

financial statements

Rayleigh Schools Trust

For the year ended: 31 August 2018

Company registration number: 08401607



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RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Ian Smith
Debbie Stokes
Darren Digby
Mike Davis
David Oxtoby appointed July 18
Daniel Hatfield resigned May 18

Trustees / Governors

Rayleigh Schools Trust

Andrew Hodgkinson
Peter Hennessy
Keith Hudson
Ceri Jones
Clare Laidler
June Morgan

Sweyne Park School Local Governing Body

Lynda Walker, Chairman
Phil Bridgen
Tina Carter
Jacqui Clements, Vice chairman
Micheala Tosh
Andrew Hodgkinson, Head Teacher and CEO
Chris Hogg
Sue Shirly
Jackie Chawner
Mike Culley
Laurie Feather

Glebe Primary School Local Governing Body

Nicola Bache, Head Teacher
Steven Munford (Chairman)
Paul Dudmish (Vice Chairman)
Helen Dart
Christine Oakes
Tejal Patel
Anita Robertson
Amy Wild, Staff Governor
Nick Rowan
Wayne Williams

Company Secretary

Simon Smith

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Senior Leadership Team

Sweyne Park School

Andy Hodgkinson	CEO and Headteacher of Sweyne Park School
Katharine Dines	Deputy Headteacher
Sally Pemberton	Deputy Headteacher
Ed Hawkins	Assistant Headteacher
Nicola Welch	Assistant Headteacher
Alick Robertoson	Assistant Headteacher
Simon Smith	Chief Financial Officer

Glebe Primary School

Nicola Bache	Headteacher
Sarah Field	Deputy Headteacher
Joanne Baker	EYFS Leader
Michaela Hembling	Assistant Headteacher
Emma Neame	Head of RBHIP

Company Name

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

Principal and registered office

c/o The Sweyne park School
Sir Walter Raleigh Drive
Rayleigh
Essex
SS6 9BZ.

Company registered number

08401607 (England & Wales)

Independent Auditor

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

Bankers

Lloyds Bank 78 High Street Rayleigh Essex SS6 7EB

Solicitors

Essex Legal Services c/o County Hall, Chelmsford, Essex

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the period 1 September 2017 to 31 August 2018. 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-Yr6) 420 and has a roll of 411, (Yr 7-11) capacity of 1248 and had a roll of 1274. 193 pupils are on role in years 12 and 13 at 12th Sept 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy 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 Academy Trust.

The Trustees of Rayleigh Schools Trust are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as Rayleigh Schools Trust. The 2 operating school within the Trust are, The Swayne Park School and Glebe Primary School.

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

Members Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £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 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 Academy 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 (LGB) 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 and 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 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.

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FOR THE YEAR ENDED 31 AUGUST 2018

Organisational Structure

Members. Will normally meet once a year at their AGM. There may be additional meetings 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 role. 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's 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 meetings, 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.

Headteacher

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.

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Arrangements for setting pay and remuneration of key management personnel

The trust's key management personnel comprise of the CEO, Headteacher and their Leadership teams. All key personnel are paid according to the relevant national pay body recommendations. The Trustees are responsible for Headteacher performance and pay. Changes to staffing structures that will influence pay are authorised by Trustees. The overall pay structure is covered in the Academy Pay Policy.

The CEO/Headteacher's implement performance reviews that will inform pay decisions for remaining members of the Senior Leadership Team.

Trustees receive no remuneration for undertaking their responsibilities.

Members receive no remuneration for undertaking their responsibilities.

Trade Union facility time

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

Employees and disabled persons

The Academy has an accessibility scheme and complies with employment law regarding disabled employees. The academy actively supports staff with disability including access been given to hearing dogs and the adaptation of teaching timetables to accommodate mobility problems.

Related parties and other connected charities and organisations.

Across the Trust, its school's 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 and the 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. Andy Hodgkinson's spouse has provided staff development training since 2005. 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 Academy 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 a school offering a broad and balanced curriculum to ensure the highest possible educational standards.

The principal aim of the Academy 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.

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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 Academy 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 Academy 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 1st October 2017, thus part of the Rayleigh Schools Trust. Strong, collaborative partnerships have developed between Swayne Park School 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 Trust and its performance can be found on the Trust's website:
www.rayleighschoolstrust.com

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, Trustees are

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FOR THE YEAR ENDED 31 AUGUST 2018

increasingly effective and set challenging targets/holding leaders to account. The quality of Teaching Learning and Assessment is highly effective. The difference between progress and attainment of disadvantaged pupils are diminishing.

Rayleigh Schools Trust 2017/18

Established and operated a strong Board of Trustees.
Established a clear mechanism for support at all levels in academic and administrative matters.
Produced a clear and transparent scheme of delegation.
Provided additional challenge and support to the LGBs for both Swayne Park and Glebe Primary.

