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REGISTERED COMPANY NUMBER: 07343725 (England and Wales)

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2019



McCabe Ford Williams
Statutory Auditors &
Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
Kent
ME10 4AE

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 AUGUST 2019

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FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Registered Company number	07343725 (England and Wales)		
Principal and Registered office	Fulston Manor School Brenchley Road Sittingbourne Kent ME10 4EG		
Members	Mr A G Brookes Mrs R Couzins Mr D Robinson Mrs K Pidduck Mr M Weller Mr K West Mr T Lawry	Appointed 05/12/2018 01/01/2019	Resigned 05/12/2018 13/11/2018
Trustees	Mr D Robinson* (Chair Fulston Manor School LGB) Ms L O'Sullivan (Chair) Mr A G Brookes* (CEO) (Head Teacher Fulston Manor School) Ms S Fenn* (Head Teacher South Avenue Primary School from 1/09/2018) Mr A Watton Mr P Crouch* Mr J Fassenfelt Mrs M McKeeman	01/09/2018 01/01/2019 01/01/2019	
* Members of the Strategic Board Finance Committee.			
Senior Leadership Team	Head Teacher (Fulston Manor) (Accounting officer) (Executive Head Teacher for Trust from 02/09/2019) Head Teacher (South Avenue appointed 01/09/2018) Deputy Head (Fulston Manor) Assistant Head (Fulston Manor) Deputy Head (Fulston Manor) (Head Teacher Fulston Manor from 02/09/2019) Deputy Head (South Avenue) HR and Business Manager Data Assessment Manager (South Avenue) (Left 28/02/2019)	Mr A G Brookes Ms S Fenn Mrs M Gash Mr R Prutton Ms S Burden Mrs H Streatfield Mrs S Francis Mrs T Wood	

FULSTON MANOR ACADEMIES TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

	Appointed	Resigned
Local governing bodies		
Fulston Manor School	Mr M Best	08/05/2019
	Mr A Brookes (Head Teacher)	
	Mr S Duplock	31/08/2019
	Mrs N Endacott	26/09/2018
	Mr J Fox	31/08/2019
	Mr M Gilbert	
	Mrs D Ines	
	Mrs S Palmer (staff member)	
	Mrs K Pidduck	09/01/2019
	Mr D Robinson (Chair)	
	Mr M Weller	31/11/2018
	Mr J Fassenfelt	
	Miss G Davies	31/08/2019
	Mrs N Davies	01/09/2018
	Mr G Watson	01/09/2018
	Miss C Honeysett	21/09/2018
	Mrs O Cole	23/01/2019
	Mr P Beckham	03/12/2018
South Avenue	Miss S Fenn (Head Teacher South Avenue)	01/09/2018
	Mr D Burt	
	Mr P Crouch	
	Mrs P Gaston (staff member)	
	Mr T Ottaway (Vice Chair)	
	Mr J Righton	
	Mrs H Streatfield (staff member)	31/08/2019
	Mrs T Thurston	
	Mr A Watton (Chair)	31/08/2019
	Mrs P Hatt	
	Miss K McKenna	
	Mrs P Gaston (staff member)	
	Mr P Beckham	03/12/2018
	Mrs H Lofts	29/11/2019
Auditor	Clair Rayner FCA DChA (Senior Statutory Auditor)	
	McCabe Ford Williams	
	Statutory Auditors and Chartered Accountants	
	Bank Chambers	
	1 Central Avenue	
	Sittingbourne	
Bankers	Kent	
	ME10 4AE	
Lloyds Bank, 125 High Street, Sittingbourne, Kent, ME10 4BD.		

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements for the year ended 31 August 2019. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law. The Trustees confirm that the annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's articles of association and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2015.

The Trust operates 1 primary and 1 secondary Academy in Sittingbourne, Kent. Its academies have a combined pupil capacity of 1,758 and had a roll of 1,780 in the school census of October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust was incorporated on 12 August 2010 and commenced trading on 1 October 2010. The Trust is a company limited by guarantee with no share capital (registration no: 07343725) and became a Multi Academy Trust on 26 November 2013. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Trust. The Articles of Association require the members of the Charitable Company to appoint at least three Trustees to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Trust.

The Trust has charitable status for tax purposes under the reference XT35298.

Details of the Trustees who served throughout the year, and to the date these accounts are approved, except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the company undertakes to contribute to the assets of the 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

The following Trustees were in office at 4 December 2019 and served throughout the year except where shown.

Trustees	Appointed	Resigned
Mr D Robinson		
Ms L O'Sullivan		
Mr A G Brookes		
Mr A Watton		
Mr P Crouch		
Ms S Fenn	01/09/2018	
Mr J Fassenfelt	01/01/2019	
Mrs M McKeeman	01/01/2019	

FULSTON MANOR ACADEMIES TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006, every Trustee, officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

Method of Recruitment and Appointment or Election of Trustees

The strategic board may appoint such number of Trustees as they see fit having regard to:

- a) Any recommendations and views of the Local Governing Bodies of any lead Academies identified by the Trustees in relation to ensuring that the people serving on the Board of Trustees between them have an appropriate range of skills and experience and due attention is given to succession planning,
- b) If relevant, the recommendation or nomination by either the Local Governing Body of any lead Academy or any third party organisation from whom the Supported Academies receive support or with whom the Supported Academies receive support or with whom the Charitable Company is working in partnership to appoint a person or persons with relevant skills and experience to provide capacity and expertise in relation to the Supported Academies, and
- c) The desirability of ensuring there is representation amongst the Trustees from the parents of registered pupils at the Academies.

The strategic board may appoint Staff Trustees and or Head Teachers to be Trustees through such process as they may determine.

The total number of Trustees including the Chief Executive Officer who are employees of the Trust shall not exceed one third of the total number of Trustees.

There shall be a minimum of 2 Trustees but otherwise such number as the Trustees shall decide. The Chairperson of a Local Governing Body shall be eligible to be a Trustee and only for as long as he remains in office as such. For the avoidance of doubt, The Chief Executive Officer cannot be a chairman of a Local Governing Body.

There shall be a minimum of two Parent Trustees unless there are local governing bodies, which include at least two parent members.

The Chief Executive Officer shall be a Trustee for as long as he remains in office as such.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on company and educational legal and financial matters. All new Trustees will be given a tour of the Academies and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

FULSTON MANOR ACADEMIES TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Organisational Structure

The structure of the Trust is as follows:

- The strategic board of the Trust
- Fulston Manor School local governing body
- South Avenue Primary School local governing body
- The leadership Groups of Fulston Manor School and South Avenue Primary School.

The management structure in place encourages devolved responsibility and involvement in decision making at all levels of the organisation.

The strategic Board of Trustees is responsible for approving policies, adopting annual targets and setting the budget. The Trustees will monitor the expenditure and income of the Trust and approve major decisions on expenditure, including capital works and staff appointments, and receive the audited financial statements of the Trust at the period end. They will also be involved in the strategic vision for the Trust and adopt an annual development plan setting out the direction of the Trust.

Responsibilities delegated to the local governing bodies include oversight of the day to day running of the schools, curriculum direction, appointments of teaching and support staff.

The Leadership Group in the secondary school is made up of the Head Teacher, Deputy Head Teachers, the HR and Business Manager and the Assistant Head Teacher. This group oversees the day to day management of the Secondary School implementing policies and plans set by the strategic board. Some members of this group can approve expenditure up to certain limits above which Trustee approval will be required.

