts are produced and a financial review is carried out with results circulated to the Assets Committee. Budget planning is started in detail by October each year to ensure continuity. All sources of income, especially those around pupils' numbers are examined for robustness and sustainability. Support is provided by our auditors at key points. The day to day management of financial matters is handled on-site by a skilled team. It has become clear during the year that further efficiencies could be created by a more integrated approach to finance management. This is being considered for the next year. During 18/19 new budgeting software was used to help provide an approach that better mirrored external reporting requirements and also took some manual calculating out of the system.

During the period covered by the report, decisions made resulted in an operating surplus on unrestricted funds. The school was able to undertake all of its planned activities during the year. Cashflow at both schools were good at all periods of the year.

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

Significant "Condition Improvement Fund" projects (2) were wholly funded by the ESFA during the summer of 2019. The receipt of funding and payment of invoices will move across 2 financial years 18/19 and 19/20. This is reflected in the accounts.

Longer term financial stability is gained from stable or increasing pupil number. Swayne Park is currently in discussion with Essex County Council about an increase in PAN from 248 to 278 from September 2021.

Reserves Policy

The Trust as a whole holds a small reserve to deal with smaller strategic issues. The individual schools have been responsible for building or maintaining their own unallocated funds. In exceptional circumstances the Trustees do have the right to allocate all unrestricted reserves. Each school aims to hold 1 month's expenditure in unrestricted reserves. Unrestricted funds are for use on the general purposes of the Academy. Going forward reserves will be considered as a MAT resource with the ability to draw on them being determined by Trustees after Headteacher and LGB consultation. Ring fenced sums for specific purposes may be generated for specific projects within the next year for the CEO to draw from outside of the main set budget.

SPS

The Academy holds a good cash-flow position and during the year it has produced a small surplus to build on its unrestricted funds. The unrestricted funds are £272,041. The school has set a budget for 2019/20 that is balanced.

GPS

The Academy holds adequate reserves as unallocated funds and there is a small surplus in 18/19. There is a good cash flow position. Unrestricted funds are £89,777. The school has set a balanced budget for 19/20.

At 31 August 2019 the total funds comprised:

Unrestricted		£361,818
Restricted:	Fixed asset funds	£16,112,566
	Pension reserve	(£5,245,000)
	Other	£209,982
		<u>£11,439,366</u>

Investment Policy

The Academy will invest reserves only within a low risk environment of a commercial high street bank. There were no investments during the period covered by this document. A Trustee in year review concluded that investment is not appropriate at this time.

Deficit

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers' scheme, separate assets are held to fund future liabilities as discussed in note 26. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Trust, at the discretion of the Trustees.

Principal Risks and Uncertainties

The principal risks facing the Academy are set out in the Academy's Risk Management policy and Risk Register which is reviewed annually by the Trustees.

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

The Trustees and LGB's accept that managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Trustees and LGB's, whilst more minor risks are dealt with by senior staff.

Trustees have identified the following principal risks and uncertainties facing the MAT:

Financial Risk

The MAT is operating in a period of considerable financial uncertainty with regard to public funding. Financial planning is focused on maintaining the breadth and quality of future work in the context of diminishing budgets. Trustees have given due consideration to the risk associated with financial mismanagement and / or compliance failures. Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks. Regular and detailed monitoring gives opportunity for timely examination and intervention. The direction of travel for national education funding has been difficult to predict. The overall view is taken that the strength of argument in support of increased funding will result in a funding increase in real terms

Reputational Risk

The continuing success of Swayne Park School and the building success of Glebe depends on maintaining the highest educational standards in order to continue to attract applicants in sufficient numbers. Trustees are clearly focused on monitoring and reviewing the achievement and success of students.

Trustees continue to give due consideration to other aspects of the school's activities where there could be a reputational risk, including discipline, safeguarding, Health and Safety etc., with policies reviewed regularly.

Safeguarding and Child Protection Risks

Trustees continue to ensure that the highest standards are maintained in the selection and monitoring of staff and volunteers. Governors also independently scrutinises the school's Single Central Record, the operation of child protection policies of the school, the training and support, to protect the young people in its care. There are staff specifically appointed with Child protection responsibilities. All staff receive refresher training annually. The vice Chair of each LGB on is also the safeguarding Governor.

Significant Changes in Staff

Trustees have put in place a clear succession planning policy, and continue to review and monitor arrangements for recruitment and the development of existing staff to minimise the risk resulting from major changes in key staff. A national re-evaluation of pay bands for support staff has could give rise to some personnel issues.

FUNDRAISING

Both schools within the MAT have Parent associations who will carry out fundraising activities for the benefit of the respective schools. A member of staff from each school acts as a liaison. Swayne Park School is used by a large number of local groups and clubs who pay for the use of facilities. This use provides an additional income stream and also further develops its links with the local Community.