The Swayne Park School

The school has successfully run as a MAT, sponsoring Glebe Primary from 1st October 2017
The school currently holds the following awards: Artsmark Gold, International Schools Award, Leading Parent Partnership Award, Investors in People Gold.

The school had a Section 8 "new provision" Ofsted inspection of its new Sixth Form. Our provision was graded "effective" and the school retained its "Outstanding" status.

A-Level results are very strong.

Pupil destinations are excellent across both KS4 and KS5.

GCSE attainment results were stable against a backdrop of huge curriculum reform

The school's EBacc entry was double the national average

The school set a balanced budget/continued to invest in staff and infrastructure despite austerity

The school has remained fully staffed and the school is oversubscribed in Year 7.

Glebe Primary School

The school was successful in raising the Good Level of Development above that of the past three years.

Phonics Screening Check remained above the national average.

The combined attainment at KS1 exceeded that of 2017.

The combined attainment at KS2 exceeded that of 2017.

KS2 reading attainment increased by 17% from 2017 – 2018.

KS2 Grammar, Punctuation and Spelling increased by 7% from 2017 – 2018.

Both KS2 writing and maths attainment remained in-line with that of 2017.

Key Financial Performance Indicators

The Trustees during the course of the year with assistance from the LGB's will monitor all aspects of financial performance and benchmark against data that is centrally produced. Financial income streams and transactions 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.

Pupil admission numbers are very strong at Swayne Park and building at Glebe. Educational performance is not considered to be a risk factor moving forward. Recruitment is less than 10% turnover and retention of staff is very good. Staff absence is low at less than 3%.

Going Concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, 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.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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 LGB's of the respective schools. Regularity visits are carried out by an external auditor. The Trust's accountants attend (at Partner level) key strategic meetings. The Trust principally uses its budget to provide support services to Glebe primary that are provided by Swayne Park. Trustees have also given due consideration to the risk associated with financial mismanagement and / or compliance failures.

The Rayleigh Schools Trust 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 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.

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.

A significant "Condition Improvement Fund" project was wholly funded by the ESFA during the summer of 2018. The receipt of funding and payment of invoices will move across 2 financial years, 17/18 and 18/19. This is reflected in the accounts

Reserves Policy

Trust

The trust as a whole plans to build and hold a small reserve to deal with smaller strategic issues. The individual schools are 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,

Swayne Park School

£600,000 is the longer term reserves target although this may rise as the Academy's turnover increases. The Academy holds a good cash-flow position however; it has not as yet moved any surpluses into a specific reserves account. The unrestricted funds of £167,500 are currently below target. The Academy also has a carry forward capital fund balance of £103,174 in relation to unspent CIF funding at the year end. The school has set a budget for 2018/19 that is balanced. It will only be possible to increase reserves by generating an operating surplus during 2018/19.

Glebe Primary School

Upon conversion Glebe held an amount of unallocated funds. Due to the complexity of the Academy conversion process an exact figure was not determined. The end of year figure reflects approximately the Trust target of 1 months operating cost, carry forward funds are represented by unrestricted funds of £61,432 and restricted funds of £153,440.

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Reserves Policy (continued)

At 31 August 2018 the total funds comprised:

Unrestricted		£228,932
Restricted:	Fixed asset funds	£15,954,416
	Pension reserve	£(4,110,000)
	Other	£153,440
		<u>£12,226,788</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. As the MAT evolves, a more detailed policy on investment will be developed.

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.

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.

Reputational Risk

The continuing success of Swayne Park School and the building success of Glebe Primary School 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 scrutinise the school 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.

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Fundraising

Both schools within the MAT have Parent associations who will carry out fundraising activities for the benefit of the respective schools.

PLANS FOR FUTURE PERIODS

The MAT has developed strategic plans to continue building and developing the quality of teaching and learning at Glebe Primary School. Infrastructure economies and efficiencies are also being investigated.

Demographic growth within the local area and the success of Swayne Park is putting pressure on admission numbers. The Local authority have spoken with the school about future expansion. This will be investigated during 18/19.

The Swayne Park school would like to create a permanent 6th Form base. A fully funded bid to the ESFA will enable this. Plans are being made for such a bid. In times of national recruitment and retention issues, staff training and the provision of places for teacher training will remain a key feature of Swayne Park. The MAT will also contribute to provide peer support to a number of local schools. Glebe plans to review the cleaning/caretaking contract and consider options around catering with the aim of gaining financial stability and improvements in service.

Any financial investment undertaken by MAT will be within a low risk environment. Any investment must not compromise any cash flow or short term financial demands. Any investments will be reported to the Trustees prior to being undertaken.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no funds held on behalf of others.