The Leadership Group in the South Avenue Primary School is made up of the Head Teacher, the Deputy Head Teacher, Data Assessment Manager and Lead Teaching and Learning Managers during the period under review.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel are set as follows:

<i>Role</i>	<i>Recommender</i>	<i>Decision Maker/ Reviewer</i>	<i>Appeal</i>
CEO	Pay Committee	Pay Committee	Strategic Board Chair
Head Teacher	CEO	CEO	Strategic Board
Other Leadership Team Members	School's Head Teacher	LGB Pay Committee	Strategic Board

Each Local Governing Body (LGB) shall have a Pay Committee, comprising four non-staff governors. Salaries for support staff are benchmarked by the HR and Business Manager against sector data and, salaries for educational staff are set in accordance with the Academies Trust's Teachers pay policy.

FULSTON MANOR ACADEMIES TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

Trade Union Facility Time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£0
Provide the total pay bill	£7,990,302
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	Nil

Paid trade union activities

Time spent of trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	Nil
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Related Parties and other Connected Charities and Organisations

The Academies Trust does not have any connected organisations.

Where Trustees offer their services to the Academy their interest is recorded on the relevant paperwork and the circumstances discussed by the Board. The Head Teacher and Staff Trustees are employees of the Charitable Company.

OBJECTIVES AND ACTIVITIES

Principal Activities

The principle activity of Fulston Manor Academies Trust is to provide education for students of different abilities and achieves this by providing a state education, free of charge, to pupils aged 5 to 19.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES – continued

Objects and Aims

In accordance with the Articles of Association, Fulston Manor Academies Trust the company's object ("the Object") is specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies")
- to promote for the benefit of the inhabitants of the areas served by the Academies the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants

Objectives

The main objectives of the Trust during the year ended 31 August 2019 are summarised below:

- to deliver high quality education and care to all pupils of the Academies within the Trust;
- to raise standards and achievement;
- to improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

The Trust's main strategy is encompassed in its mission statement which is:

'TO CHANGE FOR THE BETTER THE LIVES AND LIFE CHANCES OF ALL MEMBERS OF OUR COMMUNITY. WE ALSO RECOGNISE OUR WIDER RESPONSIBILITIES WITHIN AND BEYOND THE LOCAL AREA TO WORK POSITIVELY AND COOPERATIVELY WITH OTHERS IN ORDER TO SUPPORT SUCH CHANGES ELSEWHERE'.

The Trust produces an annual Academies Trust Development Plan, which details how it intends to achieve the aims and objectives for the period. The activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- co-operation and sharing resources with local schools;
- a system of after school clubs to allow students to explore new areas in a practical and project oriented way;
- a careers advisory programme to help students obtain employment or move on to higher education.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES – continued

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17 (5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commissions general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

The public benefit of Fulston Manor Academies Trust is the advancement of education within the local community.

Equal opportunities policy

The Trust is an equal opportunity organisation and is committed to take a positive stand to ensure all stakeholders have a right to equality of opportunity and achievement regardless of race and ethnicity, faith, belief and religion, disability and access, age, sex, sexual orientation, transsexualism, and marital status.

Equality of opportunity is related to all areas of the Trust's work and is a fundamental aspect of the ethos of the Trust. We will make reasonable adjustments to meet the needs of staff or students who are or become disabled. Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the Academy.

Fulston Manor Academies Trust is committed to safeguarding and promoting the welfare of children and young people, and expects all staff and volunteers to share this commitment. All posts are subject to an enhanced Disclosure Application to the Disclosure and Barring Service and check against the ISA Barred List for children.

Parents are given regular information about their son/daughter's social and academic progress through 6 progress reports a year and one full report a year as well as Parent Evenings, Parent Portal (secure online system), Newsletters, and regular contact with parents is maintained as and when required.

Employee involvement and employment of the disabled

Disabled employees

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the Trust. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

Employee Consultation

The Trusts staff are empowered to elect colleagues to sit and serve as Trustees. Trustees regularly meet with staff ranging from attendance at formal board and committee meetings, Trustee visits and general open days where staff can meet and talk to Governors.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

- Fulston Manor School

This has been another broadly successful academic year although GCSE results are not at the level of previous years. At sixth form level results remained broadly in line with last year, despite the introduction of more challenging linear A levels in many subjects, and well over 60 students secured places at their universities of choice. The progress measures for GCSE have yet to be released but the overall performance is expected to be lower than previously. This was not unexpected with a range of factors affecting this particular year group; all available data indicates that this is a statistical outlier and not one that will be repeated in the future. The NEET figure remains markedly below the average for the area, demonstrating the positive impact the school continues to have on the lives of young people.

Still significantly oversubscribed, almost 1000 applications were again received for places in Year 7 and the decision to raise the PAN in 2014 has proved to be fully justified. Applications for 6th form places continue to prove strong and the completion of the new sixth form centre will enable us to accommodate a further rise in overall post 16 numbers.

Following our Ofsted Inspection of 2014 we are no longer officially a designated Teaching School, although we remain a National Support School and are continuing with our collaborative work across the county. There has been a continuing increase in the number of schools achieving Outstanding / Good, many of whom we have worked with as part of the school to school support programme. We are also now chairing the executive committee of Kent Association of Heads have a seat on the county KAH Executive and are a member of the new Kent Strategic Commissioning Group, giving us a significant role in county wide strategic issues. Our 2017 Ofsted inspection confirmed the school as good in all areas.

The school continues to engage in a wide range of charity fund raising activities, with LEPRAs remaining the post 16 focus and a balance of local and national charities completing the profile. We have now raised more money for LEPRAs than any other single organisation in the United Kingdom.

- South Avenue Primary School

South Avenue Primary School has now completed its fourth year as a Primary school, and as well as a local reputation which continues to improve, this has been the most successful year in outcomes yet.

GLD remains well above national average at 82%, Year 2 outcomes remain strong and above national average with Reading at 84% Exp+, Writing at 82% Exp+, Maths 84% Exp+, SPAG at 82% Exp+ and combined at 81%. Year 6 outcomes have risen to be in line with/just above national average for the first time in at least 12 years (as far as our records go back) with Reading at 73% (National 75%), Writing at 80% (National 78%), Maths at 76% (same as National) and combined at 66% (National 64%). Phonics showed a drop down to 75% but this is a year group specific issue with 10 of these children identified by Specialist Teaching Service as requiring small group, intense teaching in year 2 due to their barriers.

School plan targets have been achieved in the main; quality of teaching remains at 100% secure+, TAs continue to be developed, outcomes have improved, reading for pleasure has risen to 85% of the school accessing our lending library (with no Pupil Premium gap), behaviour has improved with a drop in fixed term exclusions and internal sanctions, attendance has risen to a 4 year high at 95.17%, NPQML/H training is almost completed and significant improvements made to the curriculum putting STEM at the heart have resulted in higher levels of motivation, engagement and progress.

The end of this year sees a period of change with the Head Teacher moving on to a new post in September as an Executive Head Teacher, and 7 other staff moving on to new posts or retiring. The new Head Teacher will start in September.

Key Performance Indicators

Staff costs as a percentage of income (excluding restricted fixed asset funds):

	2019	2018
Fulston Manor School		
Teaching staff	54%	57%
Educational support staff	8%	9%
Other support staff	19%	20%
Total staffing	81%	85%

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

ACHIEVEMENTS AND PERFORMANCE - continued

Key Performance Indicators - continued

Staff costs as a percentage of income (excluding restricted fixed asset funds):

South Avenue Primary School	2019	2018
Teaching staff	43%	43%
Educational support staff	23%	22%
Other support staff	15%	15%
Total staffing	81%	80%
 FMAT	 2019	 2018
Teaching staff	52%	56%
Educational support staff	11%	11%
Other support staff	18%	21%
Total staffing	81%	88%

Going Concern

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

FINANCIAL REVIEW

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), capital grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of assets concerned.