PLANS FOR FUTURE PERIODS

The Local Education authority has formally requested Swayne park to expand its admission by 30 pupils from September 2021. This has been agreed. Demographic growth in the local area also supports this.

Government Announcements post year end have given confidence that there will be a real term growth in funding. This will aid stability and allow the CEO to deliver on more key priorities.

During 19/20 a new permanent CEO will be appointed, this could drive some changes in direction. Further integration of financial systems will take place in 19/20 to deliver efficiencies.

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The MAT does not hold any funds on behalf of other parties

AUDITOR

Insofar as the Trustees are aware:

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

Members have confirmed that MHA will be re-appointed as auditors for the Trust. MHA MacIntyre Hudson have a record of providing effective help, opinion and formal examination of the MAT

Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 13 December 2019 and signed on the Board's behalf by:


.....
Debbie Stokes
Chair of Trustees

RAYLIEGH SCHOOLS TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO/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 Rayleigh Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings Attended	Possible
Debbie Stokes	6	6
Peter Hennessy	4	6
Keith Hudson	5	6
Ceri Jones	5	6
Clare Laidler	4	6
June Morgan	6	6
Andy Hodgkinson (CEO) resigned 22.4.19	4	4
Katharine Dines (CEO) appointed 22.4.19	2	2

Trustee Asset Committee

Peter Hennessy	6	6
Keith Hudson	5	6
June Morgan	4	6

Trustees take the strategic overview of school operation and performance and inform the decision making process. Their skills profile is used to provide rigour and challenge.

The Trustee Assets Committee is a sub-committee of the main Board of Trustees. It meets six times a year. Its purpose is to: monitor, evaluate and review school policy and practice in relation to financial planning and monitoring; to decide how to spend the General Annual Grant and other funds under the control of Trustees for the purposes of the Trust; to monitor and ensure compliance with DfE, EFA, Charity Commission and other relevant bodies and all relevant legal requirements in relation to the proper financial management of Trust; to agree limits of financial delegation; to ensure that full accounts are kept; to ensure appropriate insurance cover is in place; to receive monthly reports from the Finance director, to report the Trust's financial position to the full Trustee board each half term. The Trustee Assets Committee assumes the role of an Audit Committee. This role is further supported by regularity visits from the school's auditors.

GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The LGB have continued to take an active part in the development of the school and the formation of the MAT. Governor visits to the school take place on a regular basis. They inform the decision making process. Attendance is good and skill levels have been increasing with a greater ability to scrutinise and analyse information and statistics that are presented covering all aspects of the school operation. At all levels of Governance, an annual audit is carried out of skills and training requirements. LGB support packages are purchased. Professional clerking is provided to all formal meeting

Each school has an LGB Committee that will focus on Finance and examination of all finance matters below the strategic view of the Trustees.

Data to inform Trustee and LGB considerations is provided by the staff within schools but external benchmarking is considered along with our independent auditor opinion.

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during 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 MAT has delivered improved value for money during the year by:

- Remodeled office hours and not replaced where possible.
- Made MAT savings by use of SPS premises team at Glebe
- Secured CIF bid for Window replacement at SPS and Fire doors at Glebe.
- Improved opportunities for CPD via Chipping Hill.
- Place a new Cleaning contract at Glebe with the SPS provider given greater robustness to the service and cost saving
- Sourced Glebe ICT support with the Trust.
- Reported and reviewed the financial position on a monthly basis.
- Undertaken a review of all support staff grades
- Review of supply cover arrangements.
- Maintaining links with other school schools and agencies so the good practice can be shared
- Maximizing use of the school for lettings

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the MAT 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 on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1st 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 MAT system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Trustees have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees engage MHA MacIntyre Hudson, the external auditor, to perform focused checks on specific areas according to the Academies financial handbook. This is supplemented by the work of the Trustees Assets committee and LGB's resources committees.

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

- Review and handling of lettings income
- Review of purchase orders
- Recording of income streams
- Use and credit cards
- Petty cash

Regular communication takes place with MHA Macintyre Hudson across all aspects of the service that they provide. Visits to schools take place to prepare statutory submissions. On a termly basis the auditor's comments are reported to the Board of Trustees, through the Assets Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Attendance from MHA MacIntyre Hudson at Partner level is twice a year at budget setting and accounts presentation. The internal Finance team ensure that all statutory submissions are made on time.

GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

REVIEW OF EFFECTIVENESS

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

- the work of the external Trustees and LGB committees
- the work of the external auditor
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trustees and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 13 December 2019 and signed on its behalf by:


Debbie Stokes
Chair of Trustees


Katharine Dines
Accounting Officer

RAYLEIGH SCHOOLS TRUST

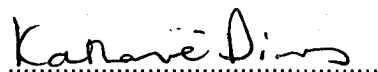
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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



Katharine Dines
Accounting Officer

Date: 13 December 2019

RAYLEIGH SCHOOLS 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:


.....
Debbie Stokes
Chair of Trustees

Date: 13 December 2019

RAYLEIGH SCHOOLS TRUST

(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RAYLEIGH SCHOOLS TRUST**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

RAYLEIGH SCHOOLS TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF RAYLEIGH SCHOOLS 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 Auditors' Report thereon. Other information includes the Other information includes Reference and Administrative details, Trustees' Report, incorporating the Strategic Report and the Directors' Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees' Responsibilities 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 (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements and.
- the Strategic Report and the Directors' 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

RAYLEIGH SCHOOLS TRUST

(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RAYLEIGH SCHOOLS TRUST (CONTINUED)**

Responsibilities of Trustees

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

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

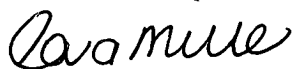
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Cara Miller ACCA (Senior Statutory Auditor)
for and on behalf of

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
Statutory Auditors
Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

Date: 18/12/19

RAYLEIGH SCHOOLS TRUST

(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 6 June 2018 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 Rayleigh Schools 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 Rayleigh Schools Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Rayleigh Schools Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Rayleigh Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Rayleigh Schools Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Rayleigh Schools Trust's funding agreement with the Secretary of State for Education dated 27 March 2013 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.

RAYLEIGH SCHOOLS TRUST

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RAYLEIGH SCHOOLS 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 Trust's income and expenditure.

The work undertaken to draw our conclusions includes:

- reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Trust, with reference to the income streams and other information available to us as auditors of the Trust;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;
- consideration of governance issues; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Internal Reviewer.

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.

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson

Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

Date: 18/12/19

RAYLEIGH SCHOOLS 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 general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	4	58,091	-	748,905	806,996	7,140,711
Charitable activities	5	26,057	10,145,192	-	10,171,249	10,111,927
Other trading activities	6	159,484	-	-	159,484	171,681
Investments	7	667	-	-	667	509
Total income		244,299	10,145,192	748,905	11,138,396	17,424,828
Expenditure on:						
Charitable activities	9	111,413	10,500,650	1,022,286	11,634,349	11,167,129
Total expenditure	8	111,413	10,500,650	1,022,286	11,634,349	11,167,129
Net movement in funds before other recognised gains/(losses)		132,886	(355,458)	(273,381)	(495,953)	6,257,699
Other recognised gains/(losses):						
Gains on revaluation of fixed assets		-	-	431,531	431,531	-
Actuarial (losses) / gains on defined benefit pension schemes	26	-	(723,000)	-	(723,000)	699,000
Net movement in funds		132,886	(1,078,458)	158,150	(787,422)	6,956,699
Reconciliation of funds:						
Total funds brought forward		228,932	(3,956,560)	15,954,416	12,226,788	5,270,089
Net movement in funds		132,886	(1,078,458)	158,150	(787,422)	6,956,699
Total funds carried forward		361,818	(5,035,018)	16,112,566	11,439,366	12,226,788

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

The notes on pages 27 to 56 form part of these financial statements.

RAYLEIGH SCHOOLS TRUST

(A Company Limited by Guarantee)
REGISTERED NUMBER: 08401607

**BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	16	16,039,943	15,851,242
		<u>16,039,943</u>	<u>15,851,242</u>
Current assets			
Debtors	17	271,270	126,946
Cash at bank and in hand	24	1,245,186	946,571
		<u>1,516,456</u>	<u>1,073,517</u>
Creditors: amounts falling due within one year	18	(872,033)	(587,971)
Net current assets		<u>644,423</u>	<u>485,546</u>
Total assets less current liabilities		<u>16,684,366</u>	<u>16,336,788</u>
Net assets excluding pension liability		<u>16,684,366</u>	<u>16,336,788</u>
Defined benefit pension scheme liability	26	(5,245,000)	(4,110,000)
Total net assets		<u><u>11,439,366</u></u>	<u><u>12,226,788</u></u>
Funds of the Trust			
Restricted funds:			
Restricted fixed asset funds	19	16,112,566	15,954,416
Restricted general funds	19	209,982	153,440
		<u>16,322,548</u>	<u>16,107,856</u>
Restricted funds excluding pension liability	19	16,322,548	16,107,856
Restricted general funds - pension reserve	19	(5,245,000)	(4,110,000)
Total restricted funds	19	<u>11,077,548</u>	<u>11,997,856</u>
Unrestricted funds	19	<u>361,818</u>	<u>228,932</u>
Total funds		<u><u>11,439,366</u></u>	<u><u>12,226,788</u></u>

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 23 to 56 were approved by the Trustees, and authorised for issue on 13 December 2019 and are signed on their behalf, by:


.....
Debbie Stokes
Chair of Trustees


.....
Katharine Dines
Chief Executive Officer

The notes on pages 27 to 56 form part of these financial statements.