AUDITOR

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 14th December 2018 and signed on the board's behalf by:


.....
Debbie Stokes
Chair of Trustees

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

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:

Trustee	Meetings Attended	Possible
Debbie Stokes	6	6
Peter Hennessy	6	6
Keith Hudson	5	6
Ceri Jones	6	6
Clare Laidler	5	6
June Morgan	6	6
Andy Hodgkinson (CEO)	6	6

Trustees take the strategic overview of school operation and performance and inform the decision making process. The skills profile 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 Academy Trust; to monitor and ensure compliance with DfE, ESFA, Charity Commission and other relevant bodies and all relevant legal requirements in relation to the proper financial management of the Academy Trust; to agree limits of financial delegation; to ensure that full accounts are kept; to arrange appropriate insurance cover; to receive monthly reports from the Finance director, to report the Academy Trust's financial position to the full Trustee board each half term. The Trustee Assets Committee assumes the role of an Audit Committee. This is further supported by regularity visits from the school's auditors.

Governors from 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.

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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

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 at all formal meetings.

The below are members of the LGB's who have finance responsibilities as set out in the scheme of Delegation.

SPS Governors	Appointment	LGB Meetings Attended
Phil Bridgen	1/10/17	3 of 3
Tina Carter	1/10/17	3 of 3
Jackie Chawner	1/10/17	1 of 3
Jacqui Clements (Vice-Chairman)	1/10/17	2 of 3
Mike Culley	1/10/17	3 of 3
Laurie Feather	1/10/17	3 of 3
Kyla Tosh	1/10/17	3 of 3
Lynda Walker (Chairman)	1/10/17	2 of 3
Andy Hodgkinson, Head Teacher and Accounting Officer	1/10/17	3 of 3
Chris Hogg, Staff Governor	1/10/17	3 of 3
Sue Shirley, Staff Governor	1/10/17	2 of 3
GPS Governors		
Nicola Bache, Head Teacher	1/10/17	5 of 5
Helen Dart	1/10/17	4 of 5
Paul Dudmish (Vice Chairman)	1/10/17	3 of 5
Steven Munford (Chairman)	1/10/17	5 of 5
Christine Oakes	1/10/17	4 of 5
Tejal Patel	1/10/17	3 of 5
Anita Robertson	1/10/17	3 of 5
Nick Rowan	1/10/17	2 of 2
Amy Wild, Staff Governor	1/10/17	4 of 5
Wayne Williams	1/10/17	4 of 5

REVIEW OF VALUE FOR MONEY

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

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

- Reviewed contracts / cut unnecessary extra hours.
- Remodelled office hours.
- Streamlined sixth form systems and processes which has contributed to a strong rise in outcomes.
- Made MAT savings by use of premises team, applying our finance practice to them etc.
- Secured CIF bid to reduce maintenance costs and improve fire safety.
- Improved opportunities for CPD via Chipping Hill.
- SETI purchasing of LA CPD for a more cost effective price, specifically within Safeguarding, Assessment, English and Maths.
- Use of Swayne Park School staff at Glebe Primary School to undertake site upkeep at weekends.
- Sourced Glebe ICT support with the Trust.

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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

- Reported and reviewed the financial position on a monthly basis.
- Re modelled SMT and created Glebe Headteacher strategic capacity.
- Sold off surplus ICT hardware.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Rayleigh Schools Trust for the period 1st September 2017 (1st October 2017 Glebe joined) to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September (1st October 2017 Glebe joined) to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the finance and 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.

The auditor's role includes performing a range of checks on the financial systems. In particular, the checks carried out in 2017/18 included:

- income sources and system entries,
- Lettings and external sources of income

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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

Regular communication takes place with our MHA 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 MacIntyre Hudson at Partner level is twice a year at budget setting and accounts presentation.

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 auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of Trustees on 14th December 2018 and signed on its behalf by:


.....
Debbie Stokes
Chair of Trustees


.....
Andy Hodgkinson
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's 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 2017.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregular or improper use of 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 2017.

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.


.....
Andy Hodgkinson
Accounting Officer

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who act as Governors of Rayleigh Schools Trust and 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 Annual Accounts Direction issued 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 2017 to 2018;
- 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 on 14 December 2018 and signed on its behalf by:


.....
Debbie Stokes
Chair of Trustees

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S 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 2018 which comprise the Statement of Financial Activities incorporating the Income and Expenditure accounts, 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 2017 to 2018 issued by the Education and 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 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Academy Trust 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 AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RAYLEIGH SCHOOLS TRUST**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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 AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RAYLEIGH SCHOOLS TRUST**

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the 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.


AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the 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 Trust's Members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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

Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

Date: 14/12/2018

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 2017 to 2018, 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 2017 to 31 August 2018 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Rayleigh Schools Trust and the 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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)

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; 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 suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have 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

Chartered Accountants
Statutory Auditors

Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

Date: 14/12/2018

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Transfers on conversion	2	110,016	(956,000)	7,617,116	6,771,132	-
Donations and capital grants	2	68,162	-	301,417	369,579	138,874
Charitable activities	3	27,016	10,084,911	-	10,111,927	8,017,627
Other trading activities	4	171,681	-	-	171,681	139,156
Investments:	5	509	-	-	509	430
TOTAL INCOME		377,384	9,128,911	7,918,533	17,424,828	8,296,087
EXPENDITURE ON:						
Charitable activities	7	315,620	10,296,471	555,038	11,167,129	8,648,892
TOTAL EXPENDITURE	6	315,620	10,296,471	555,038	11,167,129	8,648,892
NET BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		61,764	(1,167,560)	7,363,495	6,257,699	(352,805)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	699,000	-	699,000	(136,000)
NET MOVEMENT IN FUNDS		61,764	(468,560)	7,363,495	6,956,699	(488,805)
RECONCILIATION OF FUNDS:						
Total funds brought forward		167,168	(3,488,000)	8,590,921	5,270,089	5,758,894
TOTAL FUNDS CARRIED FORWARD		228,932	(3,956,560)	15,954,416	12,226,788	5,270,089

The notes on pages 25 to 53 form part of these financial statements.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08401607

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		15,851,242		8,590,921
CURRENT ASSETS					
Debtors	16	126,946		118,644	
Cash at bank and in hand		946,571		487,981	
		<u>1,073,517</u>		<u>606,625</u>	
CREDITORS: amounts falling due within one year	17	<u>(587,971)</u>		<u>(439,457)</u>	
NET CURRENT ASSETS			<u>485,546</u>		<u>167,168</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,336,788</u>		<u>8,758,089</u>
Defined benefit pension scheme liability	24		<u>(4,110,000)</u>		<u>(3,488,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>12,226,788</u>		<u>5,270,089</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted general funds	18	153,440		-	
Restricted fixed asset funds	18	15,954,416		8,590,921	
Restricted funds excluding pension liability		<u>16,107,856</u>		<u>8,590,921</u>	
Restricted general funds - pension reserve		<u>(4,110,000)</u>		<u>(3,488,000)</u>	
Total restricted funds			<u>11,997,856</u>		<u>5,102,921</u>
Unrestricted funds	18		<u>228,932</u>		<u>167,168</u>
TOTAL FUNDS			<u>12,226,788</u>		<u>5,270,089</u>

The financial statements on pages 22 to 53 were approved by the Trustees, and authorised for issue, on 14 December 2018 and are signed on their behalf, by:


 Debbie Stokes
 Chair of Trustees


 Andy Hodgkinson
 Chief Executive Officer

The notes on pages 25 to 53 form part of these financial statements.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>46,648</u>	<u>(6,022)</u>
Cash flows from investing activities:			
Investment income	5	509	430
Purchase of tangible fixed assets		-	(35,000)
Capital grants from DfE Group		301,417	30,359
Capital funding received from sponsors and others		-	35,000
Net cash provided by investing activities		<u>301,926</u>	<u>30,789</u>
Cash and net assets transferred on conversion to an Academy Trust		<u>110,016</u>	<u>-</u>
Net cash provided by financing activities		<u>110,016</u>	<u>-</u>
Change in cash and cash equivalents in the year		<u>458,590</u>	<u>24,767</u>
Cash and cash equivalents brought forward		<u>487,981</u>	<u>463,214</u>
Cash and cash equivalents carried forward	21	<u><u>946,571</u></u>	<u><u>487,981</u></u>

The notes on pages 25 to 53 form part of these financial statements.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Rayleigh Schools Trust constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling which is the functional currency of the Trust and rounded to the nearest pound.

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 2. The nature of the Trust's operations and principal activity are detailed in the Trustees Report.

1.2 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 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.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 period is deducted from income and recognised as a liability.

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

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

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer the 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.

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

All expenditure is inclusive of irrecoverable VAT.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	50 years straight line
Short-term leasehold property	-	14 years straight line
Fixtures and fittings	-	5-125 years straight line
Motor vehicles	-	5-10 years straight line
Computer equipment	-	5 years straight line

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

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.8 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.9 Debtors

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

1.10 Liabilities and provisions

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

1.11 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 basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in Note 17. 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 instruments.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in Note 24, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded 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.

1.13 Conversion to an Academy Trust

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

The assets and liabilities transferred on conversion from Glebe Primary School to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.14 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 its own administration costs and this is recognised in the Statement of Financial Activities. Where funds have not been fully applied in the accounting period then an amount will be included as amounts due to the ESFA.