During the year ended 31 August 2019 total expenditure of £10,133,898 (2018: £9,908,751) was funded by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year, including other recognised gains and losses, (excluding restricted fixed asset funds and the LGPS) was £70,115 (2018: £109,545 excess of expenditure over income).

The Trust held fund balances at 31 August 2019 of £14,166,508 (2018: £16,262,458) comprising £307,783 (2018: £353,170) of restricted general funds and £214,059 (2018: £230,405) of unrestricted general funds. The unrestricted funds are the academy trust's free reserves.

At 31 August 2019 the net book value of fixed assets was £18,732,797 (2018: £18,905,685) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

There is a pension reserve deficit of £(5,169,000) (2018: £(3,525,000)). It should be noted however that this deficit will not crystallise within the foreseeable future and that the Trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. The advised level of contributions has been taken into account when preparing the Trust's budgets for the year ending 31 August 2019.

The in year deficit is £61,733 and agrees to the change in balance of restricted general funds (excluding pension) and unrestricted funds.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

FINANCIAL REVIEW – continued

Reserves Policy

The policy of the Trust is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to any constraint that the level of resources does not exceed the level permitted by the DfE, there are currently no such constraints on the Trust. The Trust Strategic Board has set a target of 7% total reserves (excluding fixed assets and pension reserves) per Academy to be held, based on GAG funding for each given year. In the year to 31 August 2019 this reserves level is £421,000 for Fulston Manor and £102,000 for South Avenue Primary School a total reserves figure of £523,000. The reserves of the Academies Trust before accounting for the pension deficit and fixed assets are £521,842 (2018: £583,575). Free reserves are £214,059 (2018: £230,405) with this being unrestricted funds and restricted general funds (excluding pension reserve) were £307,783 (2018: £353,170).

Where reserves exceed 10% of GAG funding the Academies Trust Strategic Board will review any budgetary constraints and assess if targeted expenditure can improve any operational areas. If it is deemed that the current budget is accurate and manageable any surplus in excess of the 10% threshold shall be allocated to a Capital Reserves fund. The Capital Reserves fund shall be used in conjunction with, but separate to, the Devolved Formula Capital Grant. The Business Manager, in conjunction with the CEO, should propose a schedule of works to the Academies Trust Strategic Board identifying the need to maintain, improve or replace assets and the related sums required in doing so.

Funds should be transferred to a separate bank account at such a time that is clear that to do so would not create a deficit cash flow situation. Spend of the Capital Reserve Fund should only occur when it has been approved by the Academies Trust Strategic Board

Investment Policy

Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation. Assets will only be considered with banking institutions which have credit ratings assessed by Fitch and or Moody to show good credit quality. Deposits should be spread by banking institution and be subject to a maximum exposure of £500,000. Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts. The cash flow forecasts will take account of the annual budget and spending plans approved by the Strategic Board Finance Committee and be updated on a quarterly basis. A sufficient balance must be held in the current account so that the Trust's financial commitments can always be met without the bank account going overdrawn. Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Trust.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational area (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimize risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

FULSTON MANOR ACADEMIES TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

PRINCIPAL RISKS AND UNCERTAINTIES - continued

The principal financial risks have been identified and considered by the Trustees. The Trustees are satisfied that within reason, all financial risks have been limited or eliminated by internal policies and procedures.

As the majority of the funding for the Trust is in the form of grants from the Education and Skills Funding Agency, the uncertainty facing future funding is the biggest financial risk that the Trust faces. The Trust therefore has a budget plan for 3 years, which is linked to the school improvement plan and takes account of possible downturns in funding wherever possible.

The Trustees ensure that sound economical purchasing decisions are made on a day to day basis and that financial management within the school is carried out by competent and suitably qualified personnel.

FUNDRAISING

The Trust has a very clear policy on fundraising. Every child benefits directly from activities as all money raised goes back to supporting the costs of resources, educational visits and activities. The majority of these funds come from voluntary donations.

School voluntary fund

Parents shall be requested to donate a voluntary contribution per student upon entry into Year 7. (Reduced pro-rata for entries in other years). The contributions requested for the following academic year shall be notified by the Headteacher in the Summer Term.

The School Voluntary Fund shall be spent both on items that are of benefit to the whole school and on items which benefit individual students, principally those whose families are in financial difficulties. The Fund shall be spent on a variety of items including:

- Contributions to the expenses of teams or individuals in competitions
- Subsidising school visits and other extra-curricular activities, covering all or part of the costs attributable to students whom would otherwise not be able to participate.
- Presentations Evenings, Sports Day – whole school events

Fundraising is seen as a legitimate means of improving the Trust's ability to purchase goods, equipment or services, which are not available within capital or revenue budgets. For the public donating cash or equipment, or actively raising funds is seen as a positive way of supporting schools within the Trust. The Board of Trustees is responsible for ensuring that:

- Correct procedures are in place and followed for fundraising activities
- Expenditure is properly validated
- All funds raised are properly accounted for and audited
- The money is expended in accordance with the objectives agreed with the fund raisers.
- All staff or volunteers carrying out fundraising activities are expected to act with fairness, honesty, integrity and openness
- All funds received must be given to the Finance Office to be recorded, counted and banked in line with the Trust's financial regulations
- Fundraisers must not exploit their position for personal gain
- Fundraisers shall adhere to all policies and procedures adopted by the Board of Trustees. Donors have the right to obtain complete and timely information on how their funds are used

All fundraising inside or outside the school must be approved by the Headteacher regardless of the sum involved. The Headteacher will report such approvals to the Board of Trustees. In the event a member of Trust staff becoming aware of an external body fund raising on behalf of the Trust, he/she should notify the Headteacher so that the fundraising can be approved (if this has not already occurred) and the Trust can formally accept the donated cash or equipment.

FULSTON MANOR ACADEMIES TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

PLANS FOR FUTURE PERIODS

As indicated in the section on performance, having completed the £3.7 million building project to provide a new English and Mathematics block in 2014, and a new Sixth Form and Learning Resource Centre in 2016, the funding coming from successful ACMF bids, a bid has now been submitted (three times) for a 21 room block which is intended to house all Science provision within the school as well as providing additional general classroom spaces, unsuccessful on all three occasions). When funding is secured for this there will only be one phase remaining of the overall scheme, a new sports hall, and attention will turn to sourcing funding for this. Consideration is now being given to possible future bids to fund the creation of new accommodation to facilitate the amalgamation of South Avenue infant and junior school sites, following a successful bid to provide a new roof for the main school at Fulston Manor.

Following the creation of a multi academy trust and the welcoming of South Avenue Junior and Infant Schools into this organisation on 1st January 2014, and the two schools merging to form South Avenue Primary School on 1st September 2014, the focus has been on continuing the improvement journey of this school. Whilst there are future plans to expand the Trust further in the future the current focus is on securing stable success for the schools that are already members rather than adopting what is seen to be an unnecessarily risky strategy of rapid expansion. The judgement of "Good" achieved by South Avenue in 2017 and their significantly improved examination results in 2018 and 2019, a platform has now been established for further expansion. Collaborative work continues with most primary schools across the area and it is believed that this currently represents the best way of securing area wide educational improvement.

Having increased the roll by one form of entry with effect from 1.9.14, there are no plans for further expansion at Fulston Manor, although the completion of the new sixth form block has allowed for some increase in post 16 provision. At South Avenue, early discussions have taken place with the local authority regarding the possibility of an additional form of entry but no firm decisions have been taken in regard to this. there would need to be significant additional building work carried out before such a step were taken and, as yet, no commitments regarding such a project have been forthcoming.

