

**Astrum Multi Academy
Trust**

Report and Financial Statements

Year to 31 August 2019

Company Limited by Guarantee
Registration Number
10818052 (England and Wales)

Contents

Reports

Reference and administrative information	1
Trustees' report	3
Governance statement	12
Statement of regularity, propriety and compliance	20
Statement of trustees' responsibilities	21
Independent auditor's report on the financial statements	22
Independent reporting accountant's report	25

Financial statements

Statement of financial activities	27
Balance sheet	28
Statement of cash flows	29
Principal accounting policies	30
Notes to the financial statements	36

Reference and administrative information

Members	Mr A Grant Mrs A Garrard Mr J Pallet Mr F Saunders
Trustees	Mrs A Garrard (Chair) Mr J Knight Mr P Patel Mr D Cason Mrs L Parr
Company Secretary	Michelmores Secretaries Limited
Senior Leadership Team	Mrs L Parr (CEO and Executive Headteacher) Mrs S Mallett (Trust Business Lead) Ms L Parr (Head of Lower School – Newbridge School) Mrs T Edmonston (Deputy Head of Lower School – Newbridge School) Mrs S Jeffery (Head of Upper School – Newbridge School) Mr J Stanier (Deputy Head of Upper School – Newbridge School)
Registered address	Woodwater House Pynes Hill Exeter Devon United Kingdom EX2 5WR
Company registration number	10818052 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers Lloyds Bank plc
Threadneedle Street (306541) Branch
PO Box 1000
BX1 1LT

National Westminster Bank plc
Chadwell Heath Branch
27 High Road
Chadwell Heath
Romford
Essex
EM6 6QD

Solicitors Michelmores LLP
Woodwater House
Pynes Hill
Exeter
EX2 5WR

INTRODUCTION

The Trustees of the Astrum Multi Academy Trust ('the Trust') present their statutory report together with the financial statements of the charitable company for the year to 31 August 2019. The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and governance

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Astrum Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Astrum Multi Academy Trust.

Details of the trustees who served during the year and the governance arrangements of the Trust and delegations to senior executive officers and Committees are set out in the Statement on page 12.

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 commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10 million on any one claim and the cost for the premium for the period ended 31 August 2019 was included within the overall insurance premium.

Method of recruitment and appointment or election of trustees

The Members of the Trust are set out on page 12.

When appointing and recruiting Trustees (and members of Trust Committees and local governing bodies) regard is given to the skills mix and backgrounds of the existing members and potential new members so as to ensure that the Board of Trustees, its Committees and local governing bodies have all the necessary skills required to carry out their roles and contribute fully to the Trust's development.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of trustees

All new Trustees are recruited on their ability to play an active part in the governance of the Astrum Multi Academy Trust. On their appointment Trustees are taken through an induction process that includes an explanation of the role of a Trustee and Company Director. They are provided with all necessary documents needed to undertake their role as a Trustee, supported and advised by Trust executive staff, and invited to attend training sessions run by the Trust or external providers e.g. courses through their membership of the NGA, the Key for School Governors and also the DfE funded training scheme via Governorspace.

Organisational structure

The Executive Headteacher, as the chief executive officer, is directly responsible for the day to day running of the Trust. She is assisted by the Trust's CFO/Trust Business Lead as the executive team, and the Schools Senior Leadership Teams consisting of the Heads of School and Deputy Heads of School.

The Trust executive and senior leadership team implements the policies agreed by the Trustees, supporting the schools in the Trust and providing evidence, reports and data analysis to Trustees to enable them to monitor effectively the performance of the Trust and its schools.

The CEO/Executive Headteacher is the Accounting Officer.

The Board of Trustees delegates its powers and functions to Committees and to the local governing body, known as the Schools Committee, to the CEO/Executive Headteacher and to the Heads of school of its academies, in accordance with its published Scheme of Delegation for Governance Functions.

The Trust has a Finance, Audit and Risk Committee (further details below) and a People and Pay Committee to oversee the performance management and pay of trust and school staff.

Each Head of School has delegated responsibility for the day-to-day running of the school and the implementation of the policies of the Trust and governing body; s/he is responsible for the internal organisation, management and control of the school and for the direction of teaching and the curriculum.

Each Head of School is accountable to the School's Committee and to the CEO/Executive Headteacher.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

The Board of Trustees via the executive team and People and Pay Committee determine pay scales for all key management personnel which includes the Trust senior staff/officers and the Heads of School in each school.

The rate of pay for the CEO/ Executive Headteacher and CFO/ Trust Business Lead was set by the Trustees following a benchmarking exercise of comparable academy trusts by an independent executive consultancy. Any changes to this will be undertaken via external consultancy. The School Teachers Pay and Conditions have been used to set the pay range for Heads of School.

The performance of all key management personnel is assessed under the performance management framework. The Trust Board completes an annual assessment of the Executive Headteacher, the Executive Headteacher reviews the senior staff and the School's Committee assess their Heads of School performance via the Chair of the Committee. All pay decisions are approved by the Board of Trustees or the People and Pay Committee.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
2	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1% - 50%	2
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£1,061
Total pay bill	£4,287,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.025%

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade union facility time (continued)

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: Nil.

(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

Equality

Astrum MAT ensures that training, career development and promotion opportunities are available to all employees and all are treated openly and fairly in accordance with the Equality legislation.

Connected organisations, including related party relationships

The Trust works with the Department of Education and the ESFA and maintains links with the local authority. It has strong links with Secondary Schools and Primary Schools in the areas it operates and participates in local school partnerships. The Redbridge Education Partnership (REP) is the largest of these. Astrum MAT and Newbridge School is also part of the Gants Hill Teaching School Alliance, sharing good practice and staff development across other schools.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principle activity of the Astrum Multi Academy Trust is to advance for the public benefit education in the United Kingdom. In particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools specifically organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").

