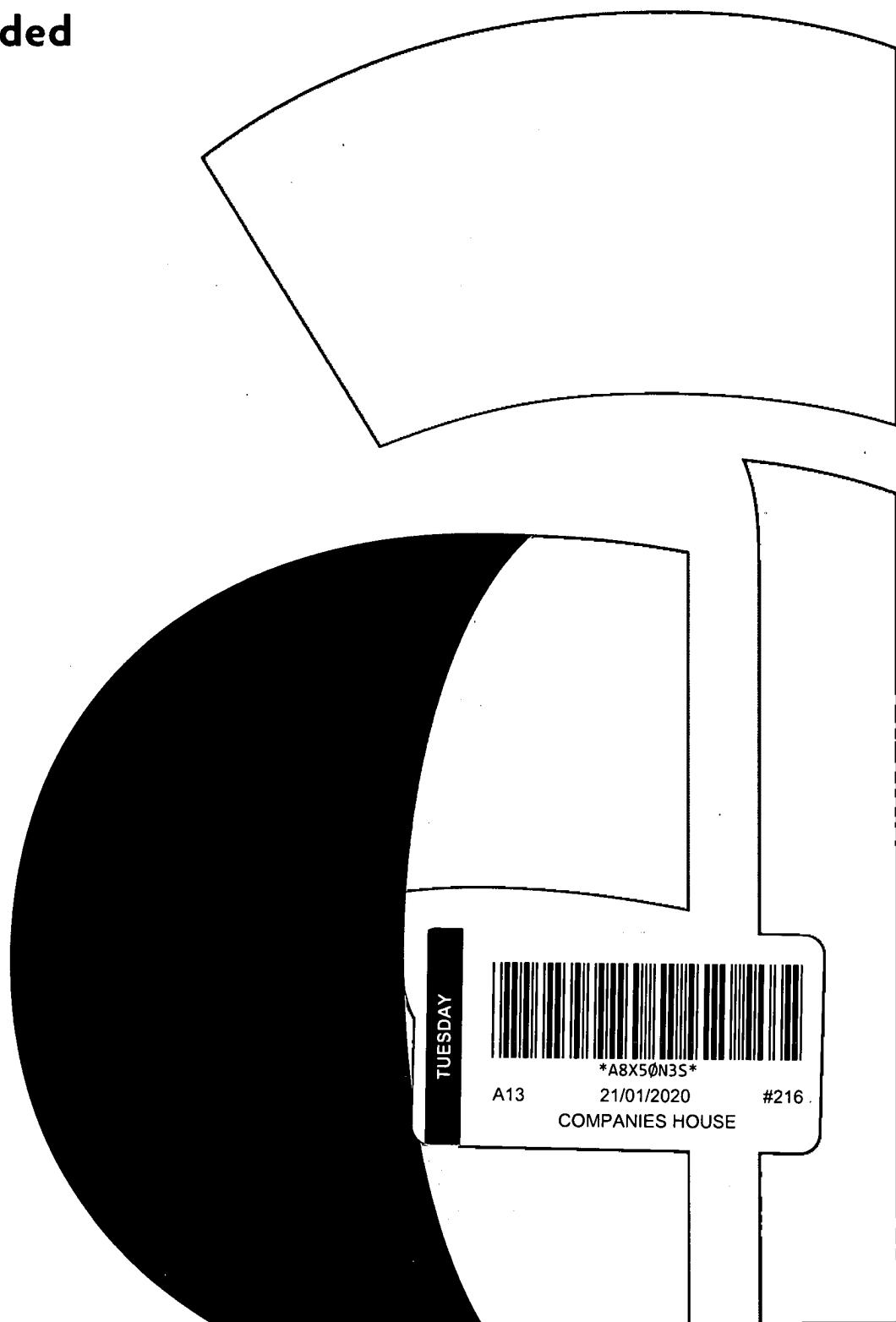


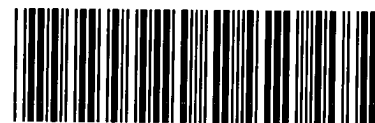


Registered company number:
07468210 (England and Wales)

**Anthem
Schools Trust
Annual Report
and Accounts
for the year ended
31 August 2019**



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A place to thrive



Anthem Schools Trust Annual Report and Accounts for the year ended 31 August 2019

Contents

Reference and Administrative Details.....	3
Trustees' Report.....	5
Structure, Governance and Management.....	5
Objectives and Activities	9
Strategic Report.....	11
Financial Review	16
Governance Statement	20
Scope of Responsibility.....	20
Governance	20
Review of Value for Money	23
The Purpose of the System of Internal Control	23
Statement on Regularity, Propriety and Compliance	26
Statement of Trustees' Responsibilities	27
Independent Auditors' Report to the Members of Anthem Schools Trust	28
Opinion	28
Independent Reporting Accountant's Assurance Report on Regularity	31
Statement of financial activities for the year ended 31 August 2019 (incorporating income & expenditure account)	33
Balance Sheet as at 31 August 2019	35
Cash Flow Statement for the year ended 31 August 2019	36
Notes to the Financial Statements for the year ended 31 August 2019	37
1. Statement of accounting policies.....	37
2. Donations and capital grants	44
3. Funding for the Trust's educational operations	44
4. Other trading activities.....	45
5. Investment income	45
6. Expenditure	45
7. Charitable activities.....	46

8. Staff costs.....	47
9. Central services	48
10. Key management personnel	49
11. Trustees' remuneration and expenses	49
12. Trustees' and Officers' insurance.....	49
13. Tangible fixed assets	50
14. Financial Instruments	50
15. Debtors.....	51
16. Creditors	51
17. Funds.....	52
17. Funds – Group (continued).....	55
18. Analysis of net assets between funds	57
19. Capital commitments.....	57
20. Operating lease commitments.....	57
21. Reconciliation of net (loss)/income to net cash used in operating activities	58
22. Cash flows used in financing activities.....	58
23. Cash flows used in investing activities	58
24. Analysis of cash and cash equivalents	58
25. Members' liability	59
26. Pension and similar obligations.....	59
27. Related party transactions	63
28. Agency Arrangements	63
29. Teaching schools trading account.....	64
30. Events after the end of the reporting period	64



Reference and Administrative Details

Members

Education Development Trust

Heather Dawson

David Hawker (appointed 1 September 2019)

Duncan Parkes

Peter Rawlinson (appointed 1 September 2019)

Trustees

Heather Dawson (*) (Chair)

Rebecca Clarke (*) (**) (appointed 1 September 2019)

David Hawker (*) (**) (****) (resigned 31 August 2019)

Angela McFarlane (**) (***)

Alison Macleod (****) (*****) (appointed 1 September 2019)

Duncan Parkes (**) (***) (****)

Jonathan Simons (**) (*****) (appointed 19 September 2019)

Sally Wilson (*) (**) (****)

Philip Wood (*) (resigned 31 August 2019)

* Members of the Finance Committee

** Members of the Education Committee

*** Members of the Audit Committee

**** Members of the Remuneration Committee

Company Secretary

Sheila McKenzie

Accounting Officer

Andrew Yarrow

Education Executive Team

Chief Executive

Andrew Yarrow

Chief Operating Officer

Sheila McKenzie

Education Director, Primary East Midlands

Marie-Claire Bretherton

Education Director, Primary London & Thames Valley

Karen Walker

Education Director, Secondary

Colin Sinclair

Company Name

Anthem Schools Trust

Principal and Registered Office

Highbridge House, 16-18 Duke Street
Reading, RG1 4RU

Company Registration Number

07468210 (England and Wales)



Independent Auditors

UHY Hacker Young LLP
Quadrant House, 4 Thomas More Square
London, E1W 1YW

Bankers

Lloyds Bank Plc
24 Broad Street
Reading, RG1 2BT

Solicitors

Winckworth Sherwood LLP
Minerva House, 5 Montague Close
London, SE1 9BB



Trustees' Report

The Trustees present their annual report together with the consolidated financial statements and auditors' report of the charitable company 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 financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published September 2015 (FRS 102).

The Trust operates eleven primary and five secondary academies in the East Midlands, London and Thames Valley. In the school census on 5 October 2019, the Trust's academies had a combined pupil capacity of 9,423 (2018: 9,333) and a roll of 8,540 (2018: 8,338).

The catchment areas and admissions policies are specific to each of the schools within the Trust. Further details are available on each school's website.

Structure, Governance and Management

Constitution

Anthem Schools Trust (Anthem) is a company limited by guarantee and an exempt charity. The charitable company's Articles of Association are the primary governing documents of Anthem. Anthem was incorporated on 13 December 2010, in the name of CfBT Schools Trust and changed its name to Anthem Schools Trust on 2 July 2019. Anthem has entered into a funding agreement with the Department for Education which provides the framework within which all the academies must operate.

The Trustees of Anthem are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Trustees' Indemnity

In accordance with the Articles of Association, subject to the provisions of the Companies Act 2006 and Article 6.3, every Trustee or other officer or auditor of the Trust and every member of any Local Governing Body and/or Advisory Body (in so far as necessary) shall be indemnified out of the assets of the Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he/she is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

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Principal Activities

Anthem's objects are specifically restricted to the following:

- a. 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").
- b. In the event that the Trust establishes, maintains, carries on, manages and develops academies which are designated with a religious character, such academy shall be conducted in accordance with the tenets, practices and teachings of the designated religion; and
- c. 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.

Method of Recruitment and Appointment or Election of Trustees

The Members of Anthem shall comprise:

- the sponsor
- the Chair of the board of Trustees, and
- any persons appointed by the members.

The process of appointing a new Chair is to initially look within existing Board members for applications and then to approach external agencies if no suitable internal applicant is identified.

