

REGISTRAR OF COMPANIES

Alban Academies Trust

Annual Report and Financial Statements

For the year ended 31 August 2019

Company Limited by Guarantee
Registration Number
07523557 (England and Wales)

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Reference and administrative information

Members	F Letanka D Gibbons J Wright G Copland G Clarke
Trustees	L Keen (Chair) D Gibbons (Vice Chair) (resigned 24 June 2019) A Irwin (resigned 24 June 2019) A Gray P Thei J Wright G Comninos J Loukes N Daymond N Leinster R Kennedy R Springall D Strazza N Chouhan
Company Secretary	J Shaw
Registered address	Alban Academies Trust The Ridgeway, St Albans, Hertfordshire, AL4 9NX
Company registration number	07523557 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds TSB Bank Pic, 1 Bancroft, Hitchin, Hertfordshire, SG5 1JG

Reference and administrative information

Solicitors	Browne Jacobson LLP, 6th floor, 77 Gracechurch Street, London, EC3V OAS
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Reference and administrative information

Executive Leadership Team

CEO
CFO
Director of School Improvement

Alan Gray
Julia Shaw
Claire Oakes

Ridgeway Academy (31/08/2019)

Senior Leadership Team

Headteacher
Deputy Headteacher
Assistant Headteacher
Assistant Headteacher
Assistant Headteacher
Assistant Headteacher
Business Manager

Jed Whelan
Jackie Smith
Steven Booth
Lucy Hyde
Caroline Maddocks
Jonathan Milne
Patricia Diop

Sandringham School (31/08/2019)

Senior Leadership Team

Headteacher
Deputy Headteacher
Deputy Headteacher
Acting Deputy Headteacher
Assistant Headteacher
Assistant Headteacher
Assistant Headteacher
Assistant Headteacher
Assistant Headteacher
Assistant Headteacher
Business Manager

Alan Gray
Fergal Moane
Caroline Creaby
Mark Nicholls (effective 29 April 2019)
Claire Oakes
Karen Paul
Stuart Kemp
Joanna Cavanagh
Athena Pitsillis
Mark Allday
Julia Shaw

Verulam School (31/08/2019)

Senior Leadership Team

Headteacher
Deputy Headteacher
Deputy Headteacher
Assistant Headteacher
Assistant Headteacher
Business Manager

Paul Ramsey
Mark Freakley
Anthony Flack
Jo Harrison (resigned 24 May 2019)
Mike Toley (resigned 31 August 2019)
Kate Locke

RIDGEWAY ACADEMY LOCAL GOVERNING BOARD

Chair
Headteacher (ex officio)
Governor
Governor
Governor
Governor
Governor
Governor
Governor
Governor
Governor
Governor
Governor
Governor
Governor
Governor
Governor
Governor

As at 31 August 2019

Anne Garland (appointed 1 September 2018)
Jed Whelan
Ian Burt (appointed 1 September 2018)
Graham Clay (appointed 1 September 2018)
Elizabeth Tillett (appointed 1 September 2018)
Ann Wills (appointed 1 September 2018)
David Clarke (appointed 23 October 2018)
Dawn Hornsey (appointed 5 March 2019)
Les Thomas (appointed 5 March 2019)
Anne Lyons (appointed 1 September 2018)
Paul McNally (appointed 1 September 2018)
Charlie Smith (appointed 1 September 2019)
Sally Parrett (appointed 11 July 2019)
Catherine Woodward (appointed 11 July 2019)
Linda Keen (resigned 31 July 2019)
Jim Wright (resigned 16.04.2019)
Graeme Swann (resigned 26.05.2019)

Reference and administrative information

Governor	Emily Symeou (resigned 11.12.2018)
SANDRINGHAM SCHOOL LOCAL GOVERNING BOARD	As at 31/08/2019
Chair	
Headteacher (ex officio)	Anna Cox
Vice-Chair	Alan Gray
Governor	Duncan Gibbons
Governor	Lin Keen (resigned 31 August 2019)
Governor	Ann Irwin
Governor	Penny Thei (resigned 31 August 2019)
Governor	James Wright (resigned 31 August 2019)
Governor	Gregory Comminos (resigned 31 August 2019)
Governor	Mark Snelling (resigned 26 June 2019)
Governor	Anne Garland
Governor	Clotilde Chohan
Governor	Judith Head
Governor	Darren Leigh (resigned 01 October 2018)
Governor	Rachel Houlden (end of term 3 January 2019)
Governor	Emma Walker (appointed 28 September 2018)
Governor	Eileen Kincaid (appointed 28 September 2018)
Governor	Elizabeth Kelly
Governor	Michael Anfield (appointed 24 October 2018)
Governor	Debbie Carlin (appointed 24 October 2018)
VERULAM SCHOOL LOCAL GOVERNING BOARD	As at 31 August 2019
Chair	John Acton
Headteacher ex-officio	Paul Ramsey
Vice-Chair	Melanie Merriden
Governor	Omar Kareem (appointed 26 October 2018)
Governor	Jonathan Pitkin
Governor	Mark Kennedy (appointed 10 December 2018)
Governor	Sarah Brandt (appointed 10 December 2018)
Governor	Simon Threadkell
Governor	Brent Leyshon (appointed 22 May 2019)
Governor	Karen Mills (appointed July 2019)
Governor	Priya Lakhani (appointed July 2019)
Governor	Nigel Gibbons
Governor	Tracey Brodrick
Governor	Ian Caminsky
Governor	Jonathan Corral (appointed 19 March 2019)
Governor	David Tansley
Governor	Steve Hiscock
Governor	Tracey Southward
Governor	Ben Clark (resigned 8 July 2019)
Governor	Gary Dunger (resigned 8 July 2019)
Governor	Marion Brown (resigned 8 July 2019)

INTRODUCTION

The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their annual report together with the audited financial statements and Auditor's report of Alban Academies Trust for the ended 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

The Trust operates three secondary academies in Hertfordshire for pupils aged 11 - 18. Its academies have a combined pupil capacity of 4,036.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Alban Academies Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the multi academy trust. The Trustees of Alban Academies Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Alban Academies Trust (formerly Sandringham School Academy Trust) and consists of three academies, Ridgeway Academy, Sandringham School and Verulam School.

Details of the Trustees who served during the year on the Trust and the details of the Local Governing Boards of Ridgeway Academy, Sandringham School and Verulam School are included in the Reference and administrative details on pages 3 and 4.

Members' liability

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

Trustees' Indemnities

In accordance with normal practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions whilst on academy trust business.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of Trustees

The management of Alban Academies Trust and Local Governing Boards is the responsibility of the Trustees and Governors who are elected and co-opted under the terms of the Articles of Association.