FUNDS HELD AS CUSTODIAN TRUSTEES ON BEHALF OF OTHERS

The Trustees hold no funds as custodian trustee.

AUDITOR

In so far as the Trustees are aware:

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

Report of the Trustees, incorporating a Strategic Report, was approved by order of the Board of Trustees as the company directors, on 4 December 2019 and signed on its behalf by:



L O'Sullivan
Chair of Trustees

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Fulston Manor Academies 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 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 Fulston Manor Academies 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 included on governance here supplements that described in the Report of the Trustees and in the Statement of Trustees' Responsibilities. The full Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Robinson*	3	3
Mr A Watton	3	3
Mr A G Brookes*	3	3
Ms L O'Sullivan (Chair from 01/09/2018)	3	3
Mr P Crouch*	3	3
Mr J Fassenfelt (appointed 1/01/2019)	3	3
Mrs M McKeeman (appointed 1/01/2019)	2	3
Ms S Fenn* (appointed 1/09/2018)	3	3

*members of the strategic board finance committee

Key changes to the composition of the Board are detailed on page 3 of the Report of the Trustees.

There have been no changes to the composition of the Board of Trustees since the appointments shown in the Reference and Administrative details on page 1.

During the year the Board undertook the following reviews of:

- service terms provided to the Trust.
- attendance records and requirements
- preparation for an Ofsted inspection
- skills and expertise in regards to the DfE's Competency Framework for Governance, assessing how the composition of the Trustees met these requirements
- priorities for improving the school
- school policies

Governance reviews

The Trust carries out a skills audit and reviews governance structures on an annual basis.

The next review is due in April/May 2020.

A review of the governance structure was undertaken to ensure that individual schools are represented at all levels of governance. This resulted in the subcommittees detailed below:

Sub committees

The Strategic Board Finance Committee - Its purpose is to:

- approve and recommend the budget for the year to the strategic board
- review the management accounts on a termly basis

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

Sub committees - continued

Attendance at meetings in the year was as follows:

Trustee / Governor	Meetings attended	Out of a possible
Mr A G Brookes (Headteacher FM)	4	4
Mr D Robinson	4	4
Mrs S Fenn (Headteacher SAP appointed 01/09/2018)	4	4
Mr P Crouch	4	4

Fulston Manor Local Governing Body oversee the day to day operation of the secondary school. A finance and premises committee made up of members of the Local Governing body also met 4 times during the year to monitor the finances of the school and to deal with any matters regarding contracts and tenders subject to previously authorised limits.

Trustee / Governor	Meetings attended	Out of a possible
Mr M Best	1	4
Mr A G Brookes (Head Teacher FM)	8	8
Mr S Duplock	2	8
Miss G Davies	6	8
Mr J Fox	5	8
Mr D Robinson (Chair)	6	8
Mr J Fassenfelt	8	8
Mrs S Palmer (staff member)	6	8
Mr M Weller	1	2
Mrs K Pidduck	1	3
Ms N Endacott	0	1
Mr M Gilbert	8	8
Mrs D Ines	0	5
Mr G Watson (appointed)	7	8
Miss C Honeysett (appointed)	6	8
Mrs O Cole (appointed)	3	4
Ms N Davies	7	8
Mr P Beckham (appointed)	3	3
In Attendance:		
Mrs S Burden	5	8
Mrs M Gash	6	8

South Avenue Local Governing Body oversee the day to day operation of the primary school

Trustee / Governor	Meetings attended	Out of a possible
Ms S Fenn (Headteacher) (appointed 1/09/2018)	6	6
Mr P Crouch	5	6
Mrs P Hatt	6	6
Mrs K McKenna	1	6
Mr T Ottaway (Vice Chair)	4	6
Mr J Righton	3	6
Mrs H Streatfield (staff member)	5	6
Mrs T Thurston	5	6
Mr A Watton (Chair)	5	6
Mrs H Lofts	5	5

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

Governance compliance

The Full Board consider that 3 meetings a year, accompanied by the sub-committee meetings ensure adequate oversight and strong governance. The Board do not consider it necessary at this time for the Full Board to meet more frequently, but will keep this under review on an annual basis

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 to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Every effort has again been made this year to ensure best value for all the funding streams available to the school. We have worked closely with McCabe Ford Williams, organised regular external audit checks and ensured that governors have maintained effective scrutiny over all aspects of finance. A focus on staffing costs at Fulston Manor has yet again led to an overall reduction in staffing levels, particularly amongst senior staff, and consequent reduction in such costs whilst further savings have been made across a range of other cost centres. We have completed a review of support staff costs at Fulston Manor linked to the DfE Benchmarking data in an attempt to bring these costs into line with our statistical neighbours. This exercise has proved extremely difficult in part because of the inconsistencies of recording staff roles inherent in the data available from DfE. The continuing pressure on school budgets is making it increasingly hard to provide the same quality of education and it is to be hoped that additional funding becomes available in the near future as there are limits to what may still be reduced without causing harm to the life chances of our students. The continuing failure of the government to fully fund the teacher pay award has increased funding pressures still further and it is clear that what is needed is a long term financial settlement for all schools.

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 the Academies Trusts 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 Fulston Manor Academies Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

The Risk and Control Framework

The 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 governing body;
- Regular reviews by the Strategic Board Finance 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 Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed McCabe Ford Williams, the external auditors, to perform additional checks. The reviewer's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems on a quarterly basis. The auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. In particular the checks carried out in the current period include:

- Testing of payroll systems;
- Testing of purchasing and payment systems;
- Checking the tendering process in accordance with internal regulations;
- Review of income receipts;
- Review of bank reconciliations and control account reconciliations;
- Review procedures used to prepare reports to Trustees and other financial returns;
- Check procedures for staff expense claims and petty cash claims;
- Review information reported to Trustees.

On a quarterly basis, the reviewer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The Board of Trustees confirms that the internal review function has been fully delivered in line with the ESFA's requirements and that no material control issues were identified during these visits.

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; and
- The work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

Review of Effectiveness - continued

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

Approved by order of the members of the Board of Trustees on 4 December 2019 and signed on its behalf by:



L O'Sullivan
Chair of Trustees



A G Brookes
Accounting Officer

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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



A G Brookes
Accounting Officer
Dated: 4 December 2019

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its 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 in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Education and Skills Funding Agency and Department for Education 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 4 December 2019 and signed on its behalf by:



L O'Sullivan
Chair of Trustees

**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS TO THE MEMBERS OF
FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

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's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. Other information includes the report of the trustees (incorporating the strategic report and director's report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the trustees (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS TO THE MEMBERS OF
FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 20, 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 academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

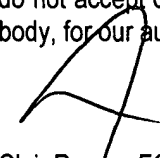
Auditor's responsibilities for the audit of the financial statements

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 academy 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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



Clair Rayner FCA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 4 December 2019

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO FULSTON MANOR ACADEMIES TRUST
AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 17 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fulston Manor Academies Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective Responsibilities of Fulston Manor Academies Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Fulston Manor Academies Trust's funding agreement with the Secretary of State for Education dated 28 September 2010 (varied on 1 December 2013), and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by 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. The work undertaken to draw to our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the external auditor during the period;
- Review of governance arrangements and procedures and related compliance with the requirements of the Academies Financial Handbook.
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the Board of Trustees;
- Review of fixed asset transactions against the requirements of the funding agreement between Fulston Manor Academies Trust and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the Trust's activities to check they are in line with the Academies Framework and the Trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the Trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;