Trustees are appointed by the sponsor, Education Development Trust, of which three Trustees shall be independent in as much as they have no material or pecuniary relationship with the sponsor.

When required, new Trustees are recruited through external agencies.

The term of office for any Trustee shall be three years, save that this time limit shall not apply to the Chair of the Board. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed for a maximum of two terms.

A Trustee shall cease to hold office if they resign their office by notice to Anthem (but only if at least three Trustees will remain in office when the notice of resignation is to take effect).

A Trustee shall cease to hold office if they are removed by the person or persons who appointed them.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees are briefed regularly by the Education Executive Team on educational, financial and other school matters through a combination of briefing at board meetings, other sessions, visits to schools and

other individual meetings. An annual Board skills audit and Board Performance Review is performed to identify areas of additional training need for the Trustees.

When new Trustees join the board, tailored induction and training is provided dependent on their needs and existing experience to give them a good understanding of the wider educational context, Anthem's vision and aspirations, the operation of Anthem and their governance responsibilities. The induction process includes meetings with the Chair as well as written induction materials and visits to schools.

Organisational Structure

The board of Trustees of Anthem is constituted under the Articles of Association. The board of Trustees is responsible for ensuring that high standards of corporate governance are maintained.

Anthem has established a structure to enable its efficient running. The structure consists of three levels: the board and its committees; the executive; Local Governing Bodies and headteachers (with their senior leadership teams) at each school. The aim of the management structure is to devolve responsibility and encourage involvement in decision-making at all levels. A Scheme of Delegation laid down by the Trustees defines the roles and responsibilities at each level of the governance structure.

Trustees

As stated above, the Trustees are responsible for making major decisions about the strategic direction of Anthem and ensuring that the aims of Anthem are met.

Executive

The executive function of Anthem is responsible for developing and implementing the Trust strategy and policies; overseen by the Trustees. The Chief Executive is supported by a Chief Operating Officer and three Education Directors, with a central support team delivering key functions required to run Anthem.

The Chief Executive is the 'Accounting Officer' of Anthem.

Local Governing Bodies and Headteachers

The Local Governing Bodies are a mix of individuals from each school's local community. Their role is to support Anthem in relation to the functioning of that school under a Scheme of Delegation approved by the board of Trustees.

Each Local Governing Body has responsibility for monitoring, support and challenge within their school. The Chair of the Local Governing Body is nominated by the school, interviewed by a Trustee and Chief Executive, and appointed by the board of Trustees.

As the ultimate point of accountability for the performance of schools, the Trustees monitor and challenge Local Governing Bodies through the Education Executive Team, and will intervene, where required, to support school improvement.

Headteachers are responsible for the effective management (including financial management) of their schools.

Staff

Anthem employed 890 (2018: 867) full time equivalent staff on average through the period. Anthem believes in providing training and development for its employees, extending opportunities impartially to

all. All employment decisions, policies and practices are made without regard to an individual's gender, race, colour, religion, sexual orientation or national origin.

During the period under review, Anthem provided training at all levels including professional support and access to internal and external continuous professional development tools. Each school will lead on a professional development offer for the staff in their schools whilst the Trust provides a trust-wide offer focusing on new and aspiring leaders. Access is provided to apprenticeships to enable career development for existing staff as well as new recruits. New staff are fully inducted, and teachers take part in training events before each school year starts and throughout the school year.

Regular staff meetings and briefings take place at trust level, and headteachers and other key staff from each school meet regularly to share knowledge and best practice via Professional Learning Networks and other ad hoc working parties and research groups.

Parents and Carers

In order to achieve maximum potential in its pupils, Anthem believes it is vital that parents/carers are not only fully involved in developing our schools, but also in holding them to account. The schools have a critical role in engaging all parents/carers in either assisting pupils in their learning or in creating an environment where study can take place at home. Excellent parent/carer relationships are therefore critical to a school's success. Anthem encourages its schools to seek parental feedback through regular surveys and consultations.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trust board's Remuneration Committee reviews and sets the pay and remuneration of key management personnel. This includes the Chief Executive and other members of the Education Executive Team as well as the headteachers of the schools.

Connected Organisations, including Related Party Relationships

Education Development Trust is the sponsor of Anthem and actively assists Anthem in the achievement of its objectives through the provision of research and other education support. During the year the Trustees of Education Development Trust awarded Anthem a grant of £80,000 to invest in school improvement. Any services purchased by Anthem from Education Development Trust are purchased at cost, which totalled £0.60 million for 2018-19 (2017-18: £0.67 million). Of this total £0.53 million (2017-18: £0.60 million) was for the salaries and related costs of staff employed by Education Development Trust and seconded to Anthem. The remaining £0.07 million (2017-18: £0.07 million) related to services provided by Education Development Trust, including school improvement services. Anthem has a totally independent operational and governance structure and there is no impact on policies and procedures or operations from being connected parties with Education Development Trust.

Trade Union Facility Time

The Trust employed more than 49 full time employees during the financial year and therefore it must disclose trade union facility time in accordance with the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017. The required information is set out in the tables below:



Relevant Union Officials

Number of employees who were relevant union officials during the year

Full time equivalent employees

7

7

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

4

1%-50%

3

51%-99%

0

100%

0

Percentage of pay bill spent on facility time

Total cost of facility time

£2,363

Total pay bill

£34.9 million

% of the total pay bill spent on facility time

0.01%

Paid trade union activities

Total spent on paid trade union activities as a percentage of total paid facility hours

0.00%

Fundraising Practices

The Trust carried out fundraising practices complying with the Charities (Protection and Social Investment) Act 2016. All fundraising is initiated at school level through approaches to parents and other members of the school local community. No external agencies are used, and any complaints would follow the school complaints policy and procedures. During the year no complaints were recorded.

Objectives and Activities

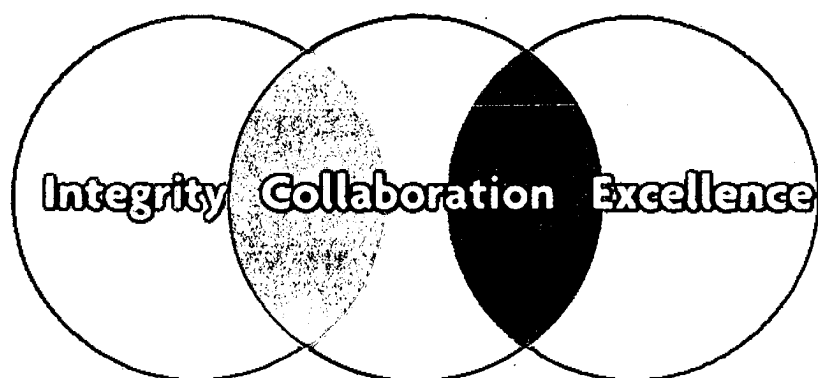
Anthem Vision and Values

Anthem's core purpose is that together we create ambitious and successful schools where every child thrives.

We believe that when children come into school each day, they want to succeed, to be recognised for who they are and could be, and to enjoy their learning. They want to thrive - and this is what teachers and parents want for them too. This is the purpose of our partnership of schools. This is the purpose of Anthem.

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Our approach is built on three core values:



These values reflect the culture we want to achieve throughout our organisation, from the boardroom to every classroom in one of our schools.

In practice, this means behaving with openness and honesty to build trust in everything we do. It means providing opportunities for our children and our adults to work together and learn from each other to ensure we are the best we can possibly be. And it means being consistent and ambitious for excellence, in all its different forms.

Objectives, Strategies and Activities

At the start of the year, an ambitious Trust Development Plan was put in place to shape activities of the Trust. Three priorities were identified:

Improving performance in schools with particular focus on disadvantaged students and the most able at all stages, improving safeguarding guidance and attendance ensuring a broad and balanced curriculum for all.

Developing people including a high quality CPD programme, impactful Professional Learning Networks, Lead Learners and opportunities for pupils' character development

Strategic growth focusing on developing collaborative partnerships, demonstrating the Trust's capacity for growth and rebranding the Trust.

Crucial to the implementation of the Trust Development Plan is the Trust's School Improvement Strategy. Launched in July 2018, the Strategy provides a framework and way of working that monitors, evaluates, supports and challenges our schools to improve rapidly, maintain excellence and innovation to secure the best possible outcomes for our pupils. Furthermore, the School Improvement Strategy is built on five core beliefs, co-constructed, shared and tested by our school leaders:

- Moral purpose
- Quality assurance and support
- Co-construction
- Givers and receivers
- Evidence-based school improvement

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At its heart, the strategy sought to address a key question: “How do we, together, create ambitious and successful schools where every child thrives?”

Plans for Future Periods

A review of the structure and approach to the implementation of the Trust Development Plan has been carried out, with increased ownership of key strategies and the introduction of ‘goal leaders’ to bring focus and precision to our work.

The Trustees have approved the revised Trust Development Plan for 2019-20 which identifies activities for the next year under the following priority areas:

Improving performance

- Raise standards in all schools and for all groups of pupils
- Improve Governance and Leadership at all levels
- Improve the effectiveness and efficiency of the trust operations
- Ensure the curriculum is broad and balanced, ambitious and challenging

Developing people

- Develop well-motivated and high performing staff at all levels
- Improve culture and efficacy in the Trust

Public Benefit

In setting Anthem’s objectives and planning its activities, the Trustees have given careful consideration to the Charity Commission’s general guidance on public benefit. The Directors consider that the Trust’s aims are demonstrably for public benefit.

Benefit and Beneficiaries

In accordance with its charitable objectives, Anthem Schools Trust strives to advance the education of the pupils attending the schools that operate through the Trust. The Trust’s primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout all the Trust’s schools.