Specifically, Astrum Multi Academy Trust delivers education to pupils with a range of Special Educational Needs in the London Borough of Redbridge at Newbridge Lower and Upper Schools. We also provide education for a small number of pupils from other neighbouring local authorities. The Trust has entered into an agreement with the DfE under the Special Free School Process to set up a new Special Free School; Hatchside School which is now in the Pre-opening phase.

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

Vision:

At Astrum Multi Academy Trust, we will provide high quality education that meets the needs of every pupil, especially the most vulnerable, by being innovative and sharing excellent practice across the Trust and wider educational community through a partnership of outstanding special schools with the skills, expertise and resources working collaboratively to ensure the best outcomes for every pupil.

Our long term goal is to provide further opportunities for pupils with SEND across Redbridge through developing new SEND provision thus making a difference to the lives for children and young people within our schools and the SEN community.

Every year, Astrum Multi Academy Trust develops an Academy Trust development plan detailing the main objectives for the year ahead. The main objectives develop consistency and common approaches across the schools and develop the shared ethos. The school based development planning leads on from this to deliver high quality education and strategic development to the Trusts schools who utilise the school based development planning to deliver school based strategic developments enhancing the education and progress of its pupils.

Principal activities

The principal activities of the Trust are the provision of education to children with Special Educational Needs.

Public benefit

In setting the Trust's objectives and planning its activities, the Board of Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities. The Trustees consider that the Trust's aims are demonstrably to the public benefit.

STRATEGIC REPORT

Achievements and performance

Both Newbridge Lower and Upper Schools are highly respected and as such well remain at or near to capacity throughout the year despite in year movements of pupils.

Newbridge was assessed as Outstanding by Ofsted at inspections in 2010 and 2013 as a maintained school and in November 2019 under the new Ofsted Framework we have been assessed as continuing to be an Outstanding School. The new inspection framework is very robust and has an increased focus on the curriculum and progress for pupils and this was looked at in depth by the inspectors who stated:

"Leaders and their staff make sure that pupils achieve very well"

"Leaders and governors want everything they do to make a difference to pupils. They use this sense of purpose to keep improving the school. Senior leaders are clear about the school's strengths but are not complacent."

Both sites have a clear direction and vision which enables all pupil's to develop and make excellent progress in line with their SEND, starting points and abilities. The focus on developing life skills helps pupils to learn and progress developmentally leading to more independence and self-reliance.

The comprehensive suite of CPD for all staff ensures that staff are well prepared and have the necessary skills to support and develop the pupils. The specialised training they receive ensures that developments are continual and sharing new initiatives and ideas is encouraged and fostered across the schools. Through our succession planning strategy and development of staff through recognised pathways including; NPQML, NPQSL and NPQH along with a range of teacher training opportunities and support staff accredited training, we develop staff from within the organisation who often go on to apply for higher level roles within the Trust. Development of staff through targeted CPD and developing opportunities along with rigorous Appraisal systems is a key success of the schools leading to very effective teaching and learning for the pupils all of which is ongoing and evolving.

Since March 2018, we have been working on the development of the new Special Free School 'Hatchside School' which we were selected to be the provider for by the DfE and Local Authority. This is fully supported by the Trust and the Executive Team have been working closely with the ESFA and Building Contractors to ensure the planned building is fit for purpose and appropriate for the range of pupils expected to attend. Planning permission was granted in July 2019. The opening date is as yet fully finalised but is proposed for the Spring Term 2021.

Key Performance Indicators

All pupils across the Lower and Upper Schools are making expected or better progress in all areas as shown by our data. This is taken from the B squared assessment data and the CASPA comparative data. The data also shows that the pupils Complex Special Educational Needs are their largest barrier to learning and that other areas e.g. Pupil Premium, gender, ethnicity show no significant impact to their progress.

STRATEGIC REPORT (continued)

Key Performance Indicators (continued)

The individualised nature of the curriculum, planning, assessment and recording of pupil progress gives a wide view of the progress made. Planned changes in this process with two new IT based recording systems, which have been trialled over the past spring and summer terms 2018-19, will give an even better picture of the individual progress made across all areas of development. The complexity of need of the pupils will be better recorded from September 2019 with individual 'targets' for achievement set based on current progress rates and has the ability to be shared more easily both in school and with families.

Data is evaluated and shared with the Schools Committee at their termly meetings along with a narrative by the Heads of School to explain the significance of progress. The new Software was presented to the Schools Committee in the summer term meeting 2019.

Going concern

The Trustees have considered carefully the Trust's level of reserves at 31 August 2019 and its results for the period then ended. They have also considered the likely limitations in future increases of funding for the Trust's existing schools and the known cost pressures arising from increases in the rates of pension contributions and changes in National Insurance following recent pension reform.

The Trustees are also mindful of the increased risk attaching to the increasing number of schools operated by the Trust. They have initiated clear protocols and risk management strategies to limit the risks arising from bringing new or existing schools into the Trust's control.

On the basis of budgets and forecasts prepared by the Trust's management, their assessment of the principal risks described elsewhere in this report and the capacity of the Trust to make further adjustments to its cost base in the event of adverse changes, the Trustees are satisfied that the Trust has sufficient resources to continue successfully for the foreseeable future. Accordingly, the attached financial statements have been prepared on the going concern basis.

FINANCIAL REVIEW

Total income was £4,854,000 (2018 - £4,636,000) and total expenditure was £5,084,000 for the year (2018 - £5,106,000).