The members may appoint by ordinary resolution up to 10 Trustees.

The total number of Trustees including the Chief Executive Officer if they so choose to act as Trustee under Article 57 who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

The Trustees may appoint Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees including the Chief Executive Officer to the extent he or she is a Trustee.

At the accounting date the Board of Trustees consisted of five members, one of whom is also a trustee, twelve additional trustees including the Chief Executive Officer which is ex-officio trustee role.

The Board of Trustees is selected to ensure that an appropriate skill set for the Trust, providing a wide breadth of talent and expertise which enables the Trust to enhance the opportunities for its staff and pupils.

Policies and procedures adopted for the induction and training of Trustees and Governors

New trustees and governors are supported by the Chairs as part of their induction. It is expected that all trustees/governors undertake training as appropriate to their role on the trust board or local governing body. New trustees/governors are recommended to undertake the Hertfordshire County Council Induction training for trustees/governors and this is supplemented by a governor training programme organised by the trust which offers sessions by external and "in house" providers throughout the school year.

Each local governing body is responsible for overseeing its academy's overall management and control with a particular focus on Teaching and Learning. The Trustees meet as the Trust Board at least three times a year; with MAT committees for Resources, HR and Quality of Education also meeting regularly.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of Trustees and Governors (continued)

The work of reviewing and monitoring the academy trust's policies is shared across the trust with senior leaders and local governors within each school passing comments/recommendations to the Trust Board for final consideration and approval. The terms of reference for the trust committees and local governing bodies are agreed annually at the first committee meeting of the year. The clerk to the local governing body of Sandringham School, the clerk to the local governing body of Verulam School and the clerk to Ridgeway Academy are responsible for coordinating the work of their governors and their committees, preparation of agendas, supporting papers and the review of any matters arising. One clerk is also responsible for coordinating the work of the Trust Board and its committees, preparation of agendas, supporting papers and the review of any matters arising. The CFO oversees the preparation of the Accounts. The Accounting Officer is responsible for the accounts.

All trustees/governors give of their time freely and no remuneration or expenses relating to their activities as trustees/governors were paid in the period. Details of the remuneration to the staff trustee is set out in note 8.

Organisational structure

The Trustees of the Alban Academies Trust constitute the Trust Board, which determines the shared policies across the multi academy trust. Trust Board members are appointed on the basis of their skills and experience. Trustees conduct an annual skills audit to assess whether the Board has the necessary skills to oversee the activities of the Trust. Trust Board committee members are drawn from the Trust Board and schools' governing bodies. Each constituent academy is governed by a local governing body (effectively the board of governors). The local governing bodies determine the policy of their academies, within the overarching policy structure set out by the trust strategic board.

The executive team provides experienced and able leadership across the trust; meeting with the Headteachers, on at least a fortnightly basis.

The day to day running and key drivers of educational achievement in each academy are delegated by the local governing bodies to the Headteachers, who are each supported by a senior leadership team. The Headteachers undertake the key leadership roles within their own academies of overseeing educational, pastoral, human resources and administrative functions in consultation with senior staff. The day to day administration of each academy is undertaken within the trust policies and procedures, approved by the local governing body which provide for significant expenditure decisions to be referred to the Trust Board for prior approval.

The Headteachers oversee their school's/academy's recruitment of all staff. The Headteachers are members of their local governing body.

Responsibilities delegated to senior staff are published annually and distributed to trustees and members of local governing bodies. All members of the senior leadership teams are invited to their own academy's local governing body meetings as and when appropriate.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Pay policy for key management personnel

The Trustees Pay Committee considers and sets the pay grade and salary for the Chief Executive Officer for the trust, reporting the outcomes to the Trust Board. The CEO oversees the performance management of the executive team. The CEO's performance management is overseen by the Chair of the Trust Board. The Chair/Pay Committee of Sandringham's governing body reviews his performance as a Headteacher.

Connected organisations, including related party transactions

The CEO, Alan Gray, is a member of a number of professional organisations. He is recognised as a National Leader by the College of School Leadership (NLE) and served on the DfE's Secondary Headteacher's Reference Board. He is also Chair of Hertfordshire's Schools Forum and a Trustee of Saracens High School. This work enables him to keep abreast of current educational matters and to network with other outstanding schools locally, regionally and nationally to share expertise, knowledge and experience.

Sandringham School and Verulam School have a formal partnership with Beaumont School to provide high quality post 16 education to their joint sixth forms. Sandringham School also works in a federation (The Alban Federation) with local schools to provide Schools Direct Teacher Training, funded by the National College for Teaching and Leadership. In both cases, Governors review working policies in partnership with these partner schools. The Alban Teaching School Alliance (ATSA) was set up in April 2012 by Sandringham School and Sir John Lawes after both schools obtained National Teaching School Status. It aims to support all those schools and individuals who wish to share and develop their expertise in a collaborative way to raise standards for young people. Sandringham School is also a designated national Research School.

The following services are provided by Herts for Learning Ltd, a company of which a Trustee is a director, and for which each of the Trusts schools are shareholders:

- ◆ HR advisory services;
- ◆ Connectivity and IT support;
- ◆ Governor support;
- ◆ School improvement services

OBJECTIVES AND ACTIVITIES

Objects and aims

Alban Academies Trust object is to provide education for the public benefit in the United Kingdom.

Our aim is to build a learning community of schools to share '**Educational Excellence for Everyone**' in order to be deemed truly 'World Class'.

The trust is keen for member schools to work together to shape the values, ethos and operation of the MAT. The trust board and local governing bodies will be jointly responsible for promoting a culture of respect and high expectations, and ensuring that these values are reflected in the way we operate and the policies we support.

Key principles to define our ethos and culture include;

- ◆ Core purpose on achieving the best outcomes for all children served by the trust;
- ◆ Shared knowledge and trust to empower everyone built on mutual respect;
- ◆ All academies in the trust hold the highest expectations of young people and what they can achieve;
- ◆ We actively promote equality at all levels in the trust;
- ◆ Local governing bodies are in best position to make decisions about their schools - majority of decision making and autonomy rests with individual schools*; and
- ◆ Stakeholder voice is a key ingredient in how we will operate

* Those schools that are in challenging circumstances and join the AAT under a sponsored agreement would have a different balance between centralised control and delegated decision making

To define the values of the trust, we have adopted the mission statement '**Educational Excellence for Everyone**'.

Objectives, strategies and activities

The vision and strategy for each individual school will be overseen by the local governing body for that school. The AAT will also promote a strategic plan that will provide a common goal for all schools in the MAT to adopt. This will be prepared with input from all partners.