1.15 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 24, 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 2018. 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 (see Note 15) would impact the total net assets of the Trust.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfers on conversion	110,016	(956,000)	7,617,116	6,771,132	-
Donations	68,162	-	-	68,162	108,515
Capital grants	-	-	301,417	301,417	30,359
Subtotal	68,162	-	301,417	369,579	138,874
Total 2018	178,178	(956,000)	7,918,533	7,140,711	138,874
Total 2017	73,515	-	65,359	138,874	

Information relating to the transfer of Glebe Primary School into Rayleigh Schools Trust can be seen on Note 22.

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. CHARITABLE ACTIVITIES - FUNDING FOR EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	8,588,446	8,588,446	7,040,580
Pupil Premium	-	369,398	369,398	257,629
Start Up Grants	-	75,000	75,000	-
Other DfE/ESFA Revenue Grants	-	44,252	44,252	-
	-	9,077,096	9,077,096	7,298,209
Other Government grants				
Local Authority Revenue Grants	-	622,646	622,646	475,536
Other Government Revenue Grants	-	30,023	30,023	26,343
	-	652,669	652,669	501,879
Other funding				
Other Educational Income	27,016	355,146	382,162	217,539
	27,016	355,146	382,162	217,539
Total 2018	27,016	10,084,911	10,111,927	8,017,627
Total 2017	10,103	8,007,524	8,017,627	

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

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Rental income	117,709	-	117,709	108,092
Receipts from supply teacher insurance claims	670	-	670	-
Risk protection arrangement claims	-	-	-	200
Income from services provided	36,576	-	36,576	12,284
Shop income	16,726	-	16,726	18,580
Total 2018	171,681	-	171,681	139,156
Total 2017	139,156	-	139,156	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest receivable	509	-	509	430
Total 2017	430	-	430	

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

6. TOTAL EXPENDITURE

	Staff costs 2018 £	Premises costs 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Charitable activities:					
Direct costs	7,534,446	-	1,242,867	8,777,313	7,130,931
Support costs	1,117,747	690,137	581,932	2,389,816	1,517,961
Total 2018	<u>8,652,193</u>	<u>690,137</u>	<u>1,824,799</u>	<u>11,167,129</u>	<u>8,648,892</u>
Total 2017	<u>6,906,019</u>	<u>651,142</u>	<u>1,091,731</u>	<u>8,648,892</u>	

In 2017, of the total expenditure of £8,648,892, £212,627 was from unrestricted funds, £8,160,524 was from restricted general funds and £275,741 was from restricted fixed asset funds.

7. ANALYSIS OF EXPENDITURE BY CHARITABLE ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations	<u>8,777,313</u>	<u>2,389,816</u>	<u>11,167,129</u>	<u>8,648,892</u>
Total 2017	<u>7,130,931</u>	<u>1,517,961</u>	<u>8,648,892</u>	

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. TOTAL SUPPORT COSTS

	Educational Operations £	Total 2018 £	Total 2017 £
Defined benefit pension scheme finance cost	111,000	111,000	69,000
Premises costs	690,137	690,137	449,248
Other costs	202,887	202,887	113,028
Governance costs	22,250	22,250	14,450
Support staff costs	1,006,747	1,006,747	654,726
Depreciation	356,795	356,795	217,509
At 31 August 2018	<u>2,389,816</u>	<u>2,389,816</u>	<u>1,517,961</u>
At 31 August 2017	<u>1,517,961</u>	<u>1,517,961</u>	

9. GOVERNANCE COSTS

	2018 £	2017 £
Auditors' remuneration - Audit of the financial statements	14,500	10,200
Auditors' remuneration - Other services	7,750	4,250
Total	<u>22,250</u>	<u>14,450</u>

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- held by the Trust	356,795	217,509
Auditors' remuneration - Audit of the financial statements	14,500	10,200
Auditors' remuneration - Other services	7,750	4,250
Operating lease rentals	<u>167,020</u>	<u>27,084</u>

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	6,547,249	5,360,238
Social security costs	631,101	524,118
Pension costs	1,361,872	952,663
	<u>8,540,222</u>	<u>6,837,019</u>
Staff restructuring costs	971	-
Defined benefit pension scheme finance cost	111,000	69,000
	<u>8,652,193</u>	<u>6,906,019</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	<u>971</u>	<u>-</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	144	140
Administration and support	142	98
Management	10	8
	<u>296</u>	<u>246</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	2	2
In the band £100,001 - £110,000	1	1

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. STAFF COSTS (continued)

The above employees participated in both the Teachers' Pension Scheme and Local Government Pension Scheme. During the year ended 31 August 2018 pension contributions for these staff members amounted to £63,622 (2017 - £61,692).