Directors’ Assessment of Public Benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Strategic Report

Achievements, Performance and Key Performance Indicators

Safeguarding

Our Safeguarding Strategy Group has quickly developed into a well-informed and genuinely collaborative team who are supporting each other in ensuring that safeguarding is of a high standard across the Trust’s schools.

Its purpose is to provide:

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- strategic direction and policy for the Trust in relation to safeguarding children and young adults at risk
- assurance and guidance on the incorporation of legal requirements and national statutory guidance into Anthem processes, while ensuring that the Trust complies with the Looked After Children agenda
- the Audit Committee and in turn the Board of Trustees with assurance and evidence that the Trust is meeting the applicable core regulations and exercising a duty of care
- a forum for safeguarding leads to share best practice and learning.

Members of the group undertake regular and thorough safeguarding audits of all Trust schools identifying and sharing good practice

Special Educational Needs (SEN) and inclusion support

Our Inclusion Lead Learner has been at the forefront of an ongoing programme of improvement in this important and complex area of teaching and learning. Whole school SEND reviews are carried out to capture good practice and provide some suggested areas for improvement.

To complement the SEND reviews, we have set up a training programme for staff in inclusion roles. This training equips staff with the skills they need to put plans into action and, crucially, brings colleagues together, creating networks of peer support. Our annual SEND conference offers further opportunities for sharing ideas and collaboration.

We are particularly proud of our involvement in a project to design and develop a specialist scheme of work for Teaching Assistants focusing on supporting children with SEN and autism. This has evolved into a two-year training scheme delivered through the TA apprenticeship standard, in which we have now enrolled 18 members of staff from Anthem schools from our London & Thames Valley region. If successful, we intend to expand the opportunity to staff in other regions and disciplines.

Professional Learning Networks (PLNs)

Anthem completed the first stage of implementation of its school improvement strategy in 2018-19.

A key strand of our strategy is the development of practitioner-led collaborative networks in specific areas. These PLNs are facilitated by selected teachers in both primary and secondary phases and focus on first-hand experience and research driven practice. Their core purpose is to improve the skills and knowledge of the members through collaborative study and enquiry, expertise exchange, and professional dialogue. The PLN leaders work closely with the Education Directors ensuring that the focus aligns with trust and regional improvement priorities. All schools are represented in each PLN and members are expected to actively participate, using the thinking to drive change in their schools.

A review of the PLN programme carried out by Education Development Trust in July 2019 highlighted some successes and some areas for development that will inform how the PLN move forward in 2019-20.

Professional development programmes

Over the past year, the Trust extended its continuing professional development (CPD) offer considerably in order to reach as many colleagues as possible. Programmes ranged from year-long nationally recognised programmes accredited by external providers, such as UCL Institute of Education, to half-day or one-day training courses led by staff from within the Trust for their colleagues. Many of these were offered free of charge to the Trust's schools.

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The National Professional Qualification (NPQ) programmes were particularly successful, with 47 participants each working towards one of the three qualifications on offer. During the year, the NPQ cohorts were NPQSL - 30 trainees, NPQML - 11 trainees, NPQH - 6 trainees.

Character development

Recognising that there is more to a well-rounded education than simply what goes on in the classroom, we have introduced some exciting cross-Trust initiatives to help students develop crucial life skills.

Student leaders

The Anthem Student Leadership Team was established to enable a group of students, hand-picked by their peers, to make a meaningful contribution to our schools' strategic development and hone their own leadership skills along the way.

The 10-strong collaborative working group of students from Anthem's secondary schools will be looking at issues of mental health and wellbeing across the Trust, investigate and share best practice in this area and make recommendations to inform our thinking.

Public speaking and debating competition

In July 2019, we held the second annual Speak Up! public speaking and debating competition for Anthem students in Years 7 to 13. This initiative is designed to support and promote oracy in our schools and help students develop confidence and communication skills. Standards at the event were high and represented a markable improvement from the first year.

Teams from each of our five secondary schools came together at Somerville College, University of Oxford, for a grand cross-Trust event, which received enthusiastic feedback from staff, students and judges alike.

Kyra Teaching School and The Deepings SCITT

The teaching school alliance and research school, Kyra, has had another successful year delivering training and support directly to over 241 schools in Lincolnshire. Its work through the Department for Education's Strategic School Improvement Fund and the Lincolnshire Teaching Schools together coalition has had significant impact on the teaching practice in Lincolnshire and outcomes for pupils.

The Deepings SCITT offers teacher training programmes towards Qualified Teacher Status in around 30 primary and secondary host schools, mostly in the South Lincolnshire area. During the year the programme has successfully trained 35 new teachers.

Rebranding of the Trust

On 2 July 2019, CfBT Schools Trust changed its name to Anthem Schools Trust – or Anthem. We took the decision to rebrand our multi-academy trust under a new name to reflect the significant changes that have taken place within the organisation over the past few years and that more accurately describes our work as a multi-academy trust today.

After a period of consultation, the name Anthem emerged as one that captures the sense of unity behind our core purpose of creating, together, ambitious and successful schools where every child thrives. We are many voices, but one Anthem.

Academic performance

Overview

Anthem serves a diverse range of schools, the majority of which have higher than average levels of disadvantage and lower than average prior attainment. Anthem schools' performance was mixed in Summer 2019, with significant improvements being seen in a number of previously underperforming schools and in overall progress measures at GCSE, but slight reductions in progress measures at Key Stage 2 and A level. Overall levels of attainment at almost all key stages were maintained, being in line with the national average at Key Stage 2. Overall Progress 8 (GCSE) is also close to the national average.

At the end of 2018-19, Ofsted judgements for the Trust's schools that have been inspected remain unchanged from their status of the previous year:

	Number		Percentage (%)	
	2019	2018	2019	2018
Outstanding	5	5	31%	31%
Good	9	9	56%	56%
Requires Improvement	2	2	13%	13%
Special Measures	0	0	0%	0%

Primary outcomes

Across the primary schools, the proportion of EYFS pupils achieving a **Good Level of Development** (GLD) and the proportion passing the **phonics** test at the end of Year 1 were almost the same as last year. In contrast, **Key Stage 1 attainment** declined, reflecting the lower prior attainment of the cohort (6.9% below the national average in 2017 when they were at the end of EYFS).

	EYFS (%GLD)		
	2017	2018	2019
National average	71%	72%	72%
Trust average	69%	71%	70%

	Phonics %passed in Year 1			
	2016	2017	2018	2019
National average	81%	81%	82%	82%
Trust average	82%	85%	84%	83%

At **Key Stage 2**, overall attainment remained in line with the national average, increasing by 1% to 65% combined expected reading, writing and mathematics with the proportion of pupils reaching the combined greater depth increasing by 2%. Furthermore, the targets for writing and mathematics were exceeded, with both reaching 80% expected. Performance in reading declined by 7% to 68%, however,

against a national decline of 2%. Progress in all three also declined by 1.2 for reading, 0.5 for writing and 0.1 for mathematics.

Key Stage 2 - Progress									
	Reading			Writing			Maths		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
National average	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trust average	-1.0	0.1	-1.1	-1.8	0.4	-0.1	-1.2	0.4	0.3
Key Stage 2 – Attainment (expected level or above)									
	Reading			Writing			Maths		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
National average	72%	75%	73%	76%	78%	78%	75%	75%	79%
Trust average	68%	75%	68%	71%	76%	80%	72%	74%	80%
Key Stage 2 – Attainment (continued)									
	Combined			EGPS					
	2017	2018	2019	2017	2018	2019			
National average	61%	64%	65%	77%	78%	78%			
Trust average	57%	64%	65.1%	75%	77%	75%			

Secondary outcomes

GCSE attainment also remained stable, but the overall **Progress 8** score improved.

Key Stage 4 Progress	2018	2019	Key Stage 4 Attainment	2018	2019
Progress 8 (MAT adjusted*)	-0.19 (-0.05)	-0.09↑	Attainment 8	4.3	4.3→
Ebacc P8	+0.03 (+0.19)	-0.08→	Ebacc	4.3	4.1↓

The **A level** pass rate remained the same at 95% this summer as did the average grade of C-. Overall attainment (for A level and BTEC courses combined) only declined slightly (by 0.2 points per entry), whilst improving at Queensbury and St Mark's.

Key Stage 5 Progress/Attainment	2018	2019
Academic A level		
Progress score (L3)	-0.09	-0.24↓
A*- B grade % (L3)	32.1%	27.0%↓
Average grade (L3)	C-	C-
Average points (L3)	26.7	26.7→
Applied General (BTEC)		
Progress Score (L3)	+0.48	+0.29↓
Average grade	Merit +	Merit+
Average points	30.5	28.8↓
En/Ma re-take Progress	English: +0.71 Maths: +1.77	TBC

Pupil attendance

Overall, **primary school attendance** improved by 0.22% over the course of 2018-2019 and is now 0.17% above the previous year's national average. Furthermore, attendance for disadvantaged pupils is 0.62% above the national average. Substantial improvements were seen at Abacus Belsize (1.08%), All Saints (0.96%), Meadow Park (0.65%), Judith Kerr (0.54%) and Benjamin Adlard (0.47%).

Secondary school attendance improved very slightly by 0.01% last year, remaining in line with the national average, thanks to significant improvements of 0.34% at Queensbury and 0.32% at The Deepings. Oakbank and St Mark's attendance declined by 0.59% and 0.53% respectively, however, with Oxford Spires improving slightly by 0.06%. Support from SOL for attendance will be used more extensively across the five schools this coming academic year.

Financial Review

The majority of Anthem's income is derived from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is limited to specific purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Income and expenditure for the year includes capital income, depreciation and pension scheme adjustments which are accounting adjustments and not included when operational budgets are agreed with the ESFA. Total operating income for the year was £49.9 million and expenditure amounted to £49.1 million, resulting in an operating surplus of £0.8 million.