Our starting point for the first 5 years will be:

- ◆ To achieve significantly positive outcomes for all young people in our care. The trust aims to secure consistency across the trust so that all families can be confident in receiving a high-quality education irrespective of which school in the trust they attend.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

- ◆ To develop as a small to medium sized MAT, with a membership of between 3 – 10 schools. We will manage any growth in a sustainable fashion so that ethos and culture are kept at the forefront of our principles, and that quality and standards come before size.
- ◆ To serve any type of school, and provide a rich environment for progress whether primary or secondary in nature.
- ◆ To serve a geographical area close to St. Albans to facilitate effective collaboration.
- ◆ To provide a powerful organisation that everyone is proud to be part of and is seen as a model of good practice for others.
- ◆ To enjoy working in partnership and learn constantly from each other.

The above will be achieved through delivering a carefully planned strategy for improvement built on knowledge of where we are starting from and understanding of how to move to where we want to get to. This will involve outstanding leadership at all levels and a relentless focus on doing the right things and doing them well. The academy trust's main strategies for Ridgeway Academy, Sandringham School and Verulam School are outlined in the annual strategic improvement plan.

Public Benefit

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commissioner's general guidance on public benefit. With this in mind, the Members and Trustees have invested a significant amount of time developing the Alban Academies Trust (AAT).

This is a new Multi Academy Trust set up to serve primary and secondary schools with the aim to build a learning community to share educational excellence for everyone. The cross-phase nature of the trust is critical to supporting a holistic approach to education, enabling professionals from all phases to share ideas and work together to raise standards. A key aspect of the vision of the Trust is for each school to maintain its own distinctive character and to cherish heritage whilst at the same time seek opportunities to further strengthen culture and ethos across the AAT. This is an exciting opportunity to show how collaborative working can shape and define improvement and provide amazing opportunities for the young people in our care.

STRATEGIC REPORT

Achievements and performance

2018-19 academic year			
	Ridgeway	Sandringham	Verulam
KS4			
No. students	80	182	165
Progress 8	-0.23	+0.82	+0.23
Attainment 8	41.8	62.8	54.3
BASICS 9-4	61.3%	90%	79.4%
BASICS 9-5	31.3%	76%	59.4%
English 9-4	73.8%	95.6%	87.9%
English 9 – 5	61.3%	86.3%	73.3%
Maths 9 – 4	68.8%	92.3%	83.6%
Maths 9-5	33.8%	79.1%	64.2%
Ebacc entered	5%	56.6%	69.7%
Ebacc achieve	5%	51.6%	41.2%
KS5			
No. students	22	181	112
APS per entry	29.9	40.3	33.4
Ave grade	C+	B	B-
APS voc er entry	28.1	28.1	29.1
ALPS T score	7	3	5

STRATEGIC REPORT (continued)

Key Performance Indicators

Key Performance Indicator	Ridgeway	Sandringham	Verulam
OFSTED	Previous school (Sir Frederic Osborn School) was graded Requires Improvement (RI) at its last inspection. If had been RI for a number of years. Standards improved significantly in year 1 of the new academy. Ridgeway is likely to be inspected in year 3 (2020-21) and the target is to be graded good.	Sandringham was last inspected in 2008 and graded Outstanding. It is currently exempt from routine inspection. Annual Standards Visits and all internal monitoring suggest the school continue to meet the Outstanding criteria.	Verulam was inspected in October 2018 and graded Good. The school is working towards achieving Outstanding at its next inspection – most likely from 2022 onwards.
Student intake	The school has adjusted its PAN to be more in line with current student numbers in each year group. The current year 7 has 189 students which is a significant increase on previous intake numbers when it was Sir Frederic Osborn School.	All year groups are overcapacity.	Current year 7 is under capacity at 160 students.
Staffing	September 2019 - two teaching vacancies now filled – majority of subjects taught by specialists.	September 2019 no teaching vacancies – majority of subjects taught by specialists.	September 2019 no teaching vacancies – majority of subjects taught by specialists.
Budget	Year-end better than agreed budget out turn statement.	Year-end mirrors agreed budget out turn statement.	Year-end better than agreed budget out turn statement.

FINANCIAL REVIEW

Going concern

After making appropriate enquires, the Board of Trustees has a reasonable expectation that the Alban Academies 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 Accounting Policies.

FINANCIAL REVIEW (continued)

The Trust has three separate supplemental funding agreements with the ESFA, one for each school, and income is obtained in the form of recurrent grants, the use of which is restricted to particular purposes. All funds received by the Trust are received into the bank account of the trust and then is distributed to schools. Total net assets, including the pension scheme liability at the end of this reporting period are £58,216,000 (2018 - £21,939,000) and of this, current net assets are £3,830,000 (2018 - £5,234,000). The Trust has pension liabilities in relation to staff who are part of the Local Government Pension Scheme of £4,021,000. Further details are included in Note 21.

Financial risk management objectives and policies

The Trustees have developed a risk management policy for the Trust and this is continually reviewed and updated termly by the Resources Committee. The Trust has assessed the risks under the main categories of strategic and reputational, physical, financial, students, staffing, governance and infrastructure. The Audit Committee review the effectiveness of risk management, monitor the risk profile against the board's desired risk tolerance the effectiveness and output of the risk management process and ensure that risk management is appropriately embedded and monitored within line management.

Principal risks and uncertainties

The Trustees have assessed the major risk to which the Trust is exposed, in particular to those related to the operations and the finances of the Trust and are satisfied that systems and procedures are in place to mitigate our exposure to major risks. The Trust's Resources Committees is charged with the responsibility to consider, and take appropriate action against major risks which could impact the trust. The Trust also operates systems to assess risks and there are measures in place to minimise these risks. Where the remaining risk is deemed to be significant, the Trust has adequate insurance cover.

The principal risks faced by the Trust include the following:

- ◆ Strategic and reputational - risk associated with under performance of an academy or a natural disaster;
- ◆ Financial- risk associated with inadequate funding or over spend on capital build;
- ◆ Governance- risk associated with the failure to recruit/retain Trustees/Governors;
- ◆ Operational - risk associated with the loss of a assets or with the recruitment and retention of staff;
- ◆ Compliance - -risks associated with failure to comply with legislation; and
- ◆ Students- risk associated with the safety and wellbeing of students.

Any of the above could affect the performance, future prospects or reputation of the Trust, and therefore controls are in place to mitigate and monitor these risks.