RAYLEIGH SCHOOLS 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	21	(450,957)	46,648
Cash flows from investing activities	23	749,572	301,926
Cash flows from financing activities	22	-	110,016
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		298,615	458,590
Cash and cash equivalents at the beginning of the year		946,571	487,981
Cash and cash equivalents at the end of the year	24	1,245,186	946,571
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 27 to 56 form part of these financial statements

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

1. General information

Rayleigh Schools Trust is a company limited by guarantee, incorporated in England and Wales. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Trust's operations and principal activity are detailed in the Trustees' Report.

2. 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.

2.1 Basis of preparation of financial statements

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

Rayleigh Schools Trust meets the definition of a public benefit entity under FRS 102. The financial statements are prepared in sterling which is the functional currency of the Academy Trust and are rounded to the nearest one pound.

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

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

2. Accounting policies (continued)

2.3 Income

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

- **Grants**

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

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

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

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

- **Transfer of existing academies into the Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

2.4 Expenditure

RAYLEIGH SCHOOLS TRUST

(A Company Limited by Guarantee)

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

2. Accounting policies (continued)

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**

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

All resources expended are inclusive of irrecoverable VAT.

2.5 Interest receivable

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

2.6 Taxation

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

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

2.7 Tangible fixed assets

Assets costing £1,500 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, a transfer is made to the restricted fixed asset fund.

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

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is provided on all tangible fixed assets other than leasehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	- 50 years straight line
Fixtures and fittings	- 5-125 years straight line
Computer equipment	- 5 years straight line
Motor vehicles	- 5-10 years straight line

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

2.8 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.

2.9 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.

2.10 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.11 Provisions

Provisions are recognised when the Trust 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.

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

2. Accounting policies (continued)

2.12 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement 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 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

2.13 Pensions

The Trust operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Trust to the fund in respect of the year.

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/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.

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

2. Accounting policies (continued)

2.14 Agency arrangements

The Trust acts as an agent in distributing 16-19 Bursary Funds from the ESFA. Payments received from the 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 administration costs and this is recognised in the Statement of Financial Activities. Where funds have not been fully applied in the accounting period then the amounts due to the ESFA will be included in other creditors.

2.15 Fund accounting

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

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

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

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

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 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. Any change in the valuation of leasehold property would impact the total net assets of the Trust.

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FOR THE YEAR ENDED 31 AUGUST 2019**

4. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Transfers on conversion	-	-	-	-
Donations	58,091	-	-	58,091
Capital grants	-	-	748,905	748,905
Subtotal	58,091	-	748,905	806,996
Total 2019	58,091	-	748,905	806,996

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Transfers on conversion	110,016	(956,000)	7,617,116	6,771,132
Donations	68,162	-	-	68,162
Capital grants	-	-	301,417	301,417
Subtotal	68,162	-	301,417	369,579
Total 2018	178,178	(956,000)	7,918,533	7,140,711

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

5. Charitable activities - Funding for the Trust's educational operations

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	8,635,119	8,635,119
Pupil Premium	-	360,822	360,822
Other DfE / ESFA revenue grants	-	158,135	158,135
	-	9,154,076	9,154,076
Other government grants			
Local Authority revenue grants	-	528,574	528,574
Other government revenue grants	-	51,737	51,737
	-	580,311	580,311
Other funding			
Non-government revenue grants	526	-	526
Other educational income	25,531	410,805	436,336
Total 2019	26,057	10,145,192	10,171,249

There are no unfulfilled conditions or other contingencies attached to the government grants above.

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	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	8,588,446	8,588,446
Pupil Premium	-	369,398	369,398
Start Up Grants	-	75,000	75,000
Other DfE / ESFA revenue grants	-	44,252	44,252
	-	9,077,096	9,077,096
Other government grants			
Local Authority revenue grants	-	622,646	622,646
Other government revenue grants	-	30,023	30,023
	-	652,669	652,669
Other funding			
Other educational income	27,016	355,146	382,162
Total 2018	27,016	10,084,911	10,111,927

6. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Rental income	105,121	105,121	117,709
Receipts from supply teacher insurance claims	578	578	670
Income from services provided	37,484	37,484	36,576
Shop income	16,301	16,301	16,726
Total 2019	159,484	159,484	171,681

In 2018, all income from other trading activities was allocated to unrestricted funds.

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

7. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest receivable	667	667	509

In 2018, all income from investments was allocated to unrestricted funds.