As of 31 August 2019, the LGPS pension scheme was in deficit with the amount attributable to Anthem being £17.8 million, an increase of £7.1 million from last year. The movement was attributable to changes in the assumptions used to calculate the liability. The significant changes were:

- 1% change in the discount rate used due mainly from a fall in AA corporate bond yields, in conjunction with any other changes in financial assumptions, has caused an £8.4 million increase in the fair value of scheme liabilities. This has been recognised within actuarial gains/losses.
- The impact of the McCloud judgement has been included within the past service cost and projected service cost.
- A change in demographic assumptions has led to a £3.4 million decrease. This is predominantly due to the adoption of the CMI 2018 future longevity improvements and has been recognised within actuarial gains/losses.

Anthem also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), these grants are shown in the Statement of Financial Activities as restricted income in the Fixed Assets Fund. The restricted Fixed Assets Fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2019, the net book value of fixed assets was £100.4 million and movements in tangible fixed assets are shown in note 13 to the financial statements. There have been additions in the year of £1.8 million and depreciation of £4.3 million.

Reserves Policy

Anthem has developed a risk-based approach to setting the level of reserves held. This approach uses a three-year financial plan that identifies what level of reserves Anthem as a whole requires over that period of time. This level will ensure that the schools and Anthem can operate efficiently and without interruption, to meet all obligations as they fall due. Added to this is a contingency for unforeseen emergencies. The model is continually developing but has confirmed that the Trust should maintain a target level of reserves of between £1.5 million and £4.1 million.

The operational reserves of Anthem are those funds that are retained from the core income of the schools. These funds exclude the Fixed Asset Fund and the Pension Reserve Fund (including the initial assets 'donated' when the schools transferred and subsequent depreciation or amortisation of these assets and any deficits in relation to FRS102 pension costs). Anthem plans to meet any contributions towards pension deficits from operational income received each year.

The restricted pension reserve of £17.8 million (2018: £10.6 million) is held to offset the liability relating to the defined benefit pension liability for the Local Government Pension Scheme. This deficit would only crystallise as a liability on the closure of the Trust. In such an event Parliament has agreed to guarantee that outstanding LGPS liabilities will be met by the Department for Education.

On 31 August 2019, the Trust held Restricted General Funds of 0.9 million (2018: £0.3 million) and Unrestricted General Funds of £1.6 million (2018: £1.4 million), which is within the target level range.

Investment Policy

Cash balances across the Trust are pooled and balances not required immediately are placed on fixed-term deposit, for between three and 12 months, with a major UK bank.

Financial and Risk Management Objectives and Policies

Anthem has a formal risk management process in place to identify and assess all risks associated with the organisation; this enables the instigation of risk mitigation strategies. A Risk Register is in place which is subject to regular review. Key members of staff and Trustees are involved in the preparation of the Risk Register, overseen by the Audit Committee. The Risk Register identifies the types of risk Anthem might encounter and rates the risks in terms of likelihood and impact. This ensures that the most significant risks are highlighted, appropriate strategies implemented, and resources allocated.

The work on the strategic risk register has been extended to develop an assurance framework. This is a structured method of identifying and mapping the main sources of assurance across the Trust, ensuring the Trustees effectiveness in managing strategic risks.

As the majority of Anthem's funding is derived from the ESFA, via the Department for Education, the Trustees consider this element of funding to be reasonably secure. The most significant risks relating to this income result from changing government policy on school funding, the effect of increasing contribution rates for stakeholder pensions and NI rebate deletion, and the effect of changing pupil numbers. The Trustees have laid out their strategies for dealing with these risks within Anthem's Risk Register.

Principal Risks and Uncertainties

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

Anthem schools, as are all schools in the UK, are facing increasing financial pressures. The revenue funding from the ESFA, although protected by the Government, is not increasing in line with salary and pension costs. In recent years the Department for Education has provided additional funding for teacher pay rises and the increase in the employer's contribution rate for teacher's pensions. However, this funding is not exact and has fallen short for some schools. In addition, no additional funding has been provided for the pay awards to support staff and the increase in employer's contributions to the Local Government Pension Scheme.

The ESFA policy of allocating funding to schools based on the pupil census of the previous academic year introduces challenges for schools experiencing significant growth in pupil numbers. This lagged funding policy can mean that schools are not funded for the actual number of pupils in the school and can lead to in-year deficit budgets. There is also continuing concern around the funding arrangements for capital works and the need to maintain and improve the fabric of the buildings that Anthem is responsible for.

Financial Instruments

Credit risk

Anthem has a very low credit risk. All debts are monitored on a monthly basis and any for which payment is not received within 90 days are considered for legal action.

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Cash flow and liquidity

Anthem has cash and other working capital balances. The main risk arising from Anthem's financial instruments is therefore liquidity risk and Anthem considers that other risks are low or non-existent risks and therefore not material to the Trust's financial position. The Trust has a pooled deposit account across all schools to enable management of this risk.

Equal Opportunities and Disabled Persons Policies (Equalities Policy)

Anthem is committed to the principle of equal opportunities and seeks to ensure the working environment values the needs of all employees and students. It is the policy of Anthem to support the recruitment and retention of employees and students with disabilities by making resources available and through training and career development.

The Trustees believe that equality at the Trust should permeate all aspects of Trust life and is the responsibility of every member of the Trust and wider community. Every member of the Trust community should feel safe, secure, valued and of equal worth.

At Anthem, equality is a key principle for treating all people the same irrespective of their gender, ethnicity, disability, religious beliefs, sexual orientations, age or any other recognised area of discrimination.

Employee Information Policy

Anthem undertakes discussions with employees and their unions when making decisions that affect employee interests to ensure that employees' views are reflected in decisions made and their interests are protected.

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.

Funds held as Custodian Trustee on behalf of others

Neither Anthem nor any of its Trustees act as a Custodian Trustee.

Auditor

In so far as all the Trustees are aware:

- there is no relevant audit information of which the Trust's external 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 external auditor is aware of that information.

Approved by order of the members of the board of Trustees on 11 December 2019 and signed on its behalf by:



Heather Dawson

Chair of Trustees

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Anthem 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 Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Anthem and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met five 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
Dawson, Heather	5	5
Hawker, David	5	5
McFarlane, Angela	5	5
Parkes, Duncan	5	5
Wilson, Sally	5	5
Wood, Philip	5	5

Changes to the board in the financial year are detailed in the Reference and Administrative Details on page 2.

Every full board of Trustee meeting includes a report from the Chief Executive, a report from the Chief Operating Officer, an update on governance both at Trust and local level and reports from committees. Matters discussed during the year to 31 August 2019 included:

- Performance of schools both educationally and financially;
- Reports from Ofsted and the Department for Education;
- Agreement of the Anthem vision, strategic priorities and development plan;
- Change of name of the Trust and rebranding;
- Review of leadership and succession planning; and
- Strategic risks, mitigations and contingencies.

In 2018-19 the majority of board of Trustee meetings were held in schools with the host Headteacher presenting on key issues for their school.

Every year the board of Trustees undergoes a skills audit and self-evaluation of performance.

The Trust board has four committees; Finance, Audit, Education and Remuneration.

Finance Committee

The purpose of the Finance Committee is to provide independent oversight of the financial performance of Anthem and of its individual schools. It works closely with the Audit Committee to ensure that their activities complement each other and ensure that the Trust meets all aspects of financial compliance.

This Finance Committee provides an opportunity for detailed discussion and consideration of financial matters, with regular reporting to the full board of Trustees. It is given delegated authority for most financial decision-making, but the full board of Trustees as a whole remains accountable and still remain actively engaged in financial matters.

Matters discussed during the year to 31 August 2019 include:

- Review of finance policies;
- Agreement of financial regulations;
- Regular review of the current financial position including forecast outturns for the year;
- Review of long term (3-5 years) financial position;
- Review of capital grants received in year for the improvement of the estate;
- Review of procurement practices and value for money; and
- Consideration of the schools' assets and fulfilment of the Trusts charitable obligations to maximise the benefit of those assets with regard to asset disposal and reinvestment.

Attendance at Finance Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Hawker, David	3	4
Wilson, Sally	4	4
Woods, Philip	4	4

Audit Committee

The purpose of the Audit Committee is to:

- Support the board in its responsibilities for issues of risk control and governance. It reviews the comprehensiveness, reliability and integrity of assurances in meeting the board and Accounting Officer's assurance needs; and
- Have an independent oversight of Anthem's systems of internal control, financial reporting, risk management and compliance, including monitoring of the quality and effectiveness of both external and internal auditors.

Matters discussed during the year to 31 August 2019 include:

- Recommend the appointment of both internal and external auditors;
- Commission and receive reports on the internal control framework;
- Oversight of the management of risk across Anthem;

- Development of a Board Assurance Framework;
- Oversight of the year end process and receive reports from the appointed external auditors; and
- Receive and recommend the adoption or rejection of the financial statements to the board of Trustees.

Attendance at Audit Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
McFarlane, Angela	3	4
Dawson, Heather	4	4
Parkes, Duncan	4	4

Education Committee

The purpose of the Education Committee is to provide an independent oversight of the educational performance of Anthem and of its individual schools.

Matters discussed during the year to 31 August 2019 include:

- Scrutiny of attainment and progress data, actual from the summer 2018 and projections for the summer 2019;
- Reports from Ofsted inspections of schools;
- Reports on the progress of disadvantaged groups of pupils;
- Reports on school improvement activity in schools; and
- Reports on safeguarding.

Attendance at Education Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Hawker, David	4	4
McFarlane, Angela	4	4
Parkes, Duncan	4	4
Wilson, Sally	3	4

Remuneration Committee

The purpose of the Remuneration Committee is to approve the remuneration and benefits for the headteachers and the Executive and oversee the consistency of outcomes from the performance management process for headteachers and the remuneration strategy for all employees in Anthem.