At the 31 August 2019, the net book value of fixed assets was £8,582,000 (2018 - £8,757,000) and movements in tangible assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to students of the School.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

Financial position and reserves policy

The Trustees review the reserves of the Trust annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trustees have determined that the Trust's desired level of reserves is equal to one month's worth of operational expenditure, being approximately £390,000.

On 31 August 2019, the Trust held total funds of £6,937,000 (2018 - £8,299,000), which comprised of £6,148,000 of restricted funds (2018 - £7,538,000) including the pension deficit of £2,664,000 (2018 - £1,331,000) and the restricted fixed asset fund of £8,582,000 (2018 - £8,757,000). Remaining total funds of £791,000 were unrestricted (2018 - £761,000). Hence the Trust has comfortably met its target level of reserves.

Investment policy

The Trust's liquid assets are held in the form of cash balances. The Trust does not invest these cash balances in longer terms deposits or other investment vehicles. Should it wish to do so in the future, the Trustees will consider a recommendation by the Trust's executive officers.

Principal risks and uncertainties

Astrum Multi Academy Trust has a formal risk management process and implements risk management strategies. This process is overseen and reviewed by the Finance, Audit and Risk Committee which identifies the types of risk the Trust faces. These risks are then assessed and prioritised in terms of their potential operational and financial impact and the likelihood of occurrence. Where necessary, actions to mitigate the risks identified are put in place if not already in place.

The principal risk relates to control of staff costs. Employer contribution rates for the Teacher's Pension Fund have increased as expected. In addition the triennial valuation for Local Government Pension Schemes is likely to require further increased employer contributions from 1 April 2020. Further pressure is therefore likely on payroll costs and each school's payroll ratio.

Numbers on roll and individual high needs funding remains strong across all schools but with the increased pressure on local authority funding there could be some pressure on pupils individual high needs funding in the future, although this has not been the case for 18-19 and indications for Redbridge LA are that the highest need groups could in fact receive a higher top up funding on which a consultation started in November 2018. This will be managed by a review of policies, continued review of performance and a continued focus on future opportunities including collaborative working with local schools and the Local Authority.

FUNDRAISING

The Academy Trust only held small fundraising events during the year including non-uniform/dressing up days. The Academy Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year, no complaints or issues have arisen as a result of the fundraising events.

Newbridge School Parent and Friends Association (PFA), organise and set up events at the school throughout the year in order to raise funds (i.e. fete and quiz nights). The PFA is a separate registered charity.

Plans for future periods

- ◆ To open 'Hatchside School' - a Special Free School, which is currently in the pre-opening phase with a proposed opening date in the Spring Term 2021. This will cater for 64 Early Years and Key Stage 1 pupils with a range of unidentified but severe Special Educational Needs. Planned growth of the school to full capacity is as follows: In 2020-21 will see a cohort of 32 pupils, 2021-22 - 48 pupils and full capacity will be in place by the start of its 3rd year although this may move forward dependant on the numbers in Redbridge above the 3 year period and the actual opening date.
- ◆ To continue to work with Redbridge Local Authority in relation to an expansion of the Upper School to provide a 16-19 specialist provision.
- ◆ Applications for Condition Improvement Fund bids to improve the buildings condition at the Upper School initially were made for 2018-19 and were unsuccessful by a very small margin. The revised bids will have been submitted in November 2019. One bid is to replace all the existing old windows/facia to improve heat retention and energy efficiency, make fit for purpose moving forwards and improve safety and security. The second is to improve the safety and security of the front of the site (on a busy blind bend) and to enable better facility for pupils drop off and collection.
- ◆ Further development of the central services team to support the additional school.

AUDITOR

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, and signed on its behalf by:

Ann Gerrard

Chair of Board of Trustees of the Trust

Date: *11th December 2019*

Governance statement 31 August 2019

Astrum Multi Academy Trust is a company limited by guarantee and an exempt charity; the formal governance arrangements for the Trust are set out in its Articles of Association.

Governors of the Trust

The following persons were in office for the year to 31 August 2019, and up until the date of approval of the annual report and financial statements (unless otherwise indicated).

Members

Mr Francis Saunders
Mr Alan Grant
Mrs Ann Garrard
Mr John Pallet

Trustees	Appointing Body	Appointed/Resigned
Mrs Ann Garrard	Trust Board	
Mr John Knight	Trust Board	
Mr Alan Grant	Trust Board	Resigned – 22 May 2019
Mr David Atkins	Trust Board	Resigned – 27 March 2019
Ms Jackie Blount	Trust Board	Resigned – 1 March 2019
Mr Premal Patel	Trust Board	Appointed – 12 December 2018
Mr Davide Cason	Trust Board	Appointed – 22 May 2019
Mrs Louise Parr	CEO, Executive Headteacher	

The Members of the Trust are the subscribers to the Memorandum of Association – the people who established the Trust – and any other individuals appointed by the Members. The Members have an overview of the governance arrangements of the Trust and may amend the Trust's Articles of Association. The Members appoint Trustees and may remove Trustees.

The Board of Trustees

The Members have delegated all their powers and duties, apart from those specified above, to the Board of Trustees.

The Board of Trustees consists of 4 Trustees appointed by the Members plus the CEO, as long as s/he remains in office; the Trustees may in addition appoint co-opted Trustees.

The Board of Trustees (continued)

The Trustees are responsible for the general control of the Trust in accordance with the provisions set out in the Articles of Association and its Scheme of Delegation. The Board of Trustees is the accountable body for the performance of all Academies within the Trust and, as such, must:

1. Ensure clarity of vision, ethos and strategic direction of the Trust as a whole;
2. Hold the CEO to account for the educational performance of the Academies and their pupils, and the performance management of staff; and
3. Oversee the financial performance of the Trust, ensuring financial probity and value for money.