8. Total expenditure

	Staff costs 2019 £	Premises costs 2019 £	Other costs 2019 £	Total 2019 £
Educational operations:				
Direct costs	7,714,417	-	1,109,560	8,823,977
Support costs	1,199,127	1,300,646	310,599	2,810,372
Total 2019	8,913,544	1,300,646	1,420,159	11,634,349

	Staff costs 2018 £	Premises costs 2018 £	Other costs 2018 £	Total 2018 £
Educational operations:				
Direct costs	7,534,446	-	1,242,867	8,777,313
Support costs	1,117,747	690,137	581,932	2,389,816
Total 2018	8,652,193	690,137	1,824,799	11,167,129

In 2018, of the total expenditure of £11,167,129, £315,620 was from unrestricted funds, £10,296,471 was from restricted general funds, and £555,038 was from restricted fixed asset funds.

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NOTES TO THE FINANCIAL STATEMENTS
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9. Analysis of expenditure by charitable activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	8,823,977	2,810,372	11,634,349

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational operations	8,777,313	2,389,816	11,167,129

Analysis of support costs

	Educational operations 2019 £	Total funds 2019 £	Total funds 2018 £
Defined benefit pension scheme finance cost	106,000	106,000	111,000
Staff costs	1,093,127	1,093,127	1,006,747
Depreciation	242,830	242,830	356,795
Premises costs	1,248,112	1,248,112	690,137
Support staff costs	90,604	90,604	202,887
Governance costs	29,699	29,699	22,250
Total 2019	2,810,372	2,810,372	2,389,816

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

10. Governance costs

	2019 £	2018 £
Auditors' remuneration - Audit of the financial statements	14,950	14,500
Auditors' remuneration - Other services	6,500	7,750
Legal and professional fees	8,249	-
	<u>29,699</u>	<u>22,250</u>

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	144,561	167,020
Depreciation	242,830	356,795
Auditors' remuneration - Audit of the financial statements	14,950	14,500
Auditors' remuneration - Other services	6,500	7,750
	<u>408,841</u>	<u>546,065</u>

12. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	6,707,085	6,547,249
Social security costs	650,931	631,101
Pension costs	1,449,528	1,361,872
	<u>8,807,544</u>	<u>8,540,222</u>
Staff restructuring costs	-	971
Defined benefit pension scheme cost	106,000	111,000
	<u>8,913,544</u>	<u>8,652,193</u>

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

12. Staff costs (continued)

a. Staff costs (continued)

Staff restructuring costs comprise:

	2019	2018
	£	£
Redundancy payments	-	971
	<u>-</u>	<u>971</u>

b. Staff numbers

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

	2019	2018
	No.	No.
Teachers	138	144
Administration and support	132	142
Management	17	10
	<u>287</u>	<u>296</u>

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	2	-
In the band £100,001 - £110,000	-	1
	<u>-</u>	<u>1</u>

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

12. Staff costs (continued)

c. Higher paid staff (continued)

The above employees participated in both the Teachers' Pension Scheme and the Local Government Pension Scheme. During the year ended 31 August 2019 pension contributions for these staff members amounted to £60,671 (2018 - £63,622).

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Leadership Team. The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their services to the Trust was £906,735 (2018 - £853,222).

13. Central services

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

- ICT support services
- Premises team support
- HR support

The Trust charges for these services on the following basis:

Rayleigh Schools Trust charge an annual levy of 3% of expenditure at the time of budget setting for the forthcoming year. This charge is collected on a monthly basis. 3% was considered to be the appropriate minimum by consulted parties at the time of conversion but is subject to a review by the Trustees on an annual basis.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Glebe Primary School	<u>61,184</u>	<u>57,335</u>

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

14. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. 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 £
A Hodgkinson, CEO and Accounting Officer (resigned 22 April 2019)	Remuneration	65,000 - 70,000	100,000 - 105,000
	Pension contributions paid	10,000 - 15,000	15,000 - 20,000
K Dines, CEO and Accounting Officer (appointed 22 April 2019)	Remuneration	80,000 - 85,000	NIL
	Pension contributions paid	10,000 - 15,000	NIL

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

15. Trustees' and Officers' insurance

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

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

16. Tangible fixed assets

	Long-term leasehold property £	Computer equipment £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 September 2018	16,978,216	95,951	99,859	17,174,026
Revaluations	291,884	-	-	291,884
At 31 August 2019	17,270,100	95,951	99,859	17,465,910
Depreciation				
At 1 September 2018	1,196,537	80,415	45,832	1,322,784
Charge for the year	221,036	10,814	10,980	242,830
Impairment	(139,647)	-	-	(139,647)
At 31 August 2019	1,277,926	91,229	56,812	1,425,967
Net book value				
At 31 August 2019	15,992,174	4,722	43,047	16,039,943
At 31 August 2018	15,781,679	15,536	54,027	15,851,242

Included in long-term leasehold property is land at valuation of £6,334,000 which is not depreciated. The land valuation is comprised of land at Sweyne Park School of £4,084,000 and land at Glebe Primary School of £2,250,000.