FINANCIAL REVIEW (continued)

Reserves policy

The Trustees have developed a reserve policy for the Trust. This policy states the Trust aims to operate with at least a level of free reserves of around 5% of ESFA funding, which is the approximate amount to cover one month's salaries. The Trust will therefore:

- ◆ Regularly review the nature of income and expenditure streams and the need to match income with commitments.
- ◆ Use excess in year funding to meet the needs of existing students.
- ◆ Separately identify funds for significant projects that cannot be met by future income alone.
- ◆ Consider the Medium Term Financial Strategy and plan for use of reserves to meet expenditure commitments in the short and medium term.
- ◆ Provide short term funding to mitigate future funding turbulence as a result of national funding changes.
- ◆ Provide short term funding to meet expenditure commitments following the removal of funding protection to enable longer term decisions to be made.

The Trust's current level of free reserves is £2,625,000 (2018: £884,000) which excludes restricted and designated funds, fixed asset reserves and the deficit on pension schemes.

Investment Policy

The Trust will ensure that investment risk is properly managed. When considering whether to make an investment, trustees will:

- ◆ Act within their powers to invest, as set out in our Articles of Association;
- ◆ Exercise caution in all investments, reducing risk and ensuring that the trust acts with the utmost integrity;
- ◆ Take investment advice from a professional adviser, as appropriate;
- ◆ Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation; and
- ◆ Ensure that all investment decisions are in the best interests of the trust and command broad public support.

The Trust will only invest in with banking institutions regulated by the FCA with a rating of at least A.

FINANCIAL REVIEW (continued)

Principal funding

The majority of the Trust's funding was provided by the Education and Skills Funding Agency (ESFA). The Trust's total incoming resources for the year ended 31 August 2019 amounted to £59,671,000 (2018: £12,999,000) of which £38,990,000 related to the transfer of the net assets of Verulam School and Ridgeway Academy into the Trust. The Trust received £14,942,000 (2018 - £6,123,000) in the General Annual Grant from the ESFA and £1,127,000 (2018 - £4,927,000) in capital grants.

The Trust held fund balances of £58,216,000 (2018: £21,938,350) at 31 August 2019 which includes unrestricted funds of £2,626,000 (2018: £884,000) of which £44,000 (2018: £nil) is designated.

FUNDRAISING

The Trust does not currently have any central fundraising activities. It does not use the services of professional fundraisers. The practice that is in place is that schools will individually develop fundraising activities, typically with the assistance of their parent bodies through form PTA events. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate.

PLANS FOR FUTURE PERIODS

Future developments

Strategic plans are in place to ensure capacity and sustainability are maintained. The coming years objectives are to:

- ◆ To get involved in partnerships which will enhance the achievement of the Trusts growth strategy to become a small to medium sized MAT.
- ◆ Focus significant attention on the quality of teaching and operate a robust performance management and improvement approach to ensure that there are positive outcomes for all pupils
- ◆ Set budgets that balance in year and manage reserves at a level that provides assurance; whilst freeing reserves to invest in the Trust infrastructure.

FUNDS HELD AS CUSTODIAN

As a National Teaching school and Schools Direct provider Sandringham School is in receipt of funding on behalf of other schools in the local area as well as trainee teachers. The school is responsible for ensuring that these funds are distributed appropriately and within the agreed timescales. All schools in the Trust are also in receipt of funds from parents/carers for school trips and activities and similarly ensures that these funds are passed over to external providers as necessary.

Trustees' report Year to 31 August 2019

AUDITOR

In so far as the Trustees are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware;
and
- ◆ that Trustees have taken all steps that they ought to have taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 2 December 2019 and signed on its behalf by:



L Keen
Chair of Trustees

Scope of responsibility

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

The Trust Board has delegated the day-to-day responsibility to the CEO of Alban Academies Trust, 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 Alban Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust Board 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 Trust Board has formally met 4 times during the year. Attendance during the year at meetings of the Trust Board was as follows:

Governor	Meetings attended	Out of a possible
A Gray (CEO)	4	4
L Keen (Chair)	4	4
D Gibbons (Vice Chair)	3	3
A Irwin	3	3
P Thei	4	4
J Wright	3	4
G Comninos	2	4
J Loukes	3	4
N Daymond	3	4
N Leinster	2	4
N Chouhan	0	3
D Strazza	2	3
R Kennedy	3	4
R Springall	4	4

The Board of Trustees is selected to ensure an appropriate skill set for the Trust, providing a wide breadth of talent and expertise which enables the Trust to enhance the opportunities for staff and pupils.

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure sound management of the Academy's finance and resources, including proper planning, monitoring and probity.

Governance (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
G Comninios (Chair)	3	3
D Gibbons	3	3
N Leinster	1	3
R Kennedy	3	3
N Chouhan	2	2
A Gray	3	3

Review of Value for Money

As accounting officer, the CEO has responsibility for ensuring that the Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- ♦ The size and reputation of the Trust - this has enabled the Trust to negotiate improved service standards from a number providers. These include our bankers and payroll provider.
- ♦ Economies of scale – these have been achieved in contract negotiations by agreeing contracts and arrangements common to all schools. An example is the procurement of energy and the new finance system.
- ♦ Cost effective purchasing – the schools regularly benchmark financial performance against one another. Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts remain competitive. Government frameworks are used by all schools to ensure that the best prices are obtained.
- ♦ Maximising income generation –the schools explore every opportunity to generate income through hire of school's facilities. Staff also used their expertise in a range of income generation consultations and teaching alliances.
- ♦ Reviewing controls and managing risks - monthly budget monitoring reports are produced and reviewed by the Business Managers and the Heads and any necessary remedial is action taken to address any significant variances that may have an impact on the budget out-turn. Forecasts are compiled using a commonly agreed set of assumptions and principles to ensure consistency. We also continually monitor processes with the intention of achieving greater efficiencies that also lead to cost reductions. Trustees have agreed a risk register which details all potential financial and business risks, considers their impact and details mitigating measures to reduce risk exposure.

The purpose of the system of internal control

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

Capacity to handle risk

The Trust Board has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Board.

The risk and control framework

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

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

The Trust Board has considered the need for a specific internal audit function and has decided to appoint an external consultant as internal auditor, who in term will report to the Resources Committee and Chair of Trustees. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academies financial systems. On an annual basis, the auditor reports to the Trust Board through the resources committee on the operation of the systems of control and on the discharge of the Trust Board trusts financial responsibilities.

The risk and control framework (continued)

The internal auditor checks were carried out as planned over the year and findings from these visits resulted in some minor recommendations being made, none of which were deemed to be significant.

Review of effectiveness

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

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


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

Approved by order of the Trust Board on 2 December 2019 and signed on their behalf by:



L. KEEN

(Chair of Trustees)



A. GRAY

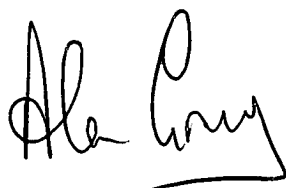
(ACCOUNTING OFFICER)

Statement of regularity, propriety and compliance 31 August 2019

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

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

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

A handwritten signature in black ink, appearing to read 'A Gray', with a horizontal line underneath.