As mentioned above, the Trust is a company limited by guarantee and an exempt charity. Therefore, Trustees must comply with company, education and charity law requirements. This results in the terms 'Trustees' and 'Directors' being used interchangeably. However, the Articles of Association refer to 'Trustees'. The use of the term Trustee also distinguishes these individuals from those who are executive officers with the job title of director but who are not actually Companies House registered directors.

While Trustees can serve as Members, best practice recognises that the Members are responsible for holding the Trustees to account. Therefore, there should be separation between the Members and Trustees.

The Board of Trustees is permitted to exercise all the powers of the Trust. The Board of Trustees will delegate, to the CEO, responsibility for the day-to-day operations of the Trust.

The Trustees (with the consent of the Members where changes to the Board of Trustees are at issue) have the right to review and adapt the Trust's governance structure at any time, which includes revoking delegation.

The Board of Trustees meets on a termly (or more frequently if necessary) basis. The Board of Trustees also has 2 committees: Finance, Audit and Risk Committee and the People and Pay Committee which meet on a termly (or more frequently if necessary) basis, to enable more scrutiny and healthy challenge.

The Board of Trustees can delegate powers and functions other than those above to committees including the Schools Committee (local governing body), but retains legal accountability for any decisions taken. The Board of Trustees will not get involved in the day-to-day running of the Trust or its schools.

Schools Committee (SC)

The Board of Trustees has established a local governing body named the Schools Committee for the schools in the Trust, to which it delegates its powers and functions with regard to the management and performance and oversight of the school.

Governance statement 31 August 2019

Schools Committee (SC) (continued)

Each Schools Committee is responsible for:

- ◆ Ensuring clarity of vision, ethos and strategic direction of the school.
- ◆ Proposing the Academy Curriculum plan to the CEO for approval.
- ◆ Overseeing and monitoring and evaluating the effectiveness of compliance with statutory requirements e.g. H&S, Fire management, Safeguarding and Information Governance for its individual School.
- ◆ Overseeing and monitoring the educational performance of the school and ensuring its money is well spent, reporting any issues which arise to the Trust Finance, Audit and Risk committee.
- ◆ Holding the Heads of School to account.
- ◆ Implementation of the Trust agreed performance management policy.
- ◆ Adoption and compliance with Trust Policies.

The SC will not get involved in the day-to-day running of the school.

They must at all times act in accordance with the Governance Procedures agreed by the Trust, and ensure that the school's policies and the ways that it is managed and operates are consistent with the Articles of Association and Funding Agreement and the policies and procedures of the Trust, and with all relevant legislation and regulations. The SC must take account of the advice given to them by the Board of Trustees and CEO/ Executive Headteacher.

The SC may carry out its delegated functions as it sees fit and may delegate those functions to a committee, individual governor or executive office holder, subject to such delegation and any associated committee remits or conditions being approved by the Board of Trustees. The Board of Trustees may, in exceptional circumstances, impose conditions and restrictions upon the delegated authority it has given to the SC.

Trust Committees

The Board of Trustees has established the following committees:

- ◆ A Finance, Audit and Risk (FAR) Committee that reviews the risks to internal financial control and agrees the processes and checks required to address these risks and ensure the Trust's financial policies and procedures are being carried out properly.
- ◆ A People and Pay (PAP) Committee that reviews and oversees personnel issues, recruitment and staff pay.

Trust Committees (continued)

The Board of Trustees will, as required, establish ad hoc committees to which it delegates authority to deal with matters relating to a specific incident or individual, such as considering a complaint or a personnel matter. The Board of Trustees will establish a Panel where required from which members may be selected to form an ad hoc committee. The Panel is made up of made up of Trustees and selected non-Trustee members from across the Trust and who bring specific expertise and experience.

Delegation to Trust Executive officers

The Board of Trustees delegates to the Executive Headteacher (CEO) responsibility for delivery of the Trust's strategy and for the implementation of the policies of the Trust, and for the day-to-day running, internal organisation, management and control of central Trust services. The Executive Headteacher is responsible for the performance management of the Trust executive team and each Head of School.

The Trust Business Lead (CFO) is also responsible for supporting the team delivery of the Trust's strategy from a business perspective and as such is also in attendance at Trust and committee meetings.

The Board of Trustees delegates to each Head of School in the Trust the responsibility for the day-to-day running of the school, including the internal organisation, management and control of the school and the direction of teaching and the curriculum, and for the implementation of the policies of the Trust and Schools Committee.

Meeting attendance

The Board of Trustees has formally met 6 times during the year 2018/19.

<i>Members of Trust Board</i>	<i>Number of meetings attended</i>	<i>Out of a possible</i>
Mrs Ann Garrard (Chair)	6	6
Mr Alan Grant	2	4
Mr David Atkins	3	3
Ms Jackie Blount	2	2
Mr Davide Cason	2	2
Mr Premal Patel	5	5
Mrs Louise Parr (CEO)	6	6
Mr John Knight	3	6

Governance statement 31 August 2019

Governance review

The Trust board reviewed its membership in light of the successful application to set up the new Special Free School with the aim of bringing two new members to the Trust board with expertise in Legal and School improvement / Early Years or a health background if possible. We will also consider those with other relevant skills.

It is also envisaged that some changes in roles and increases to the numbers of Members and Trustees in the near future to ensure we have sufficient numbers to support the new school.

The Trustees have also joined the Governor space development programme this year and through this carried out a governance and skills review which is ongoing.

One Trustee conducted the introductory session with 3 prospective Parents Governors for the Schools Committee.