The leasehold property at the Sweyne Park School site was valued as at 31 March 2014 by Mouchel, a RICS registered valuer using the Depreciated Replacement Cost Method. The leasehold property at the Glebe Primary School site was revalued a 1 September by Montagu Evans, a RICS registered valuer using the Depreciated Replacement Cost Method. This revaluation has caused the revaluation to long-term leasehold property shown above.

The freehold relating to the above leasehold property is held by Essex County Council. The Trust holds a 125 year lease on a peppercorn rent from 1 April 2013 at Sweyne Park School and 1 October 2017 at Glebe Primary School.

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

17. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	-	17,809
Other debtors	56,142	32,871
Prepayments and accrued income	215,128	76,266
	<u>271,270</u>	<u>126,946</u>

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	47,349	76,501
Other taxation and social security	155,747	154,722
Other creditors	141,322	190,822
Accruals and deferred income	527,615	165,926
	<u>872,033</u>	<u>587,971</u>

	2019 £	2018 £
Deferred income		
Deferred income at 1 September	143,676	37,371
Resources deferred during the year	131,887	143,676
Amounts released from previous periods	(143,676)	(37,371)
Deferred income at 31 August	<u>131,887</u>	<u>143,676</u>

At the balance sheet date the Trust was holding funds received in advance for:

- Funds received in advance from the ESFA for the 2019/20 academic year.
- Funds received in advance in regards to school trips that will take place in the 2019/20 academic year.
- Funds received in advance in regards to music lessons that will take place in the 2019/20 academic year.
- Funds received in advance for Universal Infant Free School Meals (UIFSM) for the 2019/20 academic year.
- Funds received for the local authority for the 2019/20 academic year.

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

19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	228,932	244,299	(111,413)	(96,000)	-	265,818
Projects and initiatives fund	-	-	-	96,000	-	96,000
	<u>228,932</u>	<u>244,299</u>	<u>(111,413)</u>	<u>-</u>	<u>-</u>	<u>361,818</u>
Restricted general funds						
General Annual Grant (GAG)	153,440	8,635,119	(8,578,577)	-	-	209,982
Pupil Premium	-	360,822	(360,822)	-	-	-
Other DfE / ESFA revenue grants	-	158,135	(158,135)	-	-	-
Local Authority revenue grants	-	528,574	(528,574)	-	-	-
Other government revenue grants	-	51,737	(51,737)	-	-	-
Other educational income	-	410,805	(410,805)	-	-	-
Pension reserve	(4,110,000)	-	(412,000)	-	(723,000)	(5,245,000)
	<u>(3,956,560)</u>	<u>10,145,192</u>	<u>(10,500,650)</u>	<u>-</u>	<u>(723,000)</u>	<u>(5,035,018)</u>
Restricted fixed asset funds						
NBV of fixed assets	15,851,242	-	(242,830)	-	431,531	16,039,943
DfE / ESFA capital grants	103,174	748,905	(779,456)	-	-	72,623
	<u>15,954,416</u>	<u>748,905</u>	<u>(1,022,286)</u>	<u>-</u>	<u>431,531</u>	<u>16,112,566</u>
Total Restricted funds	<u>11,997,856</u>	<u>10,894,097</u>	<u>(11,522,936)</u>	<u>-</u>	<u>(291,469)</u>	<u>11,077,548</u>
Total funds	<u><u>12,226,788</u></u>	<u><u>11,138,396</u></u>	<u><u>(11,634,349)</u></u>	<u><u>-</u></u>	<u><u>(291,469)</u></u>	<u><u>11,439,366</u></u>

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

19. Statement of funds (continued)

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

The General fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Academy Trust which fall outside the scope of its core activities. A sum of £96,000 has been transferred from this fund to the Projects and Initiatives fund.

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

The Pupil Premium fund has been established to recognise the restricted funding from the Education and Skills Funding Agency to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Other DfE / ESFA revenue grants fund represents a variety of other grant incomes that are received from the Education and Skills Funding Agency that fall outside of the core funding of the Academy Trust.

The Local Authority revenue grants fund has been set up to recognise the income received from Essex County Council as a contribution towards the cost of the Trust's revenue expenditure.

The Other government grants fund has been established to recognise grants from Government bodies other than the DfE/ESFA and Local Authorities that fall outside the scope of core funding.

The Other activities fund has been established to recognise all other restricted funding that cannot be classified above but fall outside the scope of its core activities.

The LGPS deficit (pension reserve) fund has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to Academy Trust status, and through which all the pension scheme movements are recognised.

The NBV of fixed assets fund has been set up to recognise the tangible assets held by the Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund.