The Key Management Personnel of the Academy Trust comprise the Trustees' and the Senior Leadership Team. The total amount of employee benefits (including employers national insurance contributions and employer pension contributions) received by Key Management Personnel for their services to the Trust was £853,222 (2017 - £620,880).

12. 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:

	2018 £	2017 £
Glebe Primary School	57,335	-

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

13. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£	£
C Hogg (Staff Trustee)	Remuneration	NIL	35,000-40,000
	Pension contributions paid	NIL	5,000-10,000
S Shirley (Staff Trustee)	Remuneration	NIL	15,000-20,000
	Pension contributions paid	NIL	0-5,000
A Hodgkinson (Headteacher and Accounting Officer)	Remuneration	100,000-105,000	100,000-105,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

14. TRUSTEES' AND OFFICERS' INSURANCE

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

RAYLEIGH SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. TANGIBLE FIXED ASSETS

	Long-term Leasehold property £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2017	9,361,100	95,951	99,859	9,556,910
Transfer on conversion	7,617,116	-	-	7,617,116
At 31 August 2018	16,978,216	95,951	99,859	17,174,026
Depreciation				
At 1 September 2017	867,354	64,173	34,462	965,989
Charge for the year	329,183	16,242	11,370	356,795
At 31 August 2018	1,196,537	80,415	45,832	1,322,784
Net book value				
At 31 August 2018	15,781,679	15,536	54,027	15,851,242
At 31 August 2017	8,493,746	31,778	65,397	8,590,921

Sweyne Park School

The Freehold of the land and buildings is owned by Essex County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 1 April 2013.

The Leasehold property was valued as at 31 March 2014 at £9,261,000 by Mouchel, a RICS Registered Valuer using the Depreciated Replacement Cost method. No value has been attributed to the land in these financial statements. The Trustees consider that the valuation of the property remains appropriate for the purposes of these financial statements.

Glebe Primary School

The Freehold of the land and buildings is owned by Essex County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 1 October 2017.

The ESFA provide free desktop valuations of converting schools however, this valuation is not yet available. An estimate of the depreciated historic cost is included in the accounts based on an insurance valuation.

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. DEBTORS

	2018 £	2017 £
Trade debtors	17,809	8,263
VAT recoverable	32,018	9,264
Other debtors	853	16,492
Prepayments and accrued income	76,266	84,625
	<u>126,946</u>	<u>118,644</u>

17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	76,501	72,930
Other taxation and social security	154,722	129,345
Bursary fund held on behalf of ESFA	52,784	38,249
Pension contributions payable	138,038	113,735
Accruals and deferred income	165,926	85,198
	<u>587,971</u>	<u>439,457</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	37,371	17,214
Resources deferred during the year	143,676	37,371
Amounts released from previous years	(37,371)	(17,214)
Deferred income at 31 August 2018	<u>143,676</u>	<u>37,371</u>

At the Balance Sheet date the Trust was holding funds received in advance for:

- Funds received in advance from the ESFA for the 2018-19 academic year.
- Funds received in advance in regards to school trips that will take place in the 2018-19 academic year.
- Funds received in advance in regards to music lessons that will take place in the 2018-19 academic year.
- Funds received in advance for Universal Infant Free School Meals (UIFSM) for the 2018-19 academic year.

RAYLEIGH SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. STATEMENT OF FUNDS - CURRENT YEAR

	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 of funds	<u>5,270,089</u>	<u>17,424,828</u>	<u>(11,167,129)</u>	<u>699,000</u>	<u>12,226,788</u>

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.

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 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.

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS - CURRENT YEAR (continued)

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.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS - CURRENT YEAR (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
The Swayne Park School	167,500	167,168
Glebe Primary School	214,872	-
Total before fixed asset fund and pension reserve	382,372	167,168
Restricted fixed asset fund	15,954,416	8,590,921
Pension reserve	(4,110,000)	(3,488,000)
Total	12,226,788	5,270,089

ANALYSIS OF ACADEMIES BY COST

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 depreciat- ion £	Total 2018 £	Total 2017 £
The Swayne Park School	6,201,352	808,442	1,028,234	765,011	8,803,039	8,431,383
Glebe Primary School	1,333,094	309,305	214,633	150,263	2,007,295	-
	7,534,446	1,117,747	1,242,867	915,274	10,810,334	8,431,383