A Gray
Accounting Officer

Date: 2/12/19

Statement of trustees' responsibilities 31 August 2019

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles 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 United Kingdom 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 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 Trust Board on 2 December 2019 and signed on its behalf by:



L Keen

Chair of Governors

Independent auditor's report to the members of Alban Academies Trust

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information (covers the reference and administrative details, the report of the trustees and strategic report and the governance statement)

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

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

We have nothing to report in this regard.

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, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Buzzacott LLP

Hugh Swainson (Senior Statutory Auditor)
For and on behalf of
Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 December 2019

Independent reporting accountant assurance report on regularity to Alban Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 9 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alban Academies Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Alban Academies accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Alban Academies Trust's funding agreement with the Secretary of State for Education dated 31 March 2011, and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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.

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities. Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- ◆ Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.
- ◆ Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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

Buzzacott LLP

Reporting Accountant
Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

19 December 2019

Statement of financial activities (including income and expenditure account) Year to 31 August 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2019 Total funds £'000	2018 Total funds £'000
Income from:						
Donations and capital grants	1	51	—	528	579	4,967
Transfer on conversion		3	(580)	19,944	19,367	—
Transfer on academies joining the Trust		764	(812)	19,671	19,623	—
Charitable activities	2	86	17,932	—	18,018	7,379
Other trading activities	3	2,079	—	—	2,079	652
Investments	4	5	—	—	5	1
Total income		2,988	16,540	40,143	59,671	12,999
Expenditure on:						
Raising funds		372	—	—	372	203
Charitable activities		831	18,117	2,666	21,614	9,005
Total expenditure	5	1,203	18,117	2,666	21,986	9,208
Net income (expenditure) before transfers		1,785	(1,577)	37,477	37,685	3,791
Transfers between funds	17	—	—	—	—	—
Net income (expenditure) before other recognised gains and losses		1,785	(1,577)	37,477	37,685	3,791
Actuarial (losses) gains on defined benefit pension scheme	21	—	(1,407)	—	(1,407)	335
Net movement in funds		1,785	(2,984)	37,477	36,278	4,126
Reconciliation of funds						
Total fund balances brought forward at 1 September 2018		884	(844)	21,898	21,938	17,812
Total fund balances carried forward at 31 August 2019		2,669	(3,828)	59,375	58,216	21,938

All of the trust's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the Statement of Financial Activities.

Balance sheet 31 August 2019

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		58,406		17,548
Investments	13		—		—
			<u>58,406</u>		<u>17,548</u>
Current assets					
Stocks	14	—		31	
Debtors	15	2,292		4,643	
Cash at bank and in hand		<u>4,227</u>		<u>1,615</u>	
		6,519		6,289	
Liabilities					
Creditors: amounts falling due within one year	16	(2,689)		(1,055)	
Net current assets			<u>3,830</u>		<u>5,234</u>
Total assets less current liabilities			<u>62,237</u>		<u>22,782</u>
Defined benefit pension scheme liability	21		(4,021)		(844)
Net assets including pension scheme liabilities			<u>58,216</u>		<u>21,938</u>
Funds of the Academy					
Restricted income funds					
Fixed asset fund		59,375		21,898	
Restricted income fund		193		—	
Pension reserve		<u>(4,021)</u>		<u>(844)</u>	
			55,547		21,054
Unrestricted income funds	18				
Designated funds		44		—	
General funds		<u>2,625</u>		<u>884</u>	
			2,669		884
Total funds			<u>58,216</u>		<u>21,938</u>

The financial statements on page 28 to 55 were approved by the Trustees, authorised for issue and are signed on their behalf by:



L Keen
Chair of Trustees
Alban Academies Trust

Approved on: 2/12/19

Company Limited by Guarantee
Registration Number: 07523557 (England and Wales)

Statement of cash flows Year to 31 August 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	A	6,038	(4,002)
Cash flows from investing activities:			
Dividends, interest and rents from investments		5	1
Purchase of tangible fixed assets		(3,908)	(768)
Capital grants from DfE Group		477	28
Capital funding received from sponsors and others		—	4,900
Net cash (used in) provided by investing activities		(3,426)	4,161
Change in cash and cash equivalents in the year		2,612	159
Cash and cash equivalents brought forward		1,615	1,456
Cash and cash equivalents carried forward	B	4,227	1,615

A. Reconciliation of net increase in funds to net cash flow produced by (used in) operating activities

	2019 £'000	2018 £'000
Net income for the year (as per statement of financial activities)	37,685	3,791
Adjustment for:		
Inherited pension deficit	1,392	—
Inherited tangible assets	(39,615)	—
Depreciation charges	2,666	1,106
Dividends, interest and rents from investments	(5)	(1)
Decrease (increase) in stocks	31	(6)
Decrease (increase) in debtors	2,351	(4,428)
Increase in creditors	1,632	274
Capital grants from DfE and other capital income	(477)	(4,927)
Defined benefit scheme finance cost	67	—
Defined benefit pension scheme service cost less contributions paid	311	185
Net cash (used in)/provided by operating activities	6,038	(4,002)

B. Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash in hand	4,227	1,615
Total	4,227	1,615

Statement of accounting policies

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

Basis of preparation of financial statements

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

The financial statements are presented in sterling and rounded to the nearest thousand.

Company status

The academy is a company limited by guarantee. The members of the company are those listed in page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy 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 income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income (continued)

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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 when 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 are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

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

Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fund raising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

Tangible fixed assets

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

- | | |
|--------------------------|--------------------|
| ◆ Leasehold property | 2-4% straight line |
| ◆ Leasehold improvements | 10% straight line |
| ◆ Computer equipment | 20% straight line |
| ◆ Motor vehicles | 20% straight line |

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

Investments

Investments are stated at market value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

Stocks

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

Debtors

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

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities and provisions

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

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs 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 instruments.

Taxation

The academy 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 academy 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.

Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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 recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 incorporating income and expenditure account 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.

Agency arrangements

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

The academy trust also acts as an agent in distributing the NCTL's training and salary grant to cover training costs for salaried trainees to achieve qualified teacher status. Grant monies received and the subsequent disbursement to lead school are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The element of grant monies received in relation to staff based at the academy trust has been recognised in the statement of financial activities.

Fund accounting

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

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

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

Designated funds represent those funds set aside for the future replacement of the surfaces of 39 pitches at Sandringham School and Ridgeway Academy.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 3 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.