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. The Executive Headteacher is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Review of value for money

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

Review of value for money (continued)

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

- ◆ The size and reputation of the Trust has enabled the Trust to negotiate improved service standards from a number of providers. These include our bankers, payroll, insurers and recruitment agencies. Dedicated relationship managers and points of contact have improved response times, thereby reducing schools' resources expended.
- ◆ Economies of scale have been achieved in contract negotiations by agreeing contracts and arrangements common to all schools. An example is catering supplies with procurement through Pelican. Significant savings have been achieved through a tender process completed and an agreed restricted supplier list.

Finance, Audit and Risk (FAR) committee

The purpose of the Audit Committee is to review the risks to internal financial control, and to agree the processes and checks required to address these risks and ensure the Trust's financial policies and procedures are being carried out properly.

The Committee will approve the programme of work of the Trust's Auditors to address these risks; receive quarterly reports on the checks carried out to address the risks, receive the annual report of the Auditors, inform the Trust's governance statement and make any comments or recommendations to the Board regarding audit and risk.

During the year the Finance Audit and Risk Committee met 3 times.

<i>Members of Committee</i>	<i>Number of meetings attended</i>	<i>Out of a possible</i>
Mr David Atkins	1	2
Mrs Jackie Blount	2	2
Mrs Louise Parr (CEO)	3	3
Mr Brian Woodcock	3	3
Mr Premal Patel	1	1

The remit of the Committee is set out in an agreed terms of reference. The principal role is to provide assurance to the Board of Trustees that risks are being identified and the internal control framework is both suitable and effective.

Local Governing Bodies

Responsibility for managing the financial performance of each school in the Trust, ensuring financial performance of the Trust and regulations are adhered to and ensure value for money are delegated to the school's local governing body.

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 the Trust's 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 at the Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- ◆ regular reviews by the Board of 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 (including asset purchase or capital investment) guidelines in line with the Trust / Schools Development Plans;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Board of Trustees agreed a programme of internal and external audits during 2018-19

- ◆ Buzzacott completes an external audit on Trust Central Services, including adherence to Trust policies and schemes of delegation.

Governance statement 31 August 2019

Review of effectiveness

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

- ◆ the work of the external auditor;
- ◆ Internal assurance arrangements;
- ◆ the monthly management accounts process which is consistent across all schools; and
- ◆ the work of the Senior Leadership Team within the Trust which has responsibility for the development and maintenance of the internal control framework.

Approved by order of the Board of Trustees and signed on their behalf by:



(Chair of Board of Trustees of the Trust)



(Executive Headteacher and Accounting Officer)

Approved on:

11th December 2019

Statement on regularity, propriety and compliance 31 August 2019

As Accounting Officer of Astrum Multi Academy Trust, I have considered my responsibility to notify the Trustees of the Trust and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. 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 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.



Accounting Officer

Date: 11th December 2019

Statement of Trustees' responsibilities 31 August 2019

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Trust and of 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 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 Trust will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Academy 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 Trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on _____ and signed on its behalf by:

Ann Garrard

Chair of Board of Trustees of the Trust

Independent auditor's report to the members of Astrum Multi Academy Trust

Opinion

We have audited the financial statements of Astrum Multi Academy Trust (the 'charitable company') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2018 to 2019.

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 the knowledge and understanding of the charitable company 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 trustees' responsibilities statement, the trustees (who are also the directors 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

18 December 2019

Independent reporting accountant's assurance report on regularity to Astrum Multi Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 8 July 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Astrum Multi Academy Trust during the period from 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 Astrum Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Astrum Multi Academy 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 Astrum Multi Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Astrum Multi Academy Trust's Accounting Officer and the reporting accountant

The accounting officer is responsible, under the requirements of Astrum Multi Academy Trust's funding agreement with the Secretary of State for Education dated 24 July 2017 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 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.

Approach (continued)

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

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed 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 period from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Reporting Accountants
130 Wood Street
London
EC2V 6DL

18 December 2019

Statement of financial activities Year to 31 August 2019

	Notes	Restricted funds			2019 Total funds £'000	2018 Total funds £'000
		Un- restricted general fund £'000	Restricted general fund £'000	Fixed assets fund £'000		
Income from:						
. Donations and capital grants	1	35	—	34	69	31
Charitable activities						
. Funding for the Trust's educational operations	4	—	4,665	—	4,665	4,458
. Other trading activities	2	108	9	—	117	145
. Investments	3	3	—	—	3	2
Total income		146	4,674	34	4,854	4,636
Expenditure on:						
Charitable activities						
. Trust's educational operations	6	116	4,696	272	5,084	5,106
Total expenditure	5	116	4,696	272	5,084	5,106
Net income (expenditure)		30	(22)	(238)	(230)	(470)
Transfer between funds	15	—	(63)	63	—	—
Other recognised gains and losses						
Actuarial (loss) gain on defined benefit pension scheme	19	—	(1,132)	—	(1,132)	532
Net movement in funds		30	(1,217)	(175)	(1,362)	62
Reconciliation of funds						
Fund balances brought forward at 1 September 2018		761	(1,219)	8,757	8,299	8,237
Fund balances carried forward at 31 August 2019		791	(2,436)	8,582	6,937	8,299

All of the academy trust's activities derive from continuing operations in the above two financial periods.