Matters discussed during the year to 31 August 2019 include:

- Pay awards for teachers and support staff; and
- A review of headteacher and executive pay.

Attendance at Remuneration Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Hawker, David	1	1
Parkes, Duncan	1	1
Wilson, Sally	1	1

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Where possible, ceasing any subsidisation of income generating activities managed by an outsourced party, such as lettings and catering contracts.
- Driving benefits from economies of scale, such as rebate schemes and volume discounts, on the supply of generic goods.
- Producing a strategy on improving energy efficiency throughout school buildings with a view to reducing spend on energy contracts and lowering the Trust's carbon footprint.
- Investing in developing the use of technology to improve communication, reducing the need for staff travel and accommodation, and therefore the associated costs.
- Working with national apprenticeship training providers to devise training schemes for teaching and support staff that can be funded using the apprenticeship levy. Also, delivering a greater amount of in-house CPD via peer-to-peer support.
- Engaging with other public sector buying organisations to increase buying power and leverage the marketplace more effectively.
- Conducting a review of the Trust's supply base with a view to reducing the size of the purchase ledger and reduce administrative inefficiencies.
- Improve the Trust's use of financial data to create benchmarking tools to identify areas of potential overspend.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

The Risk and Control Framework

Anthem'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:

- A Board Assurance Framework; that identifies key strategic risks and the controls that give Trustees assurance that mitigating actions are in place;
- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- Regular reviews by the Finance 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; and
- Delegation of authority and segregation of duties.

The board of Trustees considered the need for a specific internal audit function and have appointed the accountancy firm RSM to perform this function. The internal auditor's role includes giving advice on financial matters and performing a range of checks on Anthem's financial systems.

A schedule of work to be delivered by RSM is agreed annually by the Audit Committee. This schedule includes reviews of individual schools, the central function and cross-Trust functions. On a quarterly basis, RSM reports to the board of Trustees, through the Audit Committee, on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities. Areas of weakness identified require remedial actions that are monitored by the Audit Committee and confirmed as initiated at a subsequent follow up review by RSM. No material control weaknesses exist.

Review of Effectiveness

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

- The work of the internal auditor;
- The work of the external auditor, and
- The work of the executive within Anthem who have responsibility for the development and maintenance of the internal control framework.



The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 11 December 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read "H. Dawson".

Heather Dawson
Chair of Trustees

A handwritten signature in black ink, appearing to read "A. Yarrow".

Andrew Yarrow
Accounting Officer

Statement on Regularity, Propriety and Compliance

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

I confirm that I and the Anthem 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 Anthem's funding agreement and the Academies Financial Handbook.

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 the ESFA.

Approved on 11 December 2019 and signed by:



Andrew Yarrow
Accounting Officer

Statement of Trustees' Responsibilities

The Trustees (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction 2018 to 2019 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that year. 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Trustees on 11 December 2019 and signed on its behalf by:



Heather Dawson
Chair of Trustees



Independent Auditors' Report to the Members of Anthem Schools Trust

Opinion

We have audited the financial statements of Anthem Schools Trust for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion, Anthem Schools Trust's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. 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 Trustees' Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report, including the incorporated strategic report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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



Colin Wright (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young LLP, Statutory Auditor

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

12 December 2019

UHY Hacker Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



Independent Reporting Accountant's Assurance Report on Regularity

In accordance with the terms of our engagement letter dated 21 October 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 Anthem Schools Trust during the year 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 Anthem Schools Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Anthem Schools Trust and the ESFA those matters we are required to state to it 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 Anthem Schools Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Anthem Schools Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Anthem Schools Trust's Funding Agreement with the Secretary of State for Education dated 7 June 2013 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The work undertaken to draw our conclusion includes:

- Evaluation of the general control environment;
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education;
- Review of the declaration of interests to ensure completeness;
- Review of minutes for evidence of declaration of interest;
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the Trust's delegated authorities;
- A sample of cash payments were reviewed for unusual transactions;
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement; and
- Formal representations have obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety.

Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the year 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.

UHY Hacker Young

UHY Hacker Young
Reporting Accountant

Quadrant House
4 Thomas More Square
London
E1W 1YW

12 December 2019

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Statement of financial activities for the year ended 31 August 2019 (incorporating income & expenditure account)

Notes	Unrestricted fund	Restricted funds			2019	2018
		General fund	Pension fund	Fixed asset fund	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and capital grants	2	168	-	1,809	1,977	1,688
<i>Charitable activities:</i>						
Funding for educational operations	3	786	-	-	46,424	43,908
Teaching schools	29	557	-	-	1,957	1,909
Other trading activities	4	1,145	-	-	1,355	1,112
Investments	5	11	-	-	11	8
Total income and endowments		2,667	-	1,809	51,724	48,625
Expenditure on:						
Raising funds	6	651	-	-	697	452
<i>Charitable activities:</i>						
Educational operations	7	995	1,900	4,336	52,669	51,021
Teaching schools	6, 29	398	-	-	1,949	1,558
Total expenditure	6	2,044	1,900	4,336	55,315	53,031
Net income/(expenditure) for the year		623	(1,900)	(2,527)	(3,591)	(4,406)
Transfers between funds		(328)	-	33	-	-
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	26	-	(5,242)	-	(5,242)	3,862
Net movement in funds		295	(7,142)	(2,494)	(8,833)	(544)
Reconciliation of funds						
Total funds brought forward at 31 August 2018		1,354	372	(10,635)	95,575	96,119
Total funds carried forward at 31 August 2019		1,649	880	(17,777)	86,742	95,575

All the Trust's activities derive from continuing operations during the financial period. The pension fund has been separated to improve transparency.

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Statement of financial activities for the year ended 31 August 2019 (incorporating income & expenditure account)

Comparative year information

	Notes	Unrestricted fund	Restricted funds			2018	2017
			General fund	Pension fund	Fixed asset fund	Total	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations and capital grants	2	163	-	-	1,525	1,688	1,066
<i>Charitable activities:</i>							
Funding for educational operations	3	701	43,207	-	-	43,908	43,413
Teaching schools	29	398	1,511	-	-	1,909	1,386
Other trading activities	4	923	189	-	-	1,112	990
Investments	5	8	-	-	-	8	24
Total income and endowments		2,193	44,907	-	1,525	48,625	46,879
Expenditure on:							
Raising funds	6	444	8	-	-	452	418
<i>Charitable activities:</i>							
Educational operations	7	701	43,974	1,862	4,484	51,021	49,548
Teaching schools	6, 29	325	1,233	-	-	1,558	1,338
Total expenditure	6	1,470	45,215	1,862	4,484	53,031	51,304
Net income/ (expenditure) for the year		723	(308)	(1,862)	(2,959)	(4,406)	(4,425)
Transfers between funds		(767)	638	-	129	-	-
Other recognised gains and losses							
Actuarial gains on defined benefit pension schemes	26	-	-	3,862	-	3,862	5,062
Net movement in funds		(44)	330	2,000	(2,830)	(544)	637
Reconciliation of funds							
Total funds brought forward at 31 August 2017		1,398	42	(12,635)	107,314	96,119	95,482
Total funds carried forward at 31 August 2018		1,354	372	(10,635)	104,484	95,575	96,119

All the Trust's activities derive from continuing operations during the financial period. The pension fund has been separated to improve transparency.

A place to thrive

anthem

Balance Sheet as at 31 August 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	13	100,420	102,887
Current assets			
Debtors	15	2,371	2,941
Cash and cash equivalents	24	5,915	4,384
		8,286	7,325
Current liabilities			
Creditors: amounts falling due within one year	16	(3,901)	(3,437)
Net current assets		4,385	3,888
Non-current liabilities			
Creditors: amounts falling due after one year	16	(286)	(565)
Net assets excluding pension liability		104,519	106,210
Defined benefit pension scheme liability	26	(17,777)	(10,635)
Net assets including pension liability		86,742	95,575
The funds of the Trust:			
Restricted funds			
Fixed asset funds	17	101,990	104,484
Restricted income funds	17	880	372
Pension reserve	17	(17,777)	(10,635)
Total restricted funds		85,093	94,221
Unrestricted funds	17	1,649	1,354
Total funds		86,742	95,575

The financial statements on pages 33 to 64 were approved by the board of Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf by:

H. Dawson

Heather Dawson

Chair of Trustees

Company registration no: 07468210

AYD

Andrew Yarrow

Accounting Officer

Cash Flow Statement for the year ended 31 August 2019

	Notes	2019 £'000	2018 £'000
Cash flows used in operating activities			
Net cash used in operating activities	21	1,546	(884)
		<hr/>	<hr/>
Cash flows used in investing activities			
Dividends, interest and rents from investments		11	8
Proceeds from sale of tangible fixed assets		-	7
Capital grants from DfE and ESFA	2	1,801	1,519
Capital funding from others	2	8	6
Payments to acquire tangible fixed assets	13	(1,825)	(1,443)
		<hr/>	<hr/>
		(5)	97
		<hr/>	<hr/>
Cash flows used in financing activities			
Repayment of borrowings	22	(10)	(5)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		1,531	(792)
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2018		4,384	5,176
		<hr/>	<hr/>
Cash and cash equivalents at 31 August 2019	24	5,915	4,384
		=====	=====

Notes to the Financial Statements for the year ended 31 August 2019

1. Statement of accounting policies

Company Information

Anthem Schools Trust is a charitable company limited by guarantee, incorporated in England and Wales. The registered office is Highbridge House, 16-18 Duke Street, Reading, Berkshire, RG1 4RU.