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. STATEMENT OF FUNDS - CURRENT YEAR (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	156,591	223,204	(212,627)	-	-	167,168
Restricted general funds						
General Annual Grant (GAG)	-	7,040,580	(7,040,580)	-	-	-
Pupil Premium	-	257,629	(257,629)	-	-	-
Local Authority revenue grants	-	475,536	(475,536)	-	-	-
Other Government revenue grants	-	26,343	(26,343)	-	-	-
Other Educational income	-	207,436	(207,436)	-	-	-
Pension reserve	(3,199,000)	-	(153,000)	-	(136,000)	(3,488,000)
	<u>(3,199,000)</u>	<u>8,007,524</u>	<u>(8,160,524)</u>	<u>-</u>	<u>(136,000)</u>	<u>(3,488,000)</u>
Restricted fixed asset funds						
NBV of fixed assets	8,773,430	-	(217,509)	35,000	-	8,590,921
DfE/ESFA Capital Grants	27,873	30,359	(58,232)	-	-	-
Other activities	-	35,000	-	(35,000)	-	-
	<u>8,801,303</u>	<u>65,359</u>	<u>(275,741)</u>	<u>-</u>	<u>-</u>	<u>8,590,921</u>
Total restricted funds	<u>5,602,303</u>	<u>8,072,883</u>	<u>(8,436,265)</u>	<u>-</u>	<u>(136,000)</u>	<u>5,102,921</u>
Total of funds	<u>5,758,894</u>	<u>8,296,087</u>	<u>(8,648,892)</u>	<u>-</u>	<u>(136,000)</u>	<u>5,270,089</u>

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NOTES TO THE FINANCIAL STATEMENTS
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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	156,591	600,588	(528,247)	-	-	228,932
Restricted general funds						
General Annual Grant (GAG)	-	15,629,026	(15,475,586)	-	-	153,440
Pupil Premium	-	627,027	(627,027)	-	-	-
Start Up Grants	-	75,000	(75,000)	-	-	-
Other DfE/ESFA revenue grants	-	44,252	(44,252)	-	-	-
Local Authority revenue grants	-	1,098,182	(1,098,182)	-	-	-
Other Government revenue grants	-	56,366	(56,366)	-	-	-
Other Educational income	-	562,582	(562,582)	-	-	-
Pension reserve	(3,199,000)	(956,000)	(518,000)	-	563,000	(4,110,000)
	<u>(3,199,000)</u>	<u>17,136,435</u>	<u>(18,456,995)</u>	<u>-</u>	<u>563,000</u>	<u>(3,956,560)</u>
Restricted fixed asset funds						
NBV of fixed assets	8,773,430	7,617,116	(574,304)	35,000	-	15,851,242
DfE/ESFA Capital Grants	27,873	331,776	(256,475)	-	-	103,174
Other activities	-	35,000	-	(35,000)	-	-
	<u>8,801,303</u>	<u>7,983,892</u>	<u>(830,779)</u>	<u>-</u>	<u>-</u>	<u>15,954,416</u>
Total restricted funds	<u>5,602,303</u>	<u>25,120,327</u>	<u>(19,287,774)</u>	<u>-</u>	<u>563,000</u>	<u>11,997,856</u>
Total of funds	<u><u>5,758,894</u></u>	<u><u>25,720,915</u></u>	<u><u>(19,816,021)</u></u>	<u><u>-</u></u>	<u><u>563,000</u></u>	<u><u>12,226,788</u></u>

RAYLEIGH SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT 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)
	<u>228,932</u>	<u>(3,956,560)</u>	<u>15,954,416</u>	<u>12,226,788</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	8,590,921	8,590,921
Current assets	606,625	-	-	606,625
Creditors due within one year	(439,457)	-	-	(439,457)
Defined benefit pension scheme liability	-	(3,488,000)	-	(3,488,000)
	<u>167,168</u>	<u>(3,488,000)</u>	<u>8,590,921</u>	<u>5,270,089</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	6,257,699	(352,805)
Adjustment for:		
Depreciation charges	356,795	217,509
Investment income	(509)	(430)
Increase in debtors	(8,301)	(117)
Increase in creditors	148,513	42,180
Capital grants from DfE and other capital income	(301,417)	(65,359)
Defined benefit pension scheme obligation inherited	956,000	-
Defined benefit pension scheme cost less contributions payable	254,000	84,000
Defined benefit pension scheme finance cost	111,000	69,000
Net (loss) on assets and liabilities from local authority on conversion	(7,727,132)	-
Net cash provided by/(used in) operating activities	<u>46,648</u>	<u>(6,022)</u>

RAYLEIGH SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	946,571	487,981
Total	<u>946,571</u>	<u>487,981</u>

22. CONVERSION TO AN ACADEMY TRUST

On 1 October 2017 Glebe Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Rayleigh Schools Trust from Essex County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	7,617,116	7,617,116
Cash at bank and in hand	110,016	-	-	110,016
LGPS pension surplus/(deficit)	-	(956,000)	-	(956,000)
Net assets/(liabilities)	<u>110,016</u>	<u>(956,000)</u>	<u>7,617,116</u>	<u>6,771,132</u>

The above net assets include £110,016 that were transferred as cash.