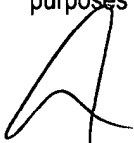
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO FULSTON MANOR ACADEMIES TRUST
AND THE EDUCATION FUNDING AGENCY

Approach - continued

- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

Conclusion

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



Clair Rayner FCA DChA (Reporting Accountant)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 4 December 2019

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	31.08.19 Total Funds	31.08.18 Total Funds
	Note	£	£	£	£	£
Income from:						
Donations and capital grants	2	5,637	1,031	120,997	127,665	538,453
<i>Charitable activities:</i>						
Funding for the Trust's educational operations	3	357,458	8,469,327	-	8,826,785	8,536,935
Other trading activities	4	186,933	-	-	186,933	186,257
Investments	5	3,565	-	-	3,565	2,913
Total income		553,593	8,470,358	120,997	9,144,948	9,264,558
Expenditure on:						
Raising funds	7	-	18,742	-	18,742	17,947
<i>Charitable activities:</i>						
Trust's educational operations	8	518,630	9,084,202	512,324	10,115,156	9,890,804
Total expenditure	6	518,630	9,102,944	512,324	10,133,898	9,908,751
Net income / (expenditure)		34,963	(632,586)	(391,327)	(988,950)	(615,193)
Transfers between funds	18	(51,309)	50,199	1,110	-	-
Net income/(expenditure) for the year before other recognised gains and losses		(16,346)	(582,387)	(390,217)	(988,950)	(615,193)
Other recognised gains/(losses):						
Actuarial Gains/(Losses) on defined benefit pension schemes	18 & 23	-	(1,107,000)	-	(1,107,000)	1,129,000
Net movement in funds		(16,346)	(1,689,387)	(390,217)	(2,095,950)	513,807
Reconciliation of funds	18					
Total funds brought forward		230,405	(3,171,830)	19,203,883	16,262,458	15,748,651
Total funds carried forward		214,059	(4,861,217)	18,813,666	14,166,508	16,262,458

All of the Trust's activities derive from continuing operations during the above financial periods. A separate statement of changes in equity is not required as all gains and losses are included in the Statement of Financial Activities.

BALANCE SHEET
AS AT 31 AUGUST 2019

	Notes	31.08.19 £	31.08.19 £	31.08.18 £	31.08.18 £
FIXED ASSETS					
Tangible assets	13		18,732,797		18,905,685
CURRENT ASSETS					
Stocks	14	721		1,239	
Debtors	15	272,905		262,262	
Cash at bank and in hand		<u>850,561</u>		<u>1,096,161</u>	
		<u>1,124,187</u>		<u>1,359,662</u>	
LIABILITIES					
Amounts falling due within one year	16	<u>(521,476)</u>		<u>(477,889)</u>	
NET CURRENT ASSETS			<u>602,711</u>		<u>881,773</u>
NET ASSETS BEFORE PENSION LIABILITY			19,335,508		19,787,458
Pension scheme liability	23		<u>(5,169,000)</u>		<u>(3,525,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>14,166,508</u>		<u>16,262,458</u>
FUNDS OF THE GROUP:					
RESTRICTED FUNDS					
Fixed asset funds	18	18,813,666		19,203,883	
General funds	18	307,783		353,170	
Pension fund	18	<u>(5,169,000)</u>		<u>(3,525,000)</u>	
TOTAL RESTRICTED FUNDS			13,952,449		16,032,053
UNRESTRICTED FUNDS					
General funds	18	<u>214,059</u>		<u>230,405</u>	
TOTAL UNRESTRICTED FUNDS			<u>214,059</u>		<u>230,405</u>
TOTAL FUNDS			<u>14,166,508</u>		<u>16,262,458</u>

The financial statements on pages twenty five to forty eight were approved by the Trustees, and authorised for issue on 4 December 2019 and are signed on their behalf by:

L O'Sullivan
Chair of Trustees



FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

		31.08.19	31.08.18
	Notes	£	£
Cash flows from operating activities			
Net cash (used in) operating activities	1	(30,726)	(261,184)
Cash flows from investing activities	2	(214,874)	278,509
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(245,600)	17,325
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2018		<u>1,096,161</u>	<u>1,078,836</u>
Cash and cash equivalents at 31 August 2019	3	<u>850,561</u>	<u>1,096,161</u>

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Reconciliation of net expenditure to net cash flow from operating activities

	31.08.19	31.08.18
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(988,950)	(615,193)
Capital Grant from DfE and other capital income (note 2)	(120,997)	(518,069)
Depreciation charges (note 13)	512,324	522,386
Loss on disposal of asset	-	-
Interest received (note 5)	(3,565)	(2,913)
Defined benefit pension cost less contributions payable (note 23)	447,000	409,000
Defined benefit pension administration costs (note 23)	2,000	2,000
Defined benefit pension net interest cost (note 23)	88,000	102,000
Decrease in stocks	518	2,490
(Increase) in debtors	(10,644)	(140,894)
Increase / (Decrease) in creditors	43,588	(21,991)
Net cash (used in)/provided by operating activities	<u>(30,726)</u>	<u>(261,184)</u>

2. Cash flows from investing activities

Interest received	3,565	2,913
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets (note 13)	(339,436)	(242,473)
Capital grants from DfE/ESFA	120,997	518,069
Net cash provided by/(used in) investing activities	<u>(214,874)</u>	<u>278,509</u>

3. Analysis of cash and cash equivalents

	At 1 September 2018	Cash flow	At 31 August 2019
	£	£	£
Net cash:			
Cash at bank and in hand	<u>1,096,161</u>	<u>(245,600)</u>	<u>850,561</u>
Total	<u>1,096,161</u>	<u>(245,600)</u>	<u>850,561</u>

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

1. STATEMENT OF ACCOUNTING POLICIES

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

Basis of preparation

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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 company to continue as a going concern. The Trustees make this assessment in respect of a period of 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.

Income

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

Grants

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

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

Donations

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

Other income

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

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

1. STATEMENT OF ACCOUNTING POLICIES – continued

Donated goods, facilities and services

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

Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Tangible fixed assets (continued)

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

Freehold Property

Freehold buildings	- straight line over 50 years
Modular buildings	- straight line over 20 years
Refurbished modular building	- straight line over 5 years

Motor Vehicles

Motor vehicles	- 25% reducing balance
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Fixtures and Fittings

Fixtures and fittings	- 25% reducing balance
Multi Use Games Area	- straight line over 10 years
Fitness Equipment	- straight line over 4 years

Computer Equipment

Computer Equipment	- straight line over 3 years
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Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Liabilities

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

Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 17.

Leased assets

Rentals under operating leases on a straight line basis over the lease term.

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 15. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Stock

Unsold uniforms and stationery shop stocks are valued at the lower of cost and net realisable value.

Taxation

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

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

Pensions benefits

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

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

The LGPS is a funded 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.

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 and include grants from the Education and Skills Funding Agency and Kent County Council.

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of freehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of freehold property which relates to land is deemed not to have a finite life and is not depreciated. The element of freehold property which does not relate to land is depreciated on a straight line basis of 50 years, and it is assumed that the asset has no residual value. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

Critical areas of judgement

The trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds	Restricted Funds	31.08.19 Total Funds	31.08.18 Total Funds
	£	£	£	£
Donations	5,637	1,031	6,668	20,384
Capital grants	-	120,997	120,997	35,742
Capital Investment Fund	-	-	-	482,327
	<u>5,637</u>	<u>122,028</u>	<u>127,665</u>	<u>538,453</u>

The income from donations and capital grants was £127,665 (2018: £538,453) of which £122,028 was restricted fixed assets funding (2018: £529,994).