Critical areas of judgement

The Governors have reviewed the asset lives and residual values of all fixed assets classes, and have concluded that asset lives and residual values are appropriate.

1 Income from donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Transferred on conversion	—	—	19,944	19,944
Transferred on Academy joining the Trust	—	—	19,671	19,671
Other donations	51	—	—	51
Capital grants	—	—	528	528
	51	—	40,143	40,194

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000
Other donations	25	14	—	39
Capital grants	—	—	4,927	4,927
	25	14	4,927	4,966

2 Funding for Academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
DfE/ESFA grants			
General Annual Grant (GAG)	—	14,679	14,679
Pupil premium	—	469	469
Lagged funding	—	1,022	1,022
Catch up funding	—	27	27
CLA	—	27	27
Other DfE/ESFA grants	—	20	20
	—	16,244	16,244
Other government grants			
Local Authority grants	—	417	417
NCTL grant	—	156	156
Sport England	—	24	24
SSCO	—	28	28
	—	625	625
Other funding			
Other income	86	1,063	1,149
	86	17,932	18,018

2 Funding for Academy's educational operations (continued)

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
DfE/ESFA grants			
General Annual Grant (GAG)	—	6,123	6,123
Other DfE/ESFA grants	—	250	250
	—	6,373	6,373
Other government grants			
Local Authority grants	—	247	247
NCTL grant	—	135	135
	—	382	382
Other funding			
Other income	551	73	624
	551	6,828	7,379

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Hire of facilities	528	—	528
Miscellaneous income	1,551	—	1,551
	2,079	—	2,079

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Hire of facilities	250	—	250
Miscellaneous income	402	—	402
	652	—	652

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Investment income	5	—	5

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Investment income	1	—	1

Notes to the financial statements Year to 31 August 2019

5 Expenditure

	Staff costs £'000	Premises £'000	Other costs £'000	2019 Total funds £'000
Expenditure on raising funds				
. Direct costs	23	—	230	253
. Allocated support costs	55	31	30	116
Academy's educational operations				
. Direct costs	11,243	2,001	1,421	14,665
. Allocated support costs	3,299	1,901	1,752	6,952
	<u>14,620</u>	<u>3,933</u>	<u>3,433</u>	<u>21,986</u>

	Staff costs £'000	Premises £'000	Other costs £'000	2018 Total funds £'000
Expenditure on raising funds				
. Direct costs	14	—	189	203
Academy's educational operations				
. Direct costs	5,135	—	976	6,111
. Allocated support costs	937	1,663	293	2,893
	<u>6,086</u>	<u>1,663</u>	<u>1,458</u>	<u>9,207</u>

This is stated after charging:

	2019 £'000	2018 £'000
Operating lease rentals	44	60
Depreciation	2,666	1,107
Auditor's remuneration – audit	16	8
Auditor's remuneration – other services	8	3

6 Charitable activities - academy's educational operations

	2019 Total funds £	2018 Total funds £
Direct costs	14,665	6,111
Support costs	6,949	2,893
	21,614	9,004

	2019 Total funds £	2018 Total funds £
Analysis of support costs		
Support staff costs	3,297	937
Depreciation	667	1,107
Technology costs	127	110
Premises costs	1,233	556
Other support costs	1,256	136
Governance costs	372	47
Total support costs	6,952	2,893

7 Staff

(a) Staff costs

Staff costs during the year were:

	2019 Total funds £	2018 Total funds £
Wages and salaries	10,105	4,670
Social security costs	1,120	435
Pension costs	3,196	960
	14,421	6,065
Supply teacher costs	199	21
	14,620	6,086

(b) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the year was as follows:

	2019 No.	2018 No.
Charitable activities		
Teachers	210	103
Administration and support	240	105
Management	24	8
	474	216

7 Staff costs (continued)

(c) Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) fell within the following bands was:

	2019 No.	2018 No.
£60,001 - £70,000	6	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	—
£100,001 - £110,000	1	—
£120,001 - £130,000	1	—

Of the above employees 9 (2018: 4) participated in the Teachers' Pension Scheme. During the year ended 31 August 2019, pension contribution for these staff amounted to £75,238 (2018: £37,729).

(d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employers pension and national insurance contributions) received by key management personnel for their services to the academy trust was £543,150 (2018 - £382,496).

8 Trustees' remuneration and expenses

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

	2019 £	2018 £
A Gray		
Remuneration	120,000 – 125,000	110,000-115,000
Pension contributions paid	—	5,000-10,000

During the year ended 31 August 2019, no Trustee received any reimbursement of expenses (2018 - none).

9 Trustees' and officers' insurance

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

10 Comparative statement of financial activities

Analysis of income and expenditure in the year ended 31 August 2018 between restricted and unrestricted funds:

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2018 Total funds £'000
Income from:				
Donations and capital grants	25	14	4,927	4,967
Charitable activities	551	6,828	—	7,379
Other trading activities	652	—	—	652
Investments	1	—	—	1
Total income	1,229	6,842	4,927	12,999
Expenditure on:				
Raising funds	203	—	—	203
Charitable activities	219	7,678	1,107	9,004
Total expenditure	423	7,678	1,107	9,207
Net before transfers	807	(836)	3,820	3,791
Transfers between funds	(829)	651	178	—
Net expenditure/(income) before other recognised gains and losses	(22)	(185)	3,998	3,791
Actuarial gains on defined benefit pension scheme	—	335	—	335
Net movement in funds	(22)	150	3,998	4,126
Reconciliation of funds				
Total fund balances brought forward at 1 September 2017	906	(994)	17,900	17,812
Total fund balances carried forward at 31 August 2018	884	(844)	21,898	21,938

11 Central services

The Company has provided the following central services to its academies during the period.

- ◆ Leadership and management;
- ◆ Financial services;
- ◆ HR services;
- ◆ IT services; and
- ◆ School improvement services.

All other services are split equally between the three academies.

The actual amounts charged during the year were as follows:

	2019 Total £'000	2018 Total £'000
Veralam Trust	65	—
Ridgeway School	65	—
Sandrinham School	65	—
	195	—

12 Tangible fixed assets

	Leasehold property £'000	Furniture and equipment £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 September 2018	23,517	228	345	—	24,090
Donated assets on acquisition	39,172	321	94	28	39,615
Additions	3,658	140	110	—	3,908
At 31 August 2019	66,347	689	549	28	67,613
Depreciation					
At 1 September 2018	6,078	212	251	—	6,541
Charge for the year	2,448	106	108	4	2,666
At 31 August 2019	8,526	318	359	4	9,207
Net book value					
At 31 August 2019	57,821	371	190	24	58,406
At 31 August 2018	17,439	16	94	—	17,549

Buildings transferred upon conversion

Two academies joined the group or opened during 2018/19 (2017/18 – seven). Of these, one school was transferred from the local authorities. The value of the buildings transferred on conversion is included within tangible fixed assets. Further details of this transfer are included in note 25 and 26.