23. CAPITAL COMMITMENTS

At 31 August 2018 the Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>59,838</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's 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 Pension Schemes.

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

Contributions amounting to £138,038 were payable to the schemes at 31 August 2018 (2017 - £113,735) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £829,663 (2017 - £699,270).

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a 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 scheme, with assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £352,547 (2017 - £213,000), of which employer's contributions totalled £278,854 (2017 - £166,000) and employees' contributions totalled £73,693 (2017 - £47,000). The agreed contribution rates for future years are 23.6% (Sweyne Park School) and 24.3% (Glebe Primary School) for employers and 5.5 to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 20 years		
Males	24.5	24.3
Females	27.1	27.0

	At 31 August 2018 £'000	At 31 August 2017 £'000
Sensitivity analysis		
Discount rate +0.1%	(151)	(108)
Discount rate -0.1%	155	111
Mortality assumption - 1 year increase	216	160
Mortality assumption - 1 year decrease	(209)	(154)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,620,000	929,000
Gilts	136,000	89,000
Other bonds	149,000	56,000
Property	226,000	138,000
Cash	87,000	44,000
Alternative assets	228,000	109,000
Other managed funds	98,000	60,000
Total market value of assets	<u>2,544,000</u>	<u>1,425,000</u>

The actual return on scheme assets was £145,000 (2017 - £255,000).

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

	2018 £	2017 £
Current service cost	(533,000)	(250,000)
Interest income	57,000	38,000
Interest cost	(168,000)	(107,000)
Total	<u>(644,000)</u>	<u>(319,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	4,913,000	4,842,000
Upon conversion	1,609,000	-
Current service cost	533,000	250,000
Interest cost	168,000	107,000
Employee contributions	74,000	47,000
Actuarial (gains)	(612,000)	(320,000)
Benefits paid	(31,000)	(13,000)
Closing defined benefit obligation	<u>6,654,000</u>	<u>4,913,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	1,425,000	1,643,000
Upon conversion	653,000	-
Interest income	57,000	38,000
Actuarial gains/(losses)	87,000	(456,000)
Employer contributions	279,000	166,000
Employee contributions	74,000	47,000
Benefits paid	(31,000)	(13,000)
	<u>2,544,000</u>	<u>1,425,000</u>
Closing fair value of scheme assets	<u>2,544,000</u>	<u>1,425,000</u>

Reconciliation of opening to closing Defined Benefit Pension Scheme liability

	2018 £	2017 £
Balance brought forward at 1 September	3,488,000	3,199,000
Defined benefit pension scheme obligation inherited	956,000	-
Defined benefit pension scheme cost less contributions payable	254,000	84,000
Defined benefit pension scheme finance cost	111,000	69,000
Actuarial (gains)/losses	(699,000)	136,000
	<u>4,110,000</u>	<u>3,488,000</u>
Balance carried forward at 31 August	<u>4,110,000</u>	<u>3,488,000</u>

The amounts recognised in the Balance Sheet are as follows:

	2018 £	2017 £
Present value of the defined benefit obligation	(6,654,000)	(4,913,000)
Fair value of scheme assets	2,544,000	1,425,000
	<u>(4,110,000)</u>	<u>(3,488,000)</u>
Total	<u>(4,110,000)</u>	<u>(3,488,000)</u>

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

25. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	144,561	163,073
Between 1 and 5 years	225,835	77,658
Total	<u>370,396</u>	<u>240,731</u>

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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 2018 the Trust was invoiced £23,946 (2017 - £17,617) 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 (2017 - £NIL) outstanding at 31 August 2018 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 £4,000 (2017 - £NIL) were invoiced to the Trust from Chipping Hill Primary School. There was no balance outstanding at the year end. All transactions undertaken with the school are at arms length, and were provided at cost.

The spouse of Andrew Hodgkinson, the Head Teacher of Sweyne Park School and CEO of the Trust, provides staff development training for the school. None of the commissioning of these services or matters to do with payment are handled by him. Fees for the provision of training by his spouse amounted to £5,812 in the financial year 2017/18 (2016/17: £6,500). This arrangement was put in place by the previous Head Teacher.

RAYLEIGH SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

27. CONTROLLING PARTY

There is no ultimate controlling party.

28. COMPANY LIMITED BY GUARANTEE

The Trust is a company limited by guarantee and does not have share capital.

29. 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.

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 £24,031 (2017 - £24,889) and disbursed £9,496 (2017 - £26,600). £NIL (2017 - £NIL) was retained to cover administration expenses and therefore a balance of £52,784 (2017 - £38,249) relating to undistributed funds is repayable to the ESFA as at the Balance Sheet date and is included within creditors.