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

Balance sheet 31 August 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible fixed assets	12		8,582		8,757
Current assets					
Debtors	13	449		495	
Cash at bank and in hand		1,069		1,137	
		<u>1,518</u>		<u>1,632</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(499)		(759)	
Net current assets			<u>1,019</u>		<u>873</u>
Net assets excluding pension scheme liability					
Pension scheme liability	19		(2,664)		(1,331)
Total net assets			<u>6,937</u>		<u>8,299</u>
Funds of the Trust					
Restricted funds					
. Fixed assets fund	15		8,582		8,757
. Restricted income	15		228		112
. Pension reserve			(2,664)		(1,331)
			<u>6,146</u>		<u>7,538</u>
Unrestricted funds					
. General fund			791		761
Total funds			<u>6,937</u>		<u>8,299</u>

The financial statements on page 27 to 49 were approved by the Trustees, and authorised for issue on _____ and are signed on their behalf by:

Ann Garrard

Chair of trustees of the Trust

Astrum Multi Academy Trust
Company Limited by Guarantee
Registration Number: 10818052 (England and Wales)

Statement of cash flows Year to 31 August 2019

		2019 £'000	2018 £'000
Cash inflows from operating activities			
Net cash provided by operating activities	A	1	1,049
Cash flows from investing activities			
	C	(69)	(48)
Change in cash and cash equivalents in the year		<u>(68)</u>	<u>1,001</u>
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2018		1,137	136
Cash and cash equivalents at 31 August 2019	B	<u>1,069</u>	<u>1,137</u>

A Reconciliation of net expenditure to net cash provided by operating activities

	2019 £'000	2018 £'000
Net expenditure for the year (as per the statement of financial activities)	(230)	(470)
Adjusted for:		
Depreciation (note 12)	272	195
Capital grants from DfE and other capital income	(25)	(9)
Interest receivable	(3)	(2)
Defined benefit pension scheme cost less contributions payable (note 19)	161	220
Defined benefit pension scheme finance cost (note 19)	40	43
Decrease in debtors	46	662
(Decrease) increase in creditors	(260)	410
Net cash provided by operating activities	<u>1</u>	<u>1,049</u>

B Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	<u>1,069</u>	<u>1,137</u>

C Cash flows from investing activities

	2019 £'000	2018 £'000
Dividends, interest and rents from investments	3	2
Purchase of tangible fixed assets	(97)	(59)
Capital grants from DfE/EFSA	25	9
Net cash used in investing activities	<u>(69)</u>	<u>(48)</u>

Principal accounting policies Year to 31 August 2019

Statement of accounting policies

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

Basis of preparation

The financial statements of the 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 to the nearest thousand pounds.

The comparative figures cover the year to 31 August 2018.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of 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 when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

Principal accounting policies Year to 31 August 2019

Income (continued)

Grants (continued)

The General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

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

Other income

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

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.

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Principal accounting policies Year to 31 August 2019

Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

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

Leasehold buildings	Over 41 years
Computer equipment	Over 3 years
Furniture and equipment	Between 3 and 10 years

Depreciation is charged from the month of acquisition.

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

Liabilities

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

Leased assets

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

Principal accounting policies Year to 31 August 2019

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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 benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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.

Principal accounting policies Year to 31 August 2019

Pensions benefits (continued)

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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted ESFA funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, London Borough of Redbridge.

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.

Principal accounting policies Year to 31 August 2019

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

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

Notes to the financial statements Year to 31 August 2019

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2019 Total funds £'000
Capital grants	—	—	25	25
Other donations	35	—	9	44
	35	—	34	69

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2018 Total funds £'000
Capital grants	—	—	9	9
Other donations	13	—	9	22
	13	—	18	31

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Hire of facilities	80	—	80
Catering income	—	3	3
Charged out services	—	6	6
Miscellaneous income	28	—	28
	108	9	117

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Hire of facilities	41	—	41
Catering income	—	4	4
Miscellaneous income	100	—	100
	141	4	145

Notes to the financial statements Year to 31 August 2019

3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Interest receivable	3	—	3
	3	—	3

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Interest receivable	2	—	2
	2	—	2

4 Funding for academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
DfE / ESFA grants			
. General Annual Grant (GAG)	—	1,498	1,498
. Other DfE / ESFA	—	140	140
	—	1,638	1,638
Other government grants			
. Local Authority grants	—	3,027	3,027
	—	3,027	3,027
	—	4,665	4,665

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
DfE / ESFA grants			
. General Annual Grant (GAG)	—	1,517	1,517
. Other DfE / ESFA	—	96	96
	—	1,613	1,613
Other government grants			
. Local Authority grants	—	2,845	2,845
	—	2,845	2,845
	—	4,458	4,458

Notes to the financial statements Year to 31 August 2019

5 Expenditure

	Staff costs £'000	Non pay expenditure		2019 Total funds £'000
		Premises £'000	Other costs £'000	
Trust's educational operations				
. Direct costs	1,822	245	75	2,142
. Allocated support costs	2,465	205	272	2,942
	4,287	450	347	5,084

	Staff costs £'000	Non pay expenditure		2018 Total funds £'000
		Premises £'000	Other costs £'000	
Trust's educational operations				
. Direct costs	1,855	176	61	2,092
. Allocated support costs	2,395	230	389	3,014
	4,250	406	450	5,106

	2019 Total funds £'000	2018 Total funds £'000
Net expenditure for the period include:		
Depreciation	272	195
Fees payable to auditor		
. Statutory audit	10	9
. Other services	4	4

6 Charitable activities – Trust's educational operations

	2019 Total funds £'000	2018 Total funds £'000
Direct costs	2,142	2,092
Support costs (note 7)	2,942	3,014
	5,084	5,106

Notes to the financial statements Year to 31 August 2019

7 Analysis of support costs

	2019 Total funds £'000	2018 Total funds £'000
Support staff costs	2,465	2,395
Depreciation	27	20
Technology costs	32	22
Premises costs	178	210
Other support costs	193	228
Governance costs	47	139
Total support costs	2,942	3,014