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

3. FUNDING FOR THE ACADEMIES TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	31.08.19 Total Funds	31.08.18 Total Funds
	£	£	£	£
DfE/ESFA GRANTS				
General Annual Grant (GAG)	-	7,479,614	7,479,614	7,363,958
Other DfE/ESFA grants	-	208,600	208,600	235,571
Pupil Premium	-	400,915	400,915	396,770
	-	8,089,129	8,089,129	7,996,299
OTHER GOVERNMENT GRANTS				
Local authority grants	-	198,680	198,680	198,118
Other income	-	94,835	94,835	91,454
	-	293,515	293,515	289,572
OTHER INCOME FROM THE TRUST'S EDUCATIONAL OPERATIONS				
Catering income	265,823	71,626	337,449	240,605
Wrap around care	37,327	-	37,327	28,029
LLSE recharges	54,308	-	54,308	44,520
School trip income	-	15,057	15,057	11,430
	357,458	86,683	444,141	324,584
	357,458	8,469,327	8,826,785	8,610,455

The income from funding for the Trust's Educational operations was £8,826,785 (2018: £8,610,455) of which £357,458 was unrestricted (2018: £313,154) and £8,469,327 restricted (2018: £8,297,301).

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	31.08.19 Total Funds	31.08.18 Total Funds
	£	£	£	£
SLA income	40,791	-	40,791	-
LLSE recharges	63,929	-	63,929	52,836
Hire of facilities	67,229	-	67,229	60,034
Shop income	10,206	-	10,206	23,777
Consultancy	4,778	-	4,778	5,090
	186,933	-	186,933	141,737

The income from other trading activities was £186,933 (2018: £141,737) of which £186,933 was unrestricted (2018: £141,737).

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

5. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	31.08.19 Total Funds £	31.08.18 Total Funds £
Short term deposits	3,565	-	3,565	2,913
	<u>3,565</u>	<u>-</u>	<u>3,565</u>	<u>2,913</u>

The investment income was £3,565 (2018: £2,913) of which £3,565 was unrestricted (2018: £2,913).

6. EXPENDITURE

	Staff Costs £	Premises Costs £	Other Costs £	31.08.19 Total £	31.08.18 Total £
Expenditure on raising funds	-	-	18,742	18,742	17,947
<i>Trust's educational operations</i>					
Direct costs	6,203,024	476,649	409,958	7,089,631	7,008,839
Allocated support costs	1,882,702	419,623	723,200	3,025,525	2,881,965
	<u>8,085,726</u>	<u>896,272</u>	<u>1,151,900</u>	<u>10,133,898</u>	<u>9,908,751</u>

Incoming/outgoing resources for the year include:

	31.08.19 £	31.08.18 £
Operating lease rentals	22,997	22,749
Auditors' remuneration	16,400	15,846
Internal scrutiny / grant / EOYC	3,215	-
Auditors' remuneration for non-audit work	2,000	2,780
Depreciation – owned assets	<u>512,324</u>	<u>476,649</u>

7. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	31.08.19 Total £	31.08.18 Total £
Other costs	-	18,742	18,742	17,947
	<u>-</u>	<u>18,742</u>	<u>18,742</u>	<u>17,947</u>

The expenditure incurred was £18,742 (2018: £17,947) of which £18,742 was restricted (2018: £17,947).

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

8. CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	31.08.19 Total	31.08.18 Total
	£	£	£	£
Direct costs – educational operations	59,650	7,029,981	7,089,631	7,008,839
Support costs – educational operations	<u>458,980</u>	<u>2,566,545</u>	<u>3,025,525</u>	<u>2,881,965</u>
	<u>518,630</u>	<u>9,596,526</u>	<u>10,115,156</u>	<u>9,890,804</u>
Analysis of support costs				
Support staff costs	233,018	1,649,684	1,882,702	1,699,272
Depreciation	-	35,675	35,675	44,790
Loss on disposal of fixed asset	-	-	-	-
Technology costs	-	34,643	34,643	59,946
Premises costs	20,031	399,592	419,623	398,479
Catering	194,626	72,059	266,685	230,853
Defined benefit admin expenses	-	2,000	2,000	2,000
Defined benefit pension interest cost	-	88,000	88,000	102,000
Governance costs	-	21,615	21,615	18,626
Other support costs	<u>11,305</u>	<u>263,277</u>	<u>274,582</u>	<u>325,999</u>
Total support costs	<u>458,980</u>	<u>2,566,545</u>	<u>3,025,525</u>	<u>2,881,965</u>

The expenditure relating to the Trust's Charitable Activities was £10,115,156 (2018: £9,890,804) of which £518,630 was unrestricted (2018: £499,035) and £9,596,526 restricted (2018: £9,391,769).

9. STAFF COSTS

a. Staff costs

Staff costs during the period were:

	31.08.19 £	31.08.18 £
Wages and salaries	6,028,050	5,733,373
Social security costs	548,132	535,797
Pension costs	<u>1,414,120</u>	<u>1,333,929</u>
	<u>7,990,302</u>	<u>7,603,099</u>
Supply teacher costs	57,832	63,471
Staff restructuring costs	<u>37,592</u>	<u>-</u>
	<u>8,085,726</u>	<u>7,666,570</u>
Staff restructuring costs comprise:		
Severance payments	<u>37,592</u>	<u>-</u>
	<u>37,592</u>	<u>-</u>

b. Non statutory / non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £37,592 (2018: nil). Individually the payments were £12,700 and £24,892.

FULSTON MANOR ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

9. STAFF COSTS -continued

c. Staff numbers

The average number of persons (head count) (including senior management team) employed by the academies Trust during the year was as follows:

	31.08.19	31.08.18
	No.	No.
Teachers	124	118
Administration and support	168	164
Management	<u>17</u>	<u>14</u>
	309	296

The average number of persons (full time equivalent) (including senior management team) employed by the academies Trust during the year was as follows:

	31.08.19	31.08.18
	FTE No.	FTE No.
Teachers	80	97
Administration and support	55	108
Management	<u>9</u>	<u>14</u>
	144	219

d. Higher paid staff

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

	31.08.19	31.08.18
£60,001 - £70,000	-	3
£70,001 - £80,000	3	1
£90,001 - £100,000	-	1
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £576,972 (2018: £691,238).

10. CENTRAL SERVICES

The Trust has provided the following central services during the year:

- Human resources
- Financial services
- Legal services
- Educational support services
- Others as arising

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

10. CENTRAL SERVICES – continued

The actual amounts charged during the year were as follows:

	Year Ended 31.08.19 £	Year Ended 31.08.18 £
Funding bought forward at 1 September 2018	950	63
Top Slice Fulston	360,998	351,004
Top Slice SAP	87,754	90,765
Direct wages costs	(179,415)	(224,138)
Governance costs	(21,280)	(18,626)
Support staff wages costs	(186,479)	(141,809)
Professional fees	(23,996)	(17,795)
Other support costs	(18,404)	(38,514)
Funding carried forward at 31 August 2019	<u>20,128</u>	<u>950</u>

The Trust charges each individual academy a flat percentage of 6% of GAG income.

11. TRUSTEES' REMUNERATION AND EXPENSES

The Head Teachers and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academies Trust in respect of their role as Trustees.

