
COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers	Lloyds Bank PLC 42 St Peters Hill Gartham Lincs NG31 6QE
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

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CHIEF EXECUTIVE OFFICER'S STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

In this report I am delighted to share the progress and successes of Community Inclusive Trust (CIT), as well as some of the challenges we have faced in 2018/2019

Since the last report we have been delighted to welcome the Phoenix Academy (now Greenfields Academy) to the CIT family, who joined CIT in November 2018. The Trust now consists of four primary schools, seven special schools and a Teaching School, the Lincolnshire Education and Research Network (LEARN). In September 2018 Poplar Farm opened its doors to its first intake of Reception pupils and we have been delighted with the way the new teaching staff have settled into life at Poplar Farm.

CIT also moved its Head Office and Teaching School to the Poplar Farm site. This is a temporary arrangement until the space is required by the school as it grows. The extra space has allowed LEARN Teaching School to offer a wide range of courses, specialising in SEND ranging from Makaton training through to assessment and data analysis.

The Directors of Education in both primary and special educational needs continue to support and drive excellence within CIT schools. Within the primary sector all the schools increased their combined Key Stage 2 scores during the 2019 summer SATs. Four of our special schools have been visited by Ofsted in 2019. Garth and Woodlands maintained their Outstanding grades; Priory received a letter from Ofsted describing the school as a Good Improver and are eagerly awaiting a Section 5 inspection. John Fielding retained their Good grade – this is a significant achievement considering the turbulent journey the school underwent prior to joining CIT. I believe the high standards and continued improvement in CIT's schools and the outcomes for pupils is underpinned by the amazing dedication demonstrated by all its staff, as well as CIT's culture of high challenge and support to its schools.

Across CIT's seven special schools there has been significant investment, with Greenfields opening a primary wing extending its age range into Key Stage 2. Work is well underway at Ambergate to update facilities and provide new classrooms. We are also eagerly awaiting the expansion of Garth, Priory and Sardon. The refurbishments and expansion will provide the schools with new exciting facilities such as a hydro pool and a bespoke newly built Sixth Form. Plans are well underway for building work to commence on a completely new building on a completely new site for John Fielding special school. The new build will be an all-age special school catering for up to 150 pupils, currently three times the size of the existing school.

CIT's Teaching School continues to work in close partnership with Lincolnshire County Council and Lincolnshire Teaching Schools Together (LTI) to deliver school to school support. The feedback from this has been extremely positive and is a great credit to the LTI.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees' indemnities

Trustees benefit from indemnity insurance purchased at the Company's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Company. Provided that any such insurance shall not extend to

Any claim arising from any act or omission which Trustees knew to be a breach of trust or breach of duty of which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not; and

The costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Company. Further, this Article does not authorise a Trustee to benefit from any indemnity insurance that would be rendered void by the provision of the Companies Act 2006, the Charities Act 2011 or any other provision of law

Method of recruitment and appointment or election of Trustees

In accordance with the Articles of Association the Members may appoint up to 9 Trustees through such a process as they may determine. The Trustees may appoint Staff Trustees through such a process as they may determine. The total number of Trustees including the Executive Principal who are employees of the Company shall not exceed one third of the total number of Trustees. The term of office for any Trustee shall be four years save that this time limit shall not apply to the Executive Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. The Trustees have set up procedures that will enable regular reviews of the mix of skills that should be available to the board. New Trustees are then sought with these skills as replacements when existing Trustees stand down. It is anticipated that most new Trustees will be drawn from the local community or other who have shown interest in the future wellbeing of the Trust, the Academies within the Trust and the pupils. Recruitment will be through a combination of approaches to individuals with known skills and by wider communications to those within the East Midlands and through Academy Ambassadors.

Policies adopted for the induction and training of Trustees

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES

Objects and aims

The principle aim of CIT is to create a first class infrastructure that influences education and enables outstanding lifelong learning

Further aims are as follows:

- To provide high quality teaching that challenges students and equips them for life**
- To provide an environment that enables students to learn and teachers to teach effectively**
- To promote and recognise high standards of achievement in all spheres of activity**
- To encourage a quality of opportunity for all**

Objectives, strategies and activities

To create a self-supporting and challenging Trust that attracts good and outstanding schools as well as developing capacity to support other organisations. This will be through school to school support, focused leadership and high quality professional development led by the Teaching School within the Trust

Public benefit

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document 'The Advancement of Education for the Public Benefit') into consideration in preparing their Statement on Regularity, Propriety and Compliance contained within this Annual Report

In accordance with its charitable objectives, the Charitable Company strives to advance the education of the students attending the Academies within the Trust. The Charitable Company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the Academies within the Trust

In order to determine whether or not the charitable company has fulfilled its charitable objectives for public benefit, the Trustees gather evidence of the success of each Academy within the Community Inclusive Trust activities.

FINANCIAL REVIEW

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

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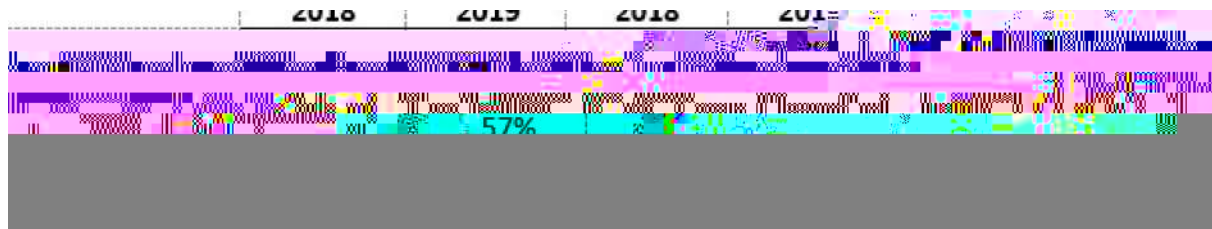
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

SATs Results

Key Stage 2 Results (Expected Standard)



	2018	2019
Chapel St	84%	83%
Leonards	NA	NA
Poplar Farm	NA	NA
	67%	66%

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

School Monitoring, Support and Challenge

All schools have undergone a CIT annual health check this year. These health checks have graded the schools as follows along with the Ofsted grading

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT (continued)

(continued)

Reserves policy

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT (continued)

(continued)

Investment policy

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Disclosure of information to auditors

Insofar as the Trustees are aware:

there is no relevant audit information of which the charitable company's auditors are unaware, and that 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 auditors are aware of that information

Auditors

The auditors, Streets Audit LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' report was approved by order of the board of Trustees, as the company directors, on 26 November 2019 and signed on its behalf by:

.....
S Hopkins
(Chair of Trustees)

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GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Trustees has delegated the day to day responsibility to the CEO, 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 Community Inclusive Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

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GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities. The board of Trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
P Bouchet, Chair (until resignation)	6	6
G Cook	1	4
K Goodman	4	6
K Weekes	5	6
L McClements	4	6

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

K Goodman	4	5
LM Clements	3	5
P Bell, Guest	3	5

The Remuneration, Performance Management and Nominations Committee is also a sub-committee of the main board of Trustees. Its purposes to set the Trusts remuneration Policy, approve Senior Executive pay, ensure there is adequate succession planning and performance management of senior members of the management team. The Committee meet at least three times each year to ensure that the remuneration systems in place are in line with the industry standard and set to attract and retain individuals of a suitable calibre.

Attendance during the year ~~is as follows~~

Trustee	Meetings attended	Out of a possible
P Boucher	1	1
K Goodman		

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint two independent internal auditors for the year. Both Julia Rafferty Consultancy Limited and Assurance Lincolnshire Limited have been appointed as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included

- Governance arrangements
- Risk management arrangements
- Budget management
- Cash and banking arrangements
- Purchase procedure compliance
- Use of commercial cards
- Income
- Payroll procedures
- Asset management

On a semi-annual basis, the internal auditor

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;**
- the work of the external auditors;**
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework**

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and financial audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 26 November 2019 and signed on their behalf by:

.....
S Hopkins
Chair of Trustees

.....
P Bel
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Community Inclusive Trust I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with the Education & Skills Funding Agency (ESFA) regulations.

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

The Trustees (who are also the directors of the charitable company for the purposes of company law) are

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COMMUNITY INCLUSIVE TRUST**

Opinion

We have audited the financial statements of Community Inclusive Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COMMUNITY INCLUSIVE TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COMMUNITY INCLUSIVE TRUST (CONTINUED)**

Mark Bradshaw (senior statutory auditor)

**for and on behalf of
Streets Audit LLP**

Windsor House

A1 Business Park

Long Berrington

Notts

NG23 5JR

6 December 2019

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
COMMUNITY INCLUSIVE TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
COMMUNITY INCLUSIVE TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

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

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BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The notes on pages 39 to 74 form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £
Cash flows from operating activities		
Net cash (used in)/provided by operating activities	19	(108,302)
Cash flows from investing activities	20	1,231,661
Change in cash and cash equivalents in the year		1,123,359
Cash and cash equivalents at the beginning of the year		1,262,810

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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

Community Inclusive Trust meets the definition of a public benefit entity under FRS 102

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence. (i)

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

1. Accounting policies (continued)

1.4 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 assets use.