The DfE/ESFA capital grants fund has been created to recognise capital grants received for the purpose of the acquisition of tangible fixed assets. As tangible fixed assets are purchased, a transfer is made to the NBV of Fixed Assets fund.

A designated unrestricted Projects and Initiatives fund has been created for the first time. A sum of £96,000 has been transferred to this fund from the Unrestricted general fund. The CEO will oversee the use of this fund across the Trust.

Under the funding agreement with the Secretary of State, the Trust 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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19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Sweyne Park School	272,041	167,500
Glebe Primary School	299,759	214,872
Total before fixed asset funds and pension reserve	571,800	382,372
Restricted fixed asset fund	16,112,566	15,954,416
Pension reserve	(5,245,000)	(4,110,000)
Total	11,439,366	12,226,788

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
Sweyne Park School	6,244,744	835,229	845,371	981,328	8,906,672
Glebe Primary School	1,469,673	363,898	264,189	387,087	2,484,847
Trust	7,714,417	1,199,127	1,109,560	1,368,415	11,391,519

RAYLEIGH SCHOOLS TRUST**(A Company Limited by Guarantee)**

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

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds					
General funds	167,168	377,384	(315,620)	-	228,932
Restricted general funds					
General Annual Grant (GAG)	-	8,588,446	(8,435,006)	-	153,440
Pupil Premium	-	369,398	(369,398)	-	-
Start Up Grants	-	75,000	(75,000)	-	-
Other DfE / ESFA revenue grants	-	44,252	(44,252)	-	-
Local Authority revenue grants	-	622,646	(622,646)	-	-
Other government revenue grants	-	30,023	(30,023)	-	-
Other educational income	-	355,146	(355,146)	-	-
Pension reserve	(3,488,000)	(956,000)	(365,000)	699,000	(4,110,000)
	<u>(3,488,000)</u>	<u>9,128,911</u>	<u>(10,296,471)</u>	<u>699,000</u>	<u>(3,956,560)</u>
Restricted fixed asset funds					
NBV of fixed assets	8,590,921	7,617,116	(356,795)	-	15,851,242
DfE / ESFA capital grants	-	301,417	(198,243)	-	103,174
	<u>8,590,921</u>	<u>7,918,533</u>	<u>(555,038)</u>	<u>-</u>	<u>15,954,416</u>
Total Restricted funds	<u>5,102,921</u>	<u>17,047,444</u>	<u>(10,851,509)</u>	<u>699,000</u>	<u>11,997,856</u>
Total funds	<u><u>5,270,089</u></u>	<u><u>17,424,828</u></u>	<u><u>(11,167,129)</u></u>	<u><u>699,000</u></u>	<u><u>12,226,788</u></u>

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

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	16,039,943	16,039,943
Current assets	1,233,851	209,982	72,623	1,516,456
Creditors due within one year	(872,033)	-	-	(872,033)
Defined benefit pension scheme liability	-	(5,245,000)	-	(5,245,000)
Total	361,818	(5,035,018)	16,112,566	11,439,366

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,851,242	15,851,242
Current assets	228,932	741,411	103,174	1,073,517
Creditors due within one year	-	(587,971)	-	(587,971)
Defined benefit pension scheme liability	-	(4,110,000)	-	(4,110,000)
Total	228,932	(3,956,560)	15,954,416	12,226,788

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

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

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(495,953)	6,257,699
Adjustments for:		
Depreciation charges	242,830	356,795
Capital grants from DfE/ESFA and other capital income	(748,905)	(301,417)
Investment income	(667)	(509)
Defined benefit pension scheme obligation inherited	-	956,000
Defined benefit pension scheme cost less contributions payable	306,000	254,000
Defined benefit pension scheme finance cost	106,000	111,000
(Increase)/decrease in debtors	(144,324)	(8,301)
Increase/(decrease) in creditors	284,062	148,513
Net (loss) on assets and liabilities from local authority on conversion	-	(7,727,132)
Net cash (used in)/provided by operating activities	(450,957)	46,648

22. Cash flows from financing activities

	2019 £	2018 £
Cash and net assets transferred on conversion to an Academy Trust	-	110,016
Net cash provided by financing activities	-	110,016

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23. Cash flows from investing activities

	2019 £	2018 £
Investment income	667	509
Capital grants from DfE/ESFA and other capital income	748,905	301,417
Net cash provided by investing activities	749,572	301,926

24. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,245,186	946,571
Total cash and cash equivalents	1,245,186	946,571

25. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements	72,623	59,838

26. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex 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 £141,322 were payable to the schemes at 31 August 2019 (2018 - £138,038) and are included within creditors.