The value of Trustees' remuneration was as follows:

A Brookes (Head teacher and Trustee):

Remuneration £140,000 - £145,000, (2018: £140,000 - £145,000)

Employer's pension contributions £Nil, (2018: £Nil)

D Browning (Head teacher and Trustee) (Resigned 31/08/2018):

Remuneration £nil, (2018: £60,000 - £65,000)

Employer's pension contributions £nil, (2018: £10,000 - £15,000)

S Fenn (Head teacher and Trustee) (Appointed 1/09/2018):

Remuneration £70,000 - £75,000, (2018: £nil)

Employer's pension contributions £10,000 - £15,000, (2018: £nil)

Mrs S Palmer, Mrs L Hay, Mrs H Streatfield and Mrs P Gaston were all members of local governing bodies during the year and are employees of Fulston Manor Academies Trust (FMAT); they are not however Trustees of FMAT and accordingly their salaries are not disclosed.

During the year ended 31 August 2019, no travel and subsistence expenses were reimbursed to Trustees (year ended 2018: £nil). Other related party transactions involving the Trustees are set out in note 24.

12. 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 Trust 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.

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

13. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures and Fittings £	Computer Equipment £	Motor Vehicles £	Totals £
COST					
At 1 September 2018	20,844,879	498,369	600,131	18,696	21,962,075
Additions	296,550	7,804	35,082	-	339,436
Disposals	-	-	-	-	-
At 31 August 2019	<u>21,141,429</u>	<u>506,173</u>	<u>635,213</u>	<u>18,696</u>	<u>22,301,511</u>
DEPRECIATION					
At 1 September 2018	2,116,756	368,185	556,311	15,138	3,056,390
Charge for period	430,730	34,786	45,919	889	512,324
Eliminated on disposal	-	-	-	-	-
At 31 August 2019	<u>2,547,486</u>	<u>402,971</u>	<u>602,230</u>	<u>16,027</u>	<u>3,568,714</u>
NET BOOK VALUE					
At 31 August 2019	<u>18,593,943</u>	<u>103,202</u>	<u>32,983</u>	<u>2,669</u>	<u>18,732,797</u>
At 31 August 2018	<u>18,728,123</u>	<u>130,184</u>	<u>43,820</u>	<u>3,558</u>	<u>18,905,685</u>

Freehold property includes land of £560,000 (2018: £560,000) which has not been depreciated.

14. STOCKS

	31.08.19 £	31.08.18 £
Clothing	<u>721</u>	<u>1,239</u>
	<u>721</u>	<u>1,239</u>

15. DEBTORS

	31.08.19 £	31.08.18 £
Trade debtors	67,937	28,766
Other debtors	979	100
VAT	60,808	109,431
Prepayments and accrued income	<u>143,181</u>	<u>123,965</u>
	<u>272,905</u>	<u>262,262</u>

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FOR THE YEAR ENDED 31 AUGUST 2019

16. CREDITORS: Amounts falling due within one year

	31.08.19 £	31.08.18 £
Trade creditors	118,047	135,309
Social security and other taxes	127,828	124,652
Other creditors	98,519	73,243
Accruals and deferred income	177,082	144,685
	<u>521,476</u>	<u>477,889</u>

DEFERRED INCOME

	31.08.19 £	31.08.18 £
Deferred income at 1 September 2018	120,662	109,652
Resources deferred in the period	138,989	120,662
Amounts released from previous periods	(120,662)	(109,652)
	<u>138,989</u>	<u>120,662</u>

Deferred income at 31 August 2019 represents amounts in respect of grounds maintenance and ICT contracts collected in advance of £28,411 (2018: £19,816), Rates relief of £26,872 (2018: £22,329), catering income of £nil (2018: £5,748) Pupil premium of £47,421 (2018: £48,041), Universal free school meals funding of £23,070 (2018: £24,728) and Lettings income of £13,215 (2018: £nil).

17. AGENCY ARRANGEMENTS

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2019 the trust received £30,389 (2018: £38,660) and disbursed £28,420 (2018: £48,196) from the fund. An amount of £1,969 (2018: £nil) is included in other creditors relating to undistributed funds that are repayable to ESFA.

FULSTON MANOR ACADEMIES TRUST
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FOR THE YEAR ENDED 31 AUGUST 2019

18. FUNDS

	Balance at 1 September 2018 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	255,707	7,495,702	(7,441,859)	(1,767)	307,783
Other DfE/ESFA grants	16,709	609,515	(640,510)	14,286	-
Other government grants	71,754	293,515	(365,269)	-	-
School Voluntary Fund	-	-	-	-	-
Other income	9,000	71,626	(118,306)	37,680	-
Pension reserve	(3,525,000)	-	(537,000)	(1,107,000)	(5,169,000)
	<u>(3,171,830)</u>	<u>8,470,358</u>	<u>(9,102,944)</u>	<u>(1,065,183)</u>	<u>(4,861,217)</u>
Restricted fixed asset funds					
Devolved capital	53,595	120,997	(33,794)	(20,032)	120,766
DfE/ESFA grants	7,735,962	-	(198,450)	-	7,537,512
Donated on conversion	10,987,492	-	(249,361)	(230)	10,737,901
Capital expenditure from GAG	426,834	-	(30,719)	21,372	417,487
	<u>19,203,883</u>	<u>120,997</u>	<u>(512,324)</u>	<u>1,110</u>	<u>18,813,666</u>
Total restricted funds	<u>16,032,053</u>	<u>8,591,355</u>	<u>(9,615,268)</u>	<u>(1,055,691)</u>	<u>13,952,449</u>
Unrestricted funds					
Unrestricted funds	230,405	553,593	(518,630)	(51,309)	214,059
Designated funds	-	-	-	-	-
	<u>230,405</u>	<u>553,593</u>	<u>(518,630)</u>	<u>(51,309)</u>	<u>214,059</u>
Total funds	<u>16,262,458</u>	<u>9,144,948</u>	<u>(10,133,898)</u>	<u>(1,107,000)</u>	<u>14,166,508</u>

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

General Annual Grant (GAG)

Funds must be used for the normal running costs of the Trust. 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 2019.

Other restricted general funds

Funding is provided by the Education and Skills Funding Agency, other government sources or commercial entities in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

Restricted fixed asset funds

Funding is provided by way of grants from the Education and Skills Funding Agency or other government sources or capital expenditure from the GAG in order to acquire specified fixed assets for use by the Trust in achieving its educational objectives.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the Trust.

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

18. FUNDS -continued

Designated funds

Designated funds were unrestricted funds that had been agreed upon by the Trustees to be used for one-off projects and employing external tutors.

Transfers between funds

The Trust has, in accordance with its funding agreement, applied some of its GAG to purchase fixed assets during the period under review. Accordingly there has been a transfer between restricted GAG funds and restricted fixed asset funds to reflect this. In addition a transfer was made to the school voluntary fund to cover the cost of trips.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	31.08.19 £	31.08.18 £
Fulston Manor School	327,842	362,925
South Avenue Primary School	173,872	219,700
FMAT	20,128	950
Total before fixed assets and pension reserve	521,842	583,575
Restricted fixed asset fund	18,813,666	19,203,883
Pension reserve	(5,169,000)	(3,525,000)
Total	14,166,508	16,262,458

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	31.08.19 Total £	31.08.18 Total £
Fulston Manor School	4,796,925	1,446,010	218,821	918,971	7,380,727	7,219,340
South Avenue Primary School	1,226,684	250,213	52,527	279,527	1,808,951	1,771,879
FMAT	179,415	186,479	816	65,186	431,896	440,883
	6,203,024	1,882,702	272,164	1,263,684	9,621,574	9,432,102

FULSTON MANOR ACADEMIES TRUST
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FOR THE YEAR ENDED 31 AUGUST 2019

18. FUNDS – continued

The comparative 12 month position was as follows:

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	363,593	7,363,958	(7,455,763)	(16,081)	255,707
Other DfE/ESFA grants	23,227	632,341	(638,859)	-	16,709
Other government grants	35,686	198,118	(162,050)	-	71,754
School Voluntary Fund	-	11,430	(16,579)	5,149	-
Other income	18,419	91,454	(100,873)	-	9,000
Pension reserve	(4,141,000)	-	(513,000)	1,129,000	(3,525,000)
	<u>(3,700,075)</u>	<u>8,297,301</u>	<u>(8,887,124)</u>	<u>1,118,068</u>	<u>(3,171,830)</u>
Restricted fixed asset funds					
Devolved capital	41,290	47,617	(35,312)	-	53,595
DfE/ESFA grants	7,469,109	482,327	(215,474)	-	7,735,962
Donated on conversion	11,223,740	-	(236,248)	-	10,987,492
Capital expenditure from GAG	451,460	-	(35,558)	10,932	426,834
	<u>19,185,599</u>	<u>529,944</u>	<u>(522,592)</u>	<u>10,932</u>	<u>19,203,883</u>
Total restricted funds	<u>15,485,524</u>	<u>8,827,245</u>	<u>(9,409,716)</u>	<u>1,129,000</u>	<u>16,032,053</u>
Unrestricted funds					
Unrestricted funds	263,127	466,313	(499,035)	-	230,405
Designated funds	-	-	-	-	-
	<u>263,127</u>	<u>466,313</u>	<u>(499,035)</u>	<u>-</u>	<u>230,405</u>
Total funds	<u>15,748,651</u>	<u>9,293,558</u>	<u>(9,908,751)</u>	<u>1,129,000</u>	<u>16,262,458</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets	-	-	18,732,797	18,732,797
Current assets	262,903	772,034	89,250	1,124,187
Current liabilities	(48,844)	(464,251)	(8,381)	(521,476)
Pension scheme liability	-	(5,169,000)	-	(5,169,000)
Total net assets	<u>214,059</u>	<u>(4,861,217)</u>	<u>18,813,666</u>	<u>14,166,508</u>

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FOR THE YEAR ENDED 31 AUGUST 2019

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS - continued

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets	-	-	18,905,685	18,905,685
Current assets	286,155	775,309	298,198	1,359,662
Current liabilities	(55,750)	(422,139)	-	(477,889)
Pension scheme liability	-	(3,525,000)	-	(3,525,000)
Total net assets	<u>230,405</u>	<u>(3,171,830)</u>	<u>19,203,883</u>	<u>16,262,458</u>

20. OPERATING LEASE COMMITMENTS

At 31 August 2019 the total of the Academies Trust's future minimum lease payments under non cancellable operating leases as follows:

	31.08.19 £	31.08.18 £
Other		
Amounts due within one year	21,471	22,997
Amounts due between one and five years	-	24,587
	<u>21,471</u>	<u>47,584</u>

21. CAPITAL COMMITMENTS

At the year end there were capital commitments relating to the ongoing roofing works for which CIF funding was obtained. At the year end £94,830 was held for the work to be completed.

22. MEMBERS LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

23. PENSION AND SIMILAR OBLIGATIONS

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County Council. Both are multi employer defined-benefit 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 £nil (2018: £38,957) were payable to the schemes at 31 August 2019 and are included within creditors.

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

23. PENSION AND SIMILAR OBLIGATIONS - continued

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#).

Scheme Changes

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

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

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

The pension costs paid to TPS in the period amounted to £595,220 (2018: £573,278).

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

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

23. PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £482,000 of which employer's contributions totalled £372,000 and employees' contributions totalled £110,000. The total contribution made for the year ended 31 August 2018 was £469,000 of which employer's contributions totalled £364,000 and employees' contributions totalled £105,000. The agreed contribution rates for future years are 19.8 per cent for employers and between 5.5 per cent and 12.5 per cent for employees.

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

Principal actuarial assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.08.19	31.08.18
Discount rate for scheme liabilities	1.85%	2.65%
Inflation assumption (CPI)	2.20%	2.30%
Rate of increase in salaries	3.70%	3.80%
Rate of increase for pensions in payment/inflation	2.20%	2.30%
Commutation of pension to lump sums	50.00%	50.00%

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

	31.08.19	31.08.18
Retiring today		
Males	22.1	23.1
Females	24.0	25.2
Retiring in 20 years		
Males	23.7	25.3
Females	25.8	27.5

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	10,705	10,971	11,244
Projected service cost	790	811	833
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	11,006	10,971	10,936
Projected service cost	811	811	811
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	11,207	10,971	10,741
Projected service cost	832	811	790
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	11,364	10,971	10,592
Projected service cost	839	811	784

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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23. PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme – continued

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	3,955,000	3,506,000
Gilts	42,000	39,000
Other bonds	523,000	457,000
Property	676,000	636,000
Cash	155,000	158,000
Target return portfolio	451,000	348,000
Total market value of assets	5,802,000	5,144,000
Present value of scheme liabilities		
-Funded	(10,971,000)	(8,669,000)
Deficit in the scheme	(5,169,000)	(3,525,000)

The actual return on scheme assets was £241,000 (2018: £211,000).

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

	Defined benefit pension plans 31.08.19 £	Defined benefit pension plans 31.08.18 £
Current service cost (net of employer contributions)	447,000	409,000
Total operating charge	447,000	409,000
Analysis of pension finance costs		
Net interest on defined liability	88,000	102,000
Administration expenses	2,000	2,000
Pension finance costs	90,000	104,000
Changes in the present value of defined benefit obligations were as follows:		
	31.08.19 £	31.08.18 £
Opening defined benefit obligation	8,669,000	8,708,000
Current service cost	693,000	773,000
Benefits paid net of transfers in	(63,000)	(101,000)
Contributions by scheme participants	110,000	105,000
Interest cost	230,000	226,000
Actuarial (gain)/loss	1,771,000	(1,042,000)
Past service costs in curtailments	126,000	-
Change in demographic assumption	(565,000)	-
Closing defined benefit obligation	10,971,000	8,669,000

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

23. PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme – continued

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

	31.08.19	31.08.18
	£	£
Opening fair value of scheme assets	5,144,000	4,567,000
Interest on plan assets	142,000	124,000
Contributions by employer	372,000	364,000
Benefits paid net of transfers in	(63,000)	(101,000)
Contributions by scheme participants	110,000	105,000
Actuarial gain/(loss)	99,000	87,000
Administration expenses	(2,000)	(2,000)
Closing fair value of scheme assets	<u>5,802,000</u>	<u>5,144,000</u>

24. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

However, transactions took place with Leadership Learning South East Community Interest Company (LLSE) during the year under review- a company in which Mr A G Brookes (Executive Headteacher and a Trustee of the Trust) has been a director and member since 9 February 2017. Mr Brookes is not a person with significant control being one of five members of LLSE. The following transactions took place in the year under review:

- Sales were made to LLSE in the year ended 31 August 2019 consisting of room hire £8,520 (2018: £7,547) and catering £1,974 (2018: £1,521)
- The Trust recharged expenses to LLSE in the year ended 31 August 2019 relating to Salary £112,895 (2018: £97,356), stationery £4,835 (2018: £4,020), Travel £nil (2018: £264), subscriptions £nil (2018: £200) invoices paid on behalf of LLSE £nil (2018: £nil) and other sundry costs £507 (2018: £1,139). At the year-ended 31 August 2019, a balance of £1,597 (2018: £nil) was outstanding and included in trade debtors.
- The Trust received KAH funding totalling £79,000 during the year on behalf of LLSE which was subsequently transferred to LLSE upon invoicing. The trust also paid £2,198 relating to training courses.

In entering into the transactions, the Trust has complied with the requirements of the Academies Financial Handbook 2018.