Assets under construction are academy buildings that have been funded from DfE capital grants.

13 Fixed asset investments

	Unlisted securities £
Market value	
At 1 September 2018 and 31 August 2019	1

14 Stocks

	2019 £'000	2018 £'000
Finished goods and goods for resale	—	31

15 Debtors

	2019 £'000	2018 £'000
Trade debtors	80	45
Other debtors	361	164
Prepayments and accrued income	1,697	4,320
Tax recoverable	154	113
	2,292	4,642

16 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	560	355
Other taxation and social security	327	112
Other creditors	323	268
Accruals and deferred income	1,479	320
	2,689	1,055

	2019 £'000	2018 £'000
Deferred income		
Deferred income at 1 September 2018	320	164
Resources deferred during the year	700	320
Amounts released from previous years	(320)	(164)
Deferred income at 31 August 2019	700	320

At the balance sheet date the academy trust was holding grants received in advance for the following academic year. The trust was also holding funds received in advance for trips and clubs booked for the following academic year.

17 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	—	14,679	(14,679)	—	—
Pupil Premium	—	468	(468)	—	—
Lagged funding	—	1,022	(1,022)	—	—
Catch up funding	—	27	(17)	—	10
CLA	—	27	(14)	—	13
Other grants	—	21	(21)	—	—
Local Authority grants	—	417	(417)	—	—
Other restricted funds	—	1,219	(1,063)	—	156
Sport England	—	24	(10)	—	14
SSCO	—	28	(28)	—	—
Pension reserve	(844)	(1,392)	(378)	(1,407)	(4,021)
	<u>(844)</u>	<u>16,540</u>	<u>(18,117)</u>	<u>(1,407)</u>	<u>(3,828)</u>
Restricted fixed asset funds					
Transfer on conversion	17,548	39,615	(2,666)	3,415	57,912
DfE/ESFA capital grants	—	528	—	(493)	35
HCC Capital grants	4,350	—	—	(2,922)	1,428
	<u>21,898</u>	<u>40,143</u>	<u>(2,666)</u>	<u>—</u>	<u>59,375</u>
Total restricted funds	<u>21,054</u>	<u>56,683</u>	<u>(20,783)</u>	<u>(1,407)</u>	<u>55,547</u>
General funds	884	2,988	(1,203)	(44)	2,625
Designated funds	—	—	—	44	44
Total unrestricted funds	<u>884</u>	<u>2,988</u>	<u>(1,203)</u>	<u>—</u>	<u>2,669</u>
Total funds	<u>21,938</u>	<u>59,671</u>	<u>(21,986)</u>	<u>(1,407)</u>	<u>58,216</u>

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

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

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

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

- ♦ Delivering Special Provision Locally (DSPL) funding for the purpose of enabling the trust to provide nurture training in local setting for schools from the area.

17 Funds (continued)

- ◆ Other government grants received for the flexible provision of services for secondary aged pupils.
- ◆ Pupil premium grant allocated to schools with pupils that are known to be eligible for free school meals to raise attainment for pupils from low incomes.

The pension reserve represents the net deficit on the Local Government Pension Scheme (LGPS) defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited on conversion and future GAG funding agreed by the Education & Skills Funding Agency is expected to be sufficient to take the fund back into surplus

Fixed asset fund

The restricted fixed asset fund includes the freehold land and buildings and all material items of fixtures, fittings and equipment. Depreciation charged on the assets is allocated to the fund.

Designated funds

During the year the Trustees took the decision to set aside an amount of £44,000 for future replacement of the surfaces of the 3G pitches at Sandringham School and Ridgeway Academy.

17 Funds (continued)

Comparative information

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	—	6,123	(6,774)	651	—
Start up Grant	—	117	(117)	—	—
Pupil Premium	—	45	(45)	—	—
Other grants	—	557	(557)	—	—
Pension reserve	(994)	—	(185)	335	(844)
	<u>(994)</u>	<u>6,842</u>	<u>(7,678)</u>	<u>986</u>	<u>(844)</u>
Restricted fixed asset funds					
Transfer on conversion	17,887	—	(1,107)	768	17,548
DfE/ESFA capital grants	13	4,927	—	(589)	4,351
	<u>17,900</u>	<u>4,927</u>	<u>(1,107)</u>	<u>179</u>	<u>21,899</u>
Total restricted funds	<u>16,906</u>	<u>11,769</u>	<u>(8,785)</u>	<u>1,165</u>	<u>21,055</u>
Total unrestricted funds	<u>906</u>	<u>1,230</u>	<u>(423)</u>	<u>(829)</u>	<u>884</u>
Total funds	<u>17,812</u>	<u>12,999</u>	<u>(9,208)</u>	<u>336</u>	<u>21,939</u>

Analysis of fund balance by academy

	2019 £'000	2018 £'000
Fund balances at 31 August 2019 were allocated as follows:		
Alban Academies Trust	1,116	31
Sandringham School	927	852
Verulam School	791	—
Ridgeway Academy	28	—
Total before fixed asset fund and pension reserve	<u>2,862</u>	<u>883</u>
Restricted fixed asset fund	59,375	21,899
Pension reserve	(4,021)	(844)
Total	<u>58,216</u>	<u>21,938</u>

17 Funds (continued)

Analysis of academies by cost

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	2019 Total £'000
Alban Academies Trust	—	—	—	—	—
Sandringham School	5,490	1,197	304	2,414	9,405
Verulam School	3,455	1,379	318	1,178	6,330
Ridgeway Academy	2,103	998	251	825	4,177
	<u>11,048</u>	<u>3,574</u>	<u>873</u>	<u>4,417</u>	<u>19,912</u>

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	2018 Total £'000
<i>Analysis of academies by cost</i>					
Alban Academies Trust	—	—	—	49	49
Sandringham School	5,135	937	976	1,004	8,052
	<u>5,135</u>	<u>937</u>	<u>976</u>	<u>1,053</u>	<u>8,101</u>

18 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Tangible fixed assets	—	—	58,406	58,406
Fixed asset investments	1	—	—	1
Current assets	2,669	2,881	969	6,519
Creditors due within one year	—	(2,689)	—	(2,689)
Provisions for liabilities and charges	—	(4,021)	—	(4,021)
	<u>2,670</u>	<u>(3,829)</u>	<u>59,375</u>	<u>58,216</u>

	Unrestricted funds £	Restricted funds £	Restricted fixed assets funds £	2018 Total funds £
Tangible fixed assets	—	—	17,547,812	17,547,812
Fixed asset investments	1	—	—	1
Current assets	1,000,152	937,162	4,350,772	6,288,086
Creditors due within one year	(116,387)	(937,162)	—	(1,053,549)
Provisions for liabilities and charges	—	(844,000)	—	(844,000)
	<u>883,766</u>	<u>(844,000)</u>	<u>21,898,584</u>	<u>21,938,350</u>

19 Capital commitments

At August 2019 the academy had capital commitments as follows:

	2019 £'000	2018 £'000
Contracted for but not provided in these financial statements		3,460

20 Commitments under operating leases

Operating leases

At 31 August 2019, the total of the Academy's future minimum lease payments under non-cancellable operating leases was as follows:

	2019 £'000	2018 £'000
Amounts due within one year	27	36
Amounts due between two and five years inclusive	22	46
	49	82

21 Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire Country Council. Both are Multi- employer defined benefit pension schemes.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan.