8 Comparative information

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

	Un- restricted general fund £'000	Restricted funds		Year to 31 August 2018 Total funds £'000
	£'000	Restricted general fund £'000	Fixed assets fund £'000	£'000
Income from:				
. Donations and capital grants	13	—	18	31
Transfer from Local Authority on conversion	—	—	—	—
Charitable activities				
. Funding for the Trust's educational operations	—	4,458	—	4,458
. Other trading activities	141	4	—	145
. Investments	2	—	—	2
Total income	156	4,462	18	4,636
Expenditure on:				
Charitable activities				
. Trust's educational operations	218	4,693	195	5,106
Total expenditure	218	4,693	195	5,106
Net expenditure	(62)	(231)	(177)	(470)
Transfer between funds	—	(41)	41	—
Other recognised gains and losses				
Actuarial gain on defined benefit pension scheme	—	532	—	532
Net movement in funds	(62)	260	(136)	62
Reconciliation of funds				
Fund balances brought forward at 1 September 2017	823	(1,479)	8,893	8,237
Fund balances carried forward at 31 August 2018	761	(1,219)	8,757	8,299

Notes to the financial statements Year to 31 August 2019

9 Staff

(a) Staff costs

Staff costs during the period were:

	2019 Total funds £'000	2018 Total funds £'000
Wages and salaries	3,066	2,882
Social security costs	222	235
Pension costs	806	816
	4,094	3,933
Supply staff costs	193	317
	4,287	4,250

(b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil paid to nil members of staff (2018 – £15,000 paid to one member of staff).

(c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the period ended 31 August 2019 was as follows:

Charitable activities	2019 No.	2018 No.
Teachers	28	30
Administration and support	133	138
Management	6	6
	167	174

	2019 FTE	2018 FTE
Teachers	24	24
Administration and support	81	82
Management	6	6
	111	112

(d) Higher paid staff

	2019 No.	2018 No.
£60,001 - £70,000	3	2
£70,001 - £80,000	1	1
£90,001 - £100,000	—	1
£100,001 - £110,000	1	—

Notes to the financial statements Year to 31 August 2019

9 Staff (continued)

(e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership team who include the Executive Headteacher, the Heads and Deputy Heads of the two schools and the Trust Business Lead. The total amount of employee benefits (including employer's pension contributions and employer's national insurance contributions) received by key management personnel for their services to the academy trust was £539,800 (2018 - £501,300).

10 Trustees' remuneration and expenses

The Headteacher only receives remuneration in respect of services she provides undertaking the role of Headteacher/CEO and not in respect to her services as Trustee. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of trustees' remuneration and other benefits whilst in office was as follows:

	2019 £'000	2018 £'000
Louise Parr, Headteacher and trustee		
. Remuneration	105	100
. Employer's pension contributions	17	17

During the period to 31 August 2019, no travel and subsistence expenses were reimbursed to Trustees (2018 – none).

Other related party transactions involving the trustees are set out in note 20.

11 Trustees' and Officers' insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10 million on any one claim and the cost for the period ended 31 August 2019 was included within the overall insurance premium.

Notes to the financial statements Year to 31 August 2019

12 Tangible fixed assets

	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total funds £'000
Cost/valuation				
At 1 September 2018	8,915	32	28	8,975
Additions	—	28	69	97
At 31 August 2019	8,915	60	97	9,072
Depreciation				
At 1 September 2018	196	8	14	218
Charge in year	220	20	32	272
At 31 August 2019	416	28	46	490
Net book value				
At 31 August 2019	8,499	32	51	8,582
At 1 September 2018	8,719	24	14	8,757

13 Debtors

	2019 £'000	2018 £'000
Trade debtors	376	199
VAT recoverable	12	100
Prepayments and accrued income	61	196
	449	495

14 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Taxation and social security	68	—
Trade creditors	78	—
Other creditors	79	622
Accruals and deferred income	274	137
	499	759

	2019 £'000	2018 £'000
Deferred income at 1 September	137	47
Released from previous years	(137)	(47)
Resources deferred in the year	274	137
Deferred income at 31 August	274	137

Notes to the financial statements Year to 31 August 2019

Deferred income at the balance sheet date consisted of Higher Needs funding received in advance and lettings income received in advance.

Notes to the financial statements Year to 31 August 2019

15 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general fund					
. General Annual Grant (GAG)	—	1,498	(1,435)	(63)	—
. Pupil premium	—	48	(48)	—	—
. Donated current assets on conversion and acquisition	13	—	(13)	—	—
. Other DfE/ESFA grants	—	92	(92)	—	—
. Local authority grants	95	3,027	(2,894)	—	228
. Other restricted funds	4	9	(13)	—	—
. Pension reserve	(1,331)	—	(201)	(1,132)	(2,664)
	<u>(1,219)</u>	<u>4,674</u>	<u>(4,696)</u>	<u>(1,195)</u>	<u>(2,436)</u>
Fixed assets fund					
. Transfer on conversion	8,702	—	(220)	—	8,482
. DfE / ESFA capital grants	6	34	(20)	—	20
. Capital expenditure from GAG	40	—	(23)	63	80
. Private sector capital sponsorship	9	—	(9)	—	—
	<u>8,757</u>	<u>34</u>	<u>(272)</u>	<u>63</u>	<u>8,582</u>
Total restricted funds	7,538	4,708	(4,968)	(1,132)	6,146
Unrestricted fund					
. General funds	761	146	(116)	—	791
	<u>761</u>	<u>146</u>	<u>(116)</u>	<u>—</u>	<u>791</u>
Total funds	8,299	4,854	(5,084)	(1,132)	6,937

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

ESFA revenue grant fund and other restricted funds

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.

Other funds relate to monies received for specific purposes such as pupil premium funding.

Fixed asset fund

Restricted fixed assets funds were funded by government grants or donations. When capital expenditure is incurred a transfer is made from the fund which funded the acquisition to the restricted fixed asset fund. That asset is then depreciated through the restricted fixed asset fund over the lifetime of that asset.