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 financial statements 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 2081 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Anthem Schools Trust meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared in sterling, which is the functional currency of the company. Monetary amounts in the financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historic cost convention. 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.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval 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 receivable

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

as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

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 goods have been provided or on completion of the service.

Donated goods, services and gifts in kind

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'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Anthem's accounting policies.

On becoming an academy, the land and property of the predecessor school was transferred to the academy for nil consideration. The valuation of the land and buildings as at the date of conversion was prepared by Lambert, Smith Hampton on a depreciated replacement cost basis.

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 based on time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds

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

Charitable activities

These are costs incurred on Anthem'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 £1,000 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 or donated market value 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 such assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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 expected useful lives, as follows:

Freehold buildings	3%
Long Leasehold buildings	3%
Computer equipment	33%
Fixtures and fittings	20%
Motor vehicles	25%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Impairment of fixed assets

At each reporting period end date, the Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of twelve months or less.

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 instruments are recognised in the Trust's Statement of Financial Position when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank

Cash and 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Provisions

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

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

Leased assets

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

Stock

Immaterial stocks of uniforms and catering supplies are expensed during the year as purchased. Any material unsold uniforms and catering stocks are valued at the lower of cost or 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and the Prudential Pension Scheme. The TPS and LGPS are defined benefit schemes and the Legal and General Pension Scheme a defined contribution scheme. The assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded 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 the Education and Skills Funding Agency, the Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

Critical accounting estimates and areas of judgement

Accounting 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.

Pension Liability

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

For 2018-19 there have been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that

the impact of making an allowance for this judgement would be material, and so the Trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation, the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been included within the past service cost and projected service cost, detailed in note 26.

There will also be an increase in the cost of benefits from 1 September 2019.

(2) Guaranteed Minimum Pension (GMP). GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

(3) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(4) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 26. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

Depreciation

The Trustees estimate the useful economic lives and residual values of Buildings, Building Improvements, Computer Equipment, Furniture and Fittings and Motor Vehicles in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the Statement of Financial Activities and the Balance Sheet.

The Trustees have reviewed the carrying values of the Trust's Buildings, Building Improvements, Computer Equipment, Furniture and Equipment and Motor Vehicles.

Critical areas of judgement

The Trustees do not consider that they have made any critical judgements in the preparation of the financial statements.

2. Donations and capital grants

	Unrestricted fund £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Capital grants	-	1,809	1,809	1,519
Other donations	168	-	168	169
	<hr/>	<hr/>	<hr/>	<hr/>
	168	1,809	1,977	1,688
	=====	=====	=====	=====

3. Funding for the Trust's educational operations

	Unrestricted fund £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
DfE / ESFA grants				
- General Annual Grant (GAG)	-	38,941	38,941	37,442
- Start up grants	-	22	22	66
- Other DfE / ESFA grants	-	4,243	4,243	3,708
	<hr/>	<hr/>	<hr/>	<hr/>
	-	43,206	43,206	41,216
Other Government grants				
- Local authority grants	-	2,107	2,107	1,656
	<hr/>	<hr/>	<hr/>	<hr/>
	-	45,313	45,313	42,872
	<hr/>	<hr/>	<hr/>	<hr/>
Other funds				
- Other income from the Trust's educational operations	786	325	1,111	1,036
- Teaching school grants	557	1,400	1,957	1,909
	<hr/>	<hr/>	<hr/>	<hr/>
Total funding	1,343	47,038	48,381	45,817
	=====	=====	=====	=====

4. Other trading activities

	Unrestricted fund £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	268	-	268	236
Trip income	639	-	639	427
Sale of school uniform	12	-	12	17
Consultancy	-	210	210	155
Other income	226	-	226	277
	<u>1,145</u>	<u>210</u>	<u>1,355</u>	<u>1,112</u>
	=====	=====	=====	=====

5. Investment income

	Unrestricted fund £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Bank interest receivable	3	-	3	2
Short term deposits	8	-	8	6
	<u>11</u>	<u>-</u>	<u>11</u>	<u>8</u>
	=====	=====	=====	=====

6. Expenditure

	Non-pay expenditure			Total 2019 £'000	Total 2018 £'000
	Staff costs £'000 (note 8)	Premises £'000	Other costs £'000		
Academies' educational operations (note 7)					
- direct costs	30,703	-	3,161	33,864	32,295
- allocated support costs	7,822	2,128	8,855	18,805	18,726
Teaching schools	673	-	1,276	1,949	1,558
	<u>39,198</u>	<u>2,128</u>	<u>13,292</u>	<u>54,618</u>	<u>52,579</u>
	=====	=====	=====	=====	=====
Expenditure on raising funds	-	-	697	697	452
	<u>39,198</u>	<u>2,128</u>	<u>13,989</u>	<u>55,315</u>	<u>53,031</u>
	=====	=====	=====	=====	=====

6. Expenditure (continued)

Net (income)/expenditure for the year includes:

	2019 £'000	2018 £'000
Operating lease rentals	990	297
Fees paid to auditor for: - audit services	45	50
- other services	7	5
Loss / (gain) on disposal of fixed assets	-	11
Depreciation of tangible fixed assets	4,292	4,421
	=====	=====

Included within expenditure are unrecoverable debts of £nil (2018: £4,366). There were no individual items with a value above £5,000.

7. Charitable activities

	2019 £'000	2018 £'000
Direct costs – educational operations	33,864	32,295
Support costs – educational operations	18,805	18,726
	=====	=====
Analysis of support costs		
Support staff costs	7,822	7,568
Depreciation and loss on disposal (fixed asset restricted fund)	4,292	4,428
Technology costs	455	551
Premises costs	2,128	2,172
Other support costs	3,988	3,921
Governance costs	120	86
	=====	=====
Total support costs	18,805	18,726
	=====	=====

8. Staff costs

Staff costs during the year were:	2019 £'000	2018 £'000
Wages and salaries	28,943	27,542
Social security costs	2,747	2,615
Operating costs of defined benefit pension scheme	6,325	6,009
Apprenticeship levy	128	125
	<u>38,142</u>	<u>36,291</u>
Supply teacher costs	1,004	1,354
Staff restructuring costs (see below)	51	26
	<u>39,198</u>	<u>37,671</u>
	=====	=====
Staff restructuring costs comprise:		
- Severance payments	51	26
	<u>51</u>	<u>26</u>
	=====	=====

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £21,865 (2018: £25,577). Individually, the payments were: £12,187, and £9,678 (2018: £2,000, £7,577 and £16,000).

The average number of persons (including senior management team and agency staff) employed by the Trust during the year was as follows:

	Number		FTE	
	2019	2018	2019	2018
Teachers	513	489	461	443
Administration and support (including Teaching Assistants)	565	542	380	376
Management	49	48	49	48
Total	1,127	1,079	890	867

8. Staff costs (continued)

The number of employees whose emoluments (including employer pension contributions) fell within the following bands was:

	2019 Number	2018 Number
£ 60,001 - £ 70,000	34	43
£ 70,001 - £ 80,000	20	10
£ 80,001 - £ 90,000	9	7
£ 90,001 - £100,000	3	2
£100,001 - £110,000	2	4
£110,001 - £120,000	2	2
£120,001 - £130,000	3	2
£130,001 - £140,000	1	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	1
£160,001 - £170,000	-	-
£170,001 - £180,000	1	-
	=====	=====

All of the above employees participated in the Teachers' Pension Scheme, Local Government Pension Scheme or the sponsor's Defined Contribution Scheme. During the year ended 31 August 2019, pension contributions for these staff amounted to £789,795 (2018: £702,450).

9. Central services

Anthem has provided the following central services to its academies during the year; school improvement, financial, property management, procurement, legal, governance, safeguarding, data analysis, communications and others as arising.

Anthem charges for these services on the basis of 4% for Secondary schools and 5% for Primary schools of the General Annual Grant from the ESFA. It is not charged on Capital Grant Income, Pupil Premium Funding and income generated locally (lettings, catering, uniform sales, sponsorship, donations etc).

9. Central services (continued)

The actual amounts charged during the year were as follows:

	2019 £'000	2018 £'000
Abacus Belsize Primary School	43	38
All Saints Junior School	23	24
Abbey Woods Academy	39	42
Benjamin Adlard Primary School	46	45
Boston West Academy	72	69
The Deepings School	274	277
Gladstone Park Primary School	149	144
Grampian Primary Academy	46	47
Judith Kerr Primary School	71	69
Lincoln Carlton Academy	66	53
Mount Street Infant Academy	50	48
Meadow Park Academy	68	66
Oakbank School	102	100
Oxford Spires Academy	225	227
Queensbury Academy	206	212
St Mark's Academy	190	192
	<hr/>	<hr/>
	1,670	1,653
	=====	=====

10. Key management personnel

The key management personnel of Anthem comprise the Trustees and senior management team, as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £624,553 (2018: £588,321).

11. Trustees' remuneration and expenses

No Trustees or persons connected with them received any remuneration during the year for services as a Trustee. During the year ended 31 August 2019, travel and subsistence expenses totalling £5,184 (2018: £3,252) were reimbursed to 6 (2018: 5) Trustees.

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 officer's indemnity element from the overall cost of the RPA scheme.

13. Tangible fixed assets

	Freehold Land and Buildings £'000	Long Leasehold Land and Buildings £'000	Computer Equipment £'000	Furniture & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 September 2018	20,310	96,917	4,136	3,833	37	125,233
Additions	440	884	195	295	11	1,825
At 31 August 2019	20,750	97,801	4,331	4,128	48	127,058
Depreciation						
At 1 September 2018	2,785	13,407	3,751	2,366	37	22,346
Charge in year	474	3,081	283	451	3	4,292
At 31 August 2019	3,259	16,488	4,034	2,817	40	26,638
Net book values						
At 31 August 2019	17,491	81,313	297	1,311	8	100,420
At 31 August 2018	17,525	83,510	385	1,467	-	102,887

There are leasehold assets of £5,570k held for The Deepings, where the property is held as a tenancy at will. Negotiations of the lease are ongoing; therefore, the assets have been treated as leasehold in substance and depreciated according to the Trust's depreciation policy.