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26. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Changes

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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26. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the year amounted to £959,528 (2018 - £829,633).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £376,000 (2018 - £352,547), of which employer's contributions totalled £300,000 (2018 - £278,854) and employees' contributions totalled £ 76,000 (2018 - £73,693). The agreed contribution rates for future years are 23.3 to 24.4 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.70	2.65
Rate of increase for pensions in payment/inflation	2.20	3.80
Discount rate for scheme liabilities	1.85	2.30
Inflation assumption (CPI)	2.20	2.30
Inflation assumption (RPI)	3.20	3.30

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	21.3	22.3
Females	23.6	24.8
<i>Retiring in 20 years</i>		
Males	23.0	24.5
Females	25.4	27.1

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26. Pension commitments (continued)

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(192)	(151)
Discount rate -0.1%	196	155
Mortality assumption - 1 year increase	318	216
Mortality assumption - 1 year decrease	(306)	(209)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,967,000	1,620,000
Gilts	172,000	136,000
Other bonds	175,000	149,000
Property	249,000	226,000
Cash	91,000	87,000
Alternative assets	305,000	228,000
Other managed funds	160,000	98,000
Total market value of assets	3,119,000	2,544,000

The actual return on scheme assets was £227,000 (2018 - £145,000).

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

	2019 £	2018 £
Current service cost	(501,000)	(533,000)
Past service cost	(105,000)	-
Interest income	71,000	57,000
Interest cost	(177,000)	(168,000)
Total amount recognised in the Statement of Financial Activities	(712,000)	(644,000)

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26. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	6,654,000	4,913,000
Conversion of academy trusts	-	1,609,000
Current service cost	501,000	533,000
Interest cost	177,000	168,000
Employee contributions	76,000	74,000
Actuarial losses/(gains)	878,000	(612,000)
Benefits paid	(27,000)	(31,000)
Past service costs	105,000	-
At 31 August	8,364,000	6,654,000

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

	2019 £	2018 £
At 1 September	2,544,000	1,425,000
Conversion of academy trusts	-	653,000
Interest income	71,000	57,000
Actuarial gains	155,000	87,000
Employer contributions	300,000	279,000
Employee contributions	76,000	74,000
Benefits paid	(27,000)	(31,000)
At 31 August	3,119,000	2,544,000

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**NOTES TO THE FINANCIAL STATEMENTS
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Reconciliation of opening to closing defined benefit pension scheme liability

	2019 £	2018 £
Balance brought forward at 1 September	4,110,000	3,488,000
Defined benefit pension scheme obligation inherited	-	956,000
Defined benefit pension scheme cost less contributions payable	306,000	254,000
Defined benefit pension scheme finance cost	106,000	111,000
Actuarial (gains) / losses	723,000	(699,000)
At 31 August	5,245,000	4,110,000

Amounts recognised in the Balance Sheet are as follows:

	2019 £	2018 £
Present value of the defined benefit obligation	(8,364,000)	(6,654,000)
Fair value of scheme assets	3,119,000	2,544,000
	(5,245,000)	(4,110,000)

27. Operating lease commitments

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

	2019 £	2018 £
Within 1 year	144,561	144,561
Between 1 and 5 years	81,274	225,835
	225,835	370,396

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.

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

29. Related party transactions

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

Lynda Walker, Chair of Sweyne Park Local Governing Body (LGB), is a Trustee of Rochford District Schools Partnership Trust, being the representative for this Trust. During the year ended 31 August 2019 the Trust was invoiced £12,000 (2018 - £23,946) by Rochford District Schools Partnership Trust, a charitable Trust which provides support for children in local schools through the provision of support services which are provided at cost and Lynda Walker derives no personal benefit. The services are in accordance with the Trust's financial regulations and standard procurement procedures. There was a balance of £NIL (2018 - £NIL) outstanding at 31 August 2019 in respect of these transactions. These services were provided at cost.

Ceri Jones is the Headteacher at Chipping Hill Primary School and a Governor of the Trust. During the year, support services totalling £5,000 (2018 - £4,000) were invoiced to the Trust from Chipping Hill Primary School. There was no balance outstanding at the year end (2018 - £NIL). All transactions undertaken with the school are at arms length, and were provided at cost.

The spouse of the Andrew Hodgkinson provides staff development training for the school. None of the commissioning of these services or matters to do with payment were handled by Andrew Hodgkinson. Fees for the provision of training by his spouse amounted to £NIL in the financial year 2017/18 (2017/18: £5,812). This arrangement was put in place by the previous Head Teacher. There was no balance outstanding at the year end (2018 - £NIL). All transactions undertaken with the school are at arms length, and were provided at cost.

30. Agency arrangements

The Trust administers the distributions of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. During the year the Trust received funds of £20,598 (2018 - £24,031) and disbursed £73,382 (2018 - £9,496). £NIL (2018 - £NIL) was retained to cover administration expenses and therefore a balance of £NIL (2018 - £52,784) relating to undistributed funds is repayable to the ESFA as at the balance sheet date and is included within creditors.