Pension reserve

The pension reserve relates to the local government pension scheme liability.

Notes to the financial statements Year to 31 August 2019

15 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 fund					
. General Annual Grant (GAG)	—	1,517	(1,476)	(41)	—
. Pupil premium	—	41	(41)	—	—
. Transfer on conversion (School fund)	13	—	—	—	13
. Other DfE/ESFA grants	—	55	(55)	—	—
. Local authority grants	108	2,845	(2,858)	—	95
. Other restricted funds	—	4	—	—	4
. Pension reserve	(1,600)	—	(263)	532	(1,331)
	<u>(1,479)</u>	<u>4,462</u>	<u>(4,693)</u>	<u>491</u>	<u>(1,219)</u>
Fixed assets fund					
. Transfer on conversion	8,884	—	(182)	—	8,702
. DfE / ESFA capital grants	—	9	(3)	—	6
. Capital expenditure from GAG	9	—	(10)	41	40
. Private sector capital sponsorship	—	9	—	—	9
	<u>8,893</u>	<u>18</u>	<u>(195)</u>	<u>41</u>	<u>8,757</u>
Total restricted funds	7,414	4,480	(4,888)	532	7,538
Unrestricted fund					
. General funds	823	156	(218)	—	761
Total funds	8,237	4,636	(5,106)	532	8,299

16 Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset fund £'000	Total 2019 £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	—	—	8,582	8,582
Current assets	791	727	—	1,518
Current liabilities	—	(499)	—	(499)
Pension scheme liability	—	(2,664)	—	(2,664)
Total net assets	791	(2,436)	8,582	6,937

Notes to the financial statements Year to 31 August 2019

16 Analysis of net assets between funds (continued)

<i>Group</i>	<i>Unrestricted funds £'000</i>	<i>Restricted general funds £'000</i>	<i>Restricted fixed asset fund £'000</i>	<i>Total 2018 £'000</i>
Fund balances at 31 August 2018 are represented by:				
<i>Tangible fixed assets</i>	—	—	8,757	8,757
<i>Current assets</i>	761	871	—	1,632
<i>Current liabilities</i>	—	(759)	—	(759)
<i>Pension scheme liability</i>	—	(1,331)	—	(1,331)
Total net assets	761	(1,219)	8,757	8,299

17 Commitments under operating leases

Operating leases

At 31 August 2019 and 31 August 2018, the Academy's had no operating lease commitments.

18 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.

19 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Redbridge. They are a multi-employer defined benefit schemes.

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

There were £29,000 contributions payable to the schemes at 31 August 2019 (2018 - £nil).

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.

19 Pension and similar obligations (continued)

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.

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 £206,000 (2018 - £190,000).

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £490,000 (2018 - £448,000), of which employer's contributions totalled £397,000 (2018 - £363,000) and employees' contributions totalled £93,000 (2018 - £85,000). The agreed contribution rates for future years are unknown pending valuation information.

Notes to the financial statements Year to 31 August 2019

19 Pension and similar obligations (continued)

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.

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	2.3%	2.3%
Rate of increase for pensions in payment / inflation	2.3%	2.3%
Discount rate for scheme liabilities	1.9%	2.8%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.3	24.2
<i>Retiring in 20 years</i>		
Males	23.9	23.9
Females	26.3	26.3

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumption at 31 August 2019:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	13%	832
0.5% increase in the Salary Increase Rate	2%	110
0.5% increase in the Pension Increase Rate	11%	707

Notes to the financial statements Year to 31 August 2019

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

<i>Change in assumption at 31 August 2018:</i>	<i>Approximate % increase to Defined Benefit Obligation</i>	<i>Approximate monetary amount £'000</i>
<i>0.5% decrease in Real Discount Rate</i>	<i>13%</i>	<i>552</i>
<i>0.5% increase in the Salary Increase Rate</i>	<i>2%</i>	<i>89</i>
<i>0.5% increase in the Pension Increase Rate</i>	<i>11%</i>	<i>456</i>

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	2,554	2,151
Bonds	803	560
Property	292	235
Total market value of assets	3,649	2,946
Present value of scheme liabilities		
· Funded	(6,313)	(4,277)
Deficit in the scheme	(2,664)	(1,331)

Amounts recognised in statement of financial activities	2019 £'000	2018 £'000
Current service cost	(558)	(626)
Interest income	89	64
Interest cost	(129)	(107)
Total amount recognised in the SOFA	(598)	(669)

Reconciliation of net liability at 31 August 2019	2019 £'000	2018 £'000
Defined benefit obligation	(6,313)	(4,277)
Share of scheme assets	3,649	2,946
Net pension liability	(2,664)	(1,331)

Notes to the financial statements Year to 31 August 2019

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of defined benefit obligations were as follows:	2019 £'000	2018 £'000
At 1 September 2018	(4,277)	(3,940)
Current service cost	(558)	(583)
Interest cost	(129)	(107)
Employee contributions	(93)	(85)
Actuarial (loss) gain	(1,256)	438
At 31 August 2019	(6,313)	(4,277)

Changes in the fair value of the Academy's share of scheme assets:	2019 £'000	2018 £'000
At 1 September 2018	2,946	2,340
Actuarial gain	89	94
Expected return on assets	124	64
Employer contributions	397	363
Employee contributions	93	85
At 31 August 2019	3,649	2,946

20 Related party transactions

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

The daughter of the CEO and Headteacher has a contract of employment with the Trust. During the period from 1 September 2018 to 31 August 2019 she received gross pay of £63,215 (2018 - £69,141) and employer's pension contributions of £10,417 (2018 - £10,268).

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.