14. Financial Instruments

	2019 £'000	2018 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	6,778	5,554
Carrying amount of financial liabilities		
Measured at amortised cost	2,077	1,688

The Trustees have considered the Trust's exposure to credit, cash flow and liquidity risks as part of its annual risk assessment procedures. Risks are assessed within the Trust's risk register and monitored throughout the year. The Trustees do not consider the Trust to be materially exposed to credit, cash flow or liquidity risk, owing to sufficient bank balances and limited debtor exposures.

15. Debtors

	2019 £'000	2018 £'000
Trade debtors	332	257
VAT recoverable	372	311
Other debtors	708	1,222
Prepayments and accrued income	959	1,151
	<hr/>	<hr/>
	2,371	2,941
	=====	=====

Included in other debtors is a balance of £548k (2018: £1,013k) due from the ESFA relating to additional funding for pupil number adjustments. Accrued income includes £488k (2018: £890k) due from the ESFA for student transport, pupil premium and national non-domestic rates reclaim.

16. Creditors

Amounts falling due within one year	2019 £'000	2018 £'000
Trade creditors	1,512	957
Amounts owed to related party	68	64
Other taxation and social security	671	626
Loans (see below)	10	10
Accruals and deferred income (see below)	1,499	1,476
Other creditors	141	304
	<hr/>	<hr/>
	3,901	3,437
	=====	=====

Creditors: amounts falling due after one year	2019 £'000	2018 £'000
Accruals and deferred income (see below)	250	500
Loans	36	46
Other creditors	-	19
	<hr/>	<hr/>
	286	565
	=====	=====

Creditors: deferred income	2019 £'000	2018 £'000
Deferred income at 1 September	1,373	1,436
Income deferred in the year	752	623
Amounts released from previous years	(873)	(686)
	<hr/>	<hr/>
Deferred income at 31 August 2019 included in accruals and deferred income above	1,252	1,373
	=====	=====

16. Creditors (continued)

Included in deferred income is £264k (2018: £275k) for universal infant free school meal funding, £133k (2018: £91k) for Local Authority grants, £140k (2018: £10k) for teaching school grants, £23k (2018: £12k) for non-government funding, and £500k (2018: £750k) from the ESFA as an advance of future funding. The ESFA advance is being deducted from in year funding over a 4-year period started September 2017. Also included within deferred income is £192k (2018: £235k) for funds received in advance for academy trips and catering. These trips will be taking place during the next academic year.

Loans of £46k (2018: £56k) are from Salix and provided on the following terms: 0% interest repayable over 6 years and maturing 1 September 2023.

17. Funds

	Balance at 31 August 2018 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	38,941	(38,526)	295	710
Start Up Grant	-	22	(22)	-	-
Other DfE / ESFA grants	15	2,615	(2,615)	-	15
Other government grants	-	2,107	(2,107)	-	-
Pupil Premium grants	-	2,312	(2,312)	-	-
Strategic School Improvement Fund	182	85	(267)	-	-
Digital Feedback grant	81	-	(43)	-	38
DfE LENS grant	-	342	(225)	-	117
Donations and other income	94	575	(669)	-	-
Activities for generating funds	-	249	(249)	-	-
Pension reserve (note 26)	(10,635)	-	(1,900)	(5,242)	(17,777)
Total restricted general funds	(10,263)	47,248	(48,935)	(4,947)	(16,897)
	=====	=====	=====	=====	=====
Restricted fixed asset funds					
Acquired on conversion	61,344	-	(2,429)	-	58,915
DfE/ESFA capital grants	43,140	1,809	(1,907)	33	43,075
Total restricted fixed asset funds	104,484	1,809	(4,336)	33	101,990
	=====	=====	=====	=====	=====
Total restricted funds	94,221	49,057	(53,271)	(4,914)	85,093
	=====	=====	=====	=====	=====
Unrestricted fund					
Unrestricted fund	1,354	2,667	(2,044)	(328)	1,649
	=====	=====	=====	=====	=====
Total funds	95,575	51,724	(55,315)	(5,242)	86,742
	=====	=====	=====	=====	=====

17. Funds (continued)

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

General Annual Grant: The General Annual Grant must be used for the normal running costs of the Trust including salary costs, overheads, premises costs and curriculum costs. 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.

Strategic School Improvement Fund: Kyra Teaching School Alliance was successful in its bid to the DFE Strategic School Improvement Fund and has been awarded £495,758 to support 41 Lincolnshire primary schools (maintained and academy). The coalition of Lincolnshire Teaching Schools Together (LTT) will provide much of the capacity to deliver this project, although the funds were received the project was led by Kyra.

Digital Feedback Grant: The Education Endowment Fund awarded a grant to Kyra of £175,141 to lead a school-developed approach to improving teachers' diagnosis and feedback skills when teaching maths in primary schools.

LENS (Strategic School Improvement Fund, SSIF): Kyra Teaching School Alliance was successful in its bid to the DFE Strategic School Improvement Fund Round 3 and has been awarded £428,800 to support 33 Lincolnshire primary schools (maintained and academy). The coalition of Lincolnshire Teaching Schools Together (LTT) will provide much of the capacity to deliver this project, although the funds were received the project was led by Kyra.

Other DfE/ESFA and Government grants: Other grants include funding received from the DfE and Local Authorities for specific purposes.

Fixed asset fund: The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

Pension reserve: The pension reserve is the element of the local government pension fund liability attributable to the Trust (see note 26).

Transfer between funds: A transfer from unrestricted funds to the restricted fixed asset fund was necessary to fund capital expenditure carried out during the year. A transfer between restricted and unrestricted was necessary to reflect the funding of activities in the year.

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

17. Funds (continued)

	Balance at 31 August 2017 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	37,442	(38,080)	638	-
Start Up Grant	-	66	(66)	-	-
Other DfE / ESFA grants	-	2,162	(2,147)	-	15
Other government grants	-	1,719	(1,719)	-	-
Pupil Premium grants	-	2,234	(2,234)	-	-
Strategic School Improvement Fund	-	486	(304)	-	182
Digital Feedback grant	-	141	(60)	-	81
Non-government grants	42	100	(142)	-	-
Donations and other income	-	368	(274)	-	94
Activities for generating funds	-	189	(189)	-	-
Pension reserve (note 26)	(12,635)	-	(1,862)	3,862	(10,635)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted general funds	(12,593)	44,907	(47,077)	4,500	(10,263)
	=====	=====	=====	=====	=====
Restricted fixed asset funds					
Acquired on conversion	63,773	-	(2,429)	-	61,344
DfE/ESFA capital grants	43,541	1,525	(2,055)	129	43,140
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted fixed asset funds	107,314	1,525	(4,484)	129	104,484
	=====	=====	=====	=====	=====
Total restricted funds	94,721	46,432	(51,561)	4,629	94,221
	=====	=====	=====	=====	=====
Unrestricted fund					
Unrestricted fund	1,398	2,193	(1,470)	(767)	1,354
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	96,119	48,625	(53,031)	3,862	95,575
	=====	=====	=====	=====	=====

17. Funds – Group (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £'000	2018 £'000
Abacus Belsize Primary School	2	-
All Saints Junior School	180	158
Abbey Woods Academy	(426)	(232)
Benjamin Adlard Primary School	113	45
Boston West Academy	507	496
The Deepings School	-	-
The Deepings SCITT	67	15
Gladstone Park Primary School	-	-
Grampian Primary Academy	80	43
Judith Kerr Primary School	(308)	(345)
KYRA Teaching School	387	431
Lincoln Carlton Academy	-	-
Mount Street Infant Academy	18	9
Meadow Park Academy	(332)	(211)
Oakbank School	(940)	(1,130)
Oxford Spires Academy	14	-
Queensbury Academy	(1,978)	(1,869)
St Mark's Academy	652	617
Central services	127	176
Anthem Contingency Reserve	4,366	3,523
 Total funds before fixed assets and pension reserve funds	 2,529	 1,726
Restricted fixed asset fund	101,990	104,484
Pension reserve	(17,777)	(10,635)
 Total	 86,742	 95,575
	=====	=====

The following academies are carrying deficits, each of these schools has a three-year financial plan in place to return the school to surplus whilst maintaining educational standards.

The reasons are as follows:

Abbey Woods Academy: The school is currently judged as requires improvement by Ofsted, so the Trustees have chosen to invest in teaching and learning to improve educational standards.

Judith Kerr Primary: The Trust has been working very closely with the school to ensure robust financial management to reduce the accumulated deficit, which is evidenced by the in-year surplus.

Meadow Park Academy: The Trust has planned efficiency savings in the next academic year to address the historical deficit. In the interim the Trust has been working closely with the school to ensure robust financial management.

17. Funds – Group (continued)

Oakbank School: The school has a historical deficit and faces challenges to deliver the full GCSE curriculum with low pupil admission number (PAN). The Trust has been working very closely with the school to ensure robust financial management which is evidenced by the in-year surplus.

Queensbury Academy: The school had Government approval to undertake an age range change. The Trust is working in conjunction with the ESFA to support the academy and their funding needs during this period of transition. As part of this the Trust put in place a 10-year plan which the school is successfully following.