21 Pension commitments (continued)

Teachers' Pension Scheme (continued)

Accordingly, the Academy Trust has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Academy Trust has set out above the information available on the plan and the implications for the Academy Trust in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the period amounted to £446,847 (2018: £564,067).

There were outstanding payments totalling £36,691 (2018 – £nil) at the end of the financial year.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,092,000 (2018: £299,000), of which employer's contributions totalled £943,000 (2018: £241,000) and employees' contributions totalled £149,000 (2018: £58,000). The agreed contribution rates for future years are 25.3% for employers and 5.5%- 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 an academy 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.

21 Pension commitments (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	2019 %	2018 %
Discount rate for scheme liabilities	1.8	2.8
Inflation assumptions (CPI)	2.3	2.4
Rate of increase in salaries	2.1	2.5
Rate of increase for pensions in payment/inflation	2.3	2.4

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

	2019	2018
<i>Retiring today</i>		
Males	21.5	22.5
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25.0	26.7

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

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equities	3,923	1,478
Corporate bonds	3,121	976
Property	641	223
Cash and other liquid assets	320	112
Total market value of assets	8,005	2,789
Present value of scheme liabilities:		
Funded	(12,026)	(3,633)
Deficit in the scheme	(4,021)	(844)

The actual return on scheme assets was £688,430 (2018: £136,000)

Sensitivity analysis	2019 £'000	2018 £'000
Discount rate +0.1%	(293)	—
Discount rate -0.1%	293	—
CPI rate +0.1%	254	—
CPI rate -0.1%	(254)	—

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2019 £'000	2018 £'000
Current service cost	305	399
Past service cost	6	—
Interest income	(197)	(63)
Interest cost	264	90
Total amount recognised in the SOFA	378	426
Changes in the present value of defined benefit obligations were as follows:	2019 £'000	2018 £'000
At 1 September 2018	(3,633)	(3,391)
Conversion of academy trusts	(5,329)	—
Transferred in on existing academies joining the trust		
Transferred out on existing academies leaving the trust		
Current service cost	(921)	(399)
Past service cost	(6)	—
Interest cost	(264)	(90)
Employee contributions	(149)	(58)
Actuarial (gain) loss	(1,815)	262
Benefits paid	91	43
At 31 August 2019	(12,026)	(3,633)
Changes in the fair value of the Academy's share of scheme assets:	2019 £'000	2018 £'000
At 1 September 2018	2,789	2,397
Upon conversion	3,937	—
Interest income	—	63
Actuarial gain (loss)	408	73
Expected gain on assets	197	—
Employer contributions	616	241
Employee contributions	149	58
Benefits paid	(91)	(43)
At 31 August 2019	8,005	2,789

22 Members' Liability

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

23 Related party transactions

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

Other than certain trustees' remuneration and expenses already disclosed in note 10, the only related party transactions that took place in the year were as follows:

During the year ended 31 August 2019, incoming resources totalling £70,109 (2018: £34,217) were recognised from Alban Teaching School Alliance Limited for services rendered and expenditure of £nil (2018: £4,528) was paid to Alban Teaching School Alliance Limited. Alban Teaching School Alliance Limited is related by virtue of A Gray, a governor, being a director of Alban Teaching School Alliance Limited. At the year end, there was £nil (2018: £nil) included in trade debtors.

The academy trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures.

24 Agency agreements

The academy trust distributes 16-19 bursary funds to the students as an agent for the ESFA. During the year ended 31 August 2019, the trust received £20,459 (2018: £15,358) and disbursed £17,600 (2018: £14,535) from the fund. Undistributed funds of £2,859 (2018: £823) are included in other creditors as at 31 August 2019.

The academy trust distributed training grants to local schools and bursaries to qualifying ITT teachers as an agent for the NCTL. During the year ended 31 August 2019, the trust received £899,558 (2018: £950,063) on behalf of third parties and disbursed £899,558 (2018: £900,102). An amount of £nil (2018: £49,961) is included in deferred income for unspent funds and a further £nil (2018: £7,175) within other creditors for undistributed bursaries and salary payments as at the year end.

25 Transfer from Local Authority on conversion

During the year ended 31 August 2019, one local authority school joined the MAT. At the date of conversion to Academy status under the Academies Act 2010, the operations and assets and liabilities were transferred to the group for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
Tangible fixed assets				
Leasehold land and buildings	—	—	19,944	19,944
Budget surplus on LA funds	3	—	—	3
LGPS pension deficit		(580)	—	(580)
Net assets (liabilities)	3	(580)	19,944	19,367

Ridgeway School

On 1 September 2018, Ridgeway School converted to academy status:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
Tangible fixed assets				
Leasehold land and buildings	—	—	19,944	19,944
Budget surplus on LA funds	3	—	—	3
LGPS pension deficit		(580)	—	(580)
Net assets (liabilities)	3	(580)	19,944	19,367

26 Transfer in on academies joining the Trust

During the year ended 31 August 2019, one academy from an existing academy Trust joined the MAT.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

No fair value adjustments were made to the value reported by the transferring trust.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
Tangible fixed assets				
Leasehold land and buildings	—	—	19,228	19,228
Other tangible fixed assets	—	—	443	443
Budget surplus on other school funds	764	—	—	764
LGPS pension deficit	—	(812)	—	(812)
Net assets (liabilities)	764	(812)	19,671	19,623

Verulam School

On 1 September 2018, Verulam School joined the Trust:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
Tangible fixed assets				
Leasehold land and buildings	—	—	19,228	19,228
Other tangible fixed assets	—	—	439	439
Budget surplus on other school funds	764	—	—	764
LGPS pension deficit	—	(812)	—	(812)
Net assets (liabilities)	764	(812)	19,667	19,619