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

When premises occupied by academies are the subject of a SPIT, the costs of such premises are included in the statement of financial activities.

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

1. Accounting policies (continued)

1.11 Financial instruments

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

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

- trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.12 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

1.13 Pensions

Retirement benefits to employees of the Academy 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, 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy 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 benefit obligations less the interest income on the scheme assets.

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

1. Accounting policies (continued)

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16 19 busary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28

1.15 Fund accounting

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

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at

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NOTES TO THE FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities

**Activities
undertaken
directly**

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

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019
	£
Depreciation of tangible fixed assets	855,412
Loss on disposM ff	

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

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019
	£
Wages and salaries	10,476,961
Social security costs	950,073
Pension costs	2,654,185

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NOTES TO THE FINANCIAL STATEMENTS

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

11. Central services

The Academy has provided the following central services to its academies during the year:

Financial services including internal and external audit;
Educational support services;
Strategic leadership
IT support services;
HR and recruitment services;
Governance support services;
Centralised contracts;
School Operations Management services;

The Academy charges for these services on the following basis:

80% of GAG and agreed local authority place funding for existing Academies.

The actual amounts charged during the year were a **nil** **o** **Q** **R** **o**

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

14.

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

17.

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

17. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Total funds	22,535,307	31,907,719	(18,562,712)	-	(3,173,000)	32,707,314

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

Unrestricted funds

Unrestricted funds represent both those resources, as well as funds transferred to the Academy from the Local Authority upon conversion, which may be used towards meeting any of the objects of the Academy at the discretion of the Trustees. These are not currently designated for particular purposes.

Restricted Fixed Asset funds

Transfer from Local Authority on conversion represents the assets transferred to the Academy from the Local Authority upon conversion

Capital expenditure from GAG represents fixed asset expenditure transferred from other restricted income

Restricted Revenue funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the Academy;

Other ESFA Grants, other government grants and other restricted funds represent monies received for specific purposes.

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Transfers between funds represent the use of recurrent income being used to fund capital expenditure

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

17. Statement of funds (continued)

Caythorpe Primary School is in deficit due to a fall in pupil numbers reducing the class sizes and as a result the school has fallen into a deficit position

Poplar Farm Primary School is in deficit due to limited income in the first year as the number of pupils is at its least amount but a number of staffing and overheads still have to be provided to operate the school

The Trust has undergone changes during the year and as a result, a number of cost headings have been taken centrally which have exceeded the amount charged as central services. This will start to provide economies of scale for all schools, but will show as a deficit at the centre in the interim period. This deficit is covered by surplus revenue funds across the Trust

The Academy is taking the following action to return the academies to a balanced position

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

17. Statement of funds (continued)

Total Restricted funds					
Total funds					

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	42,217,477	42,217,477
Current assets	686,239	2,751,275	1,006,008	4,443,522
Creditors due within one year	-	(2,586,687)	-	(2,586,687)
Provisions for liabilities and charges	-	(11,367,000)	-	(11,367,000)
Total	686,239	(11,202,412)	43,223,487	32,707,314

Analysis of net assets between funds - prior year

Tangible fixed assets	-	-	28,076,742	
Current assets	591,461	1,598,028	144,995	
Creditors due within one year	-	(1,408,041)	(53,878)	
Provisions for liabilities and charges	-	(6,419,000)	-	
Total	591,461	(6,224,013)	28,167,859	

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

19. Reconciliation of net income to net cash flow from operating activities

	2019
	£
Net income for the year (as per statement of financial activities)	13345007
Adjustments for:	
Depreciation	855412
Capital grants from DfE and other capital income	(2655342)
Interest receivable	(846)
Defined benefit pension scheme cost less contributions payable	763000
Defined benefit pension scheme finance cost	213000
(Increase)/decrease in debtors	(985679)
Increase/(decrease) in creditors	1,129768
Net (loss)/gain on assets and liabilities from local authority on conversion	

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22. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lincolnshire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £224,808 were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in

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22. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the year amounted to £819,920.

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The IGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,329,000, of which employer's contributions totalled £1