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

	Teaching & Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs * (Excluding Depreciation)	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Abacus Belsize Primary	656	95	3	726	1,480	1,268
All Saints Junior School	439	61	2	191	693	663
Abbey Woods Academy	748	190	11	290	1,239	1,189
Benjamin Adlard Primary	833	203	28	195	1,259	1,189
Boston West Academy	1,161	190	27	327	1,705	1,621
The Deepings	5,119	1,289	64	1,416	7,888	7,764
The Deepings SCITT	76	126	-	469	671	600
Gladstone Park Primary	2,650	648	14	595	3,907	3,710
Grampian Primary	844	208	14	237	1,303	1,248
Judith Kerr Primary	1,112	280	14	434	1,840	1,759
KYRA Teaching School	284	187	-	807	1,278	958
Lincoln Carlton Academy	1,028	374	60	241	1,703	1,418
Mount Street Academy	1,087	151	30	185	1,453	1,369
Meadow Park Academy	1,231	277	4	305	1,817	1,788
Oakbank School	1,915	259	29	650	2,853	2,798
Oxford Spires Academy	4,413	1,028	42	1,197	6,680	6,315
Queensbury Academy	3,875	751	56	1,124	5,806	5,738
St Mark's Academy	3,565	729	119	1,142	5,555	5,478
Central Services	24	1,388	-	436	1,848	1,672
	<u>31,060</u>	<u>8,434</u>	<u>517</u>	<u>10,969</u>	<u>50,980</u>	<u>48,547</u>
	=====	=====	=====	=====	=====	=====

* Excluding depreciation (£4,292k), and capital grant funded expenditure (£32k).

18. Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total funds 2019 £'000
Tangible fixed assets	-	-	100,420	100,420
Current assets	1,649	5,067	1,570	8,286
Current (and non-current) liabilities	-	(4,187)	-	(4,187)
Pension scheme liability	-	(17,777)	-	(17,777)
Total net assets	1,649	(16,897)	101,990	86,742
	=====	=====	=====	=====

Fund balances at 31 August 2018 are represented by:

	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total funds 2018 £'000
Tangible fixed assets	-	-	102,887	102,887
Current assets	1,354	4,374	1,597	7,325
Current (and non-current) liabilities	-	(4,002)	-	(4,002)
Pension scheme liability	-	(10,635)	-	(10,635)
Total net assets	1,354	(10,263)	104,484	95,575
	=====	=====	=====	=====

19. Capital commitments

There were no capital commitments outstanding as at 31 August 2019.

20. Operating lease commitments

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

	2019 £'000	2018 £'000
Due within one year	314	284
Due in one to five years	587	610
Due after five years	89	100
	990	994
	=====	=====

21. Reconciliation of net (loss)/income to net cash used in operating activities

	2019 £'000	2018 £'000
Net movement in funds for the year	(8,833)	(544)
Depreciation (note 7)	4,292	4,421
Capital grants from DfE and other capital income	(1,809)	(1,525)
Interest receivable (note 5)	(11)	(8)
Defined benefit pension scheme cost less contributions payable (note 26)	1,900	1,862
Defined benefit pension scheme finance cost (note 26)	5,242	(3,862)
Decrease / (increase) in debtors	570	(163)
Increase / (decrease) in creditors	195	(1,065)
	<hr/>	<hr/>
Net cash used in operating activities	1,546	(884)
	=====	=====

22. Cash flows used in financing activities

	2019 £'000	2018 £'000
Repayments of borrowing -Salix loan	(10)	(5)
	<hr/>	<hr/>
Net cash used in financing activities	(10)	(5)
	=====	=====

23. Cash flows used in investing activities

	2019 £'000	2018 £'000
Dividends, interest and rents from investments	11	8
Proceeds from sale of tangible fixed assets	-	7
Capital grants from DfE / ESFA	1,801	1,519
Capital funding received from others	8	6
Payments to acquire tangible fixed assets	(1,825)	(1,443)
	<hr/>	<hr/>
Net cash used in investing activities	(5)	97
	=====	=====

24. Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash in hand and at bank	1,979	3,349
Notice deposits (less than 3 months)	3,936	1,035
	<hr/>	<hr/>
	5,915	4,384
	=====	=====

25. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Trust 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 (2018: £10) for the debts and liabilities contracted before he/she ceases to be a member.

26. Pension and similar obligations

The Trust's employees belong to three 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 Bedfordshire, Brent, Camden, Derbyshire, Lincolnshire, Merton, Oxfordshire, Berkshire and Southwark County Councils and the Legal and General pension scheme. All are defined-benefit schemes, except the Legal and General pension scheme which is a defined contribution scheme.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS was 31 March 2016.

There were £61,735 outstanding contributions at the end of the financial year (2018: £60,017).

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.

26. Pension and similar obligations (continued)

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.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £2,101k (2018: £1,968k), of which employer's contributions totalled £1,633k (2018: £1,508k) and employees' contributions totalled £468k (2018: £460k). The agreed contribution rates for future years are between 14.3% and 33.8% (2018: 17.6% and 33.8%) for employers and averages between 5.5% and 12.5% (2018: 5.5% and 12.5%) for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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.

26. Pension and similar obligations (continued)

Principal Actuarial Assumptions:	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.2%	3.2%
Rate of increase for pensions	2.3%	2.3%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.3%	2.3%
Retail price index assumption (RPI)	3.2%	3.4%

The Trust entered into three-year agreements ended March 2017 to make contributions in addition to normal funding levels for the London Borough of Merton Pension Fund and the Lincolnshire County Council Pension Scheme, both of which are in deficit.

Triennial valuations are being carried out to reassess the position; no agreements for additional contributions have been made.

The below table, as produced by AON Hewitt Ltd, Barnett Waddingham and Hymans Robertson sets out the impact of a small change in the discount rates on the defined benefit obligations and projected service cost along with a plus/minus 1-year age rating adjustment to the mortality assumption.

	Approximate increase in employer's liability	
	2019	2018
	£'000	£'000
0.1% - 0.5% decrease in real discount rate	1,939	1,762
1-year increase in member life expectancy	2,366	1,783
0.1% increase in salary increase rate	1,284	1,203
0.1% increase in employer's liability	1,827	1,833

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

	At 31 August 2019	At 31 August 2018
	(years)	(years)
Retiring today		
Males	21.8	22.7
Females	24.0	24.9
Retiring in 20 years		
Males	23.2	24.7
Females	25.6	27.1

26. Pension and similar obligations (continued)

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

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equity instruments	18,525	15,930
Debt instruments	5,157	4,200
Property	2,294	2,206
Cash	767	1,292
	<hr/>	<hr/>
Total market value of assets	26,743	23,628
	=====	=====

Actual return on scheme assets was £737k (2018: £775k).

Amounts recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost (net of employee contributions)	3,231	3,034
Net interest cost	302	336
	<hr/>	<hr/>
Total operating charge	3,533	3,370
	=====	=====

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

	2019 £'000	2018 £'000
At 1 September	34,264	33,188
Current service cost	2,873	3,034
Interest cost	972	876
Employee contributions	468	460
Actuarial (gain) / loss	5,991	(3,076)
Benefits paid	(405)	(218)
Past service cost	358	-
	<hr/>	<hr/>
At 31 August	44,521	34,264
	=====	=====

26. Pension and similar obligations (continued)

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

	2019 £'000	2018 £'000
At 1 September	23,629	20,553
Interest income	670	540
Actuarial gain / (loss)	12	11
Return on plan assets (excluding net interest on the net defined pension liability)	737	775
Employer contributions	1,633	1,508
Employee contributions	468	460
Benefits paid	(405)	(218)
	<hr/>	<hr/>
At 31 August	26,744	23,629
	=====	=====

27. Related party transactions

Owing to the nature of the Trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust 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.

During the year the Trustees of Education Development Trust awarded a grant of £80k (2018: £100k) to the Trust to invest in leadership development and school improvement.

The Trust purchases services from its sponsor Education Development Trust. All such services were purchased at cost only and amounted to £597k (2018: £673k); £532k (2018: £598k) relates to the recharge of salaries and related costs for staff seconded from Education Development Trust to the Trust; £0.5k (2018: £2k) relates to products and services purchased by Education Development Trust on behalf of the Trust and the remaining £65k (2018: £73k) is for services provided by Education Development Trust staff to the Trust.

The Trust sold services to its sponsor Education Development Trust during the year that amounted to £2k (2018: £1k).

At 31 August 2019 the Trust owed Education Development Trust £68k (2018: £63k), which is included in other creditors (see note 16).

28. Agency Arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019, the Trust received £64.2k and disbursed £51.5k from the fund. An amount of £9.5k is included in other creditors relating to undistributed funds that is repayable to ESFA.

The Trust distributes training bursary funds to trainees as an agent for the NCTL. In the accounting period ending 31 August 2019, the Trust received £364.6k and disbursed £364.6k. An amount of £nil is included in creditors relating to undistributed funds that is repayable to the NCTL.

29. Teaching schools trading account

	2019 £'000	2019 £'000	2019 £'000	2018 £'000	2018 £'000	2018 £'000
Income						
Direct Income						
Other Income		1,059			803	
Other Income						
Fundraising and other trading		898			1,106	
Total Income			1,957			1,909
Expenditure						
Direct costs						
Direct staff costs	497			491		
Staff development	19			10		
Other direct costs	1,083			770		
Total direct costs		1,599			1,271	
Other costs						
Support staff costs	176			155		
Technology costs	2			31		
Other support costs	171			98		
Share of governance costs	1			3		
Total other costs		350			287	
Total Expenditure			1,949			1,558
Surplus from all sources			8			351
Teaching school balances at 1 September 2018			446			95
Teaching school balances at 31 August 2019			454			446

This note shows the results of the KYRA teaching school run by Mount Street academy and the school centred initial teacher training (SCITT) programme run by The Deepings.

30. Events after the end of the reporting period

There are no significant subsequent events after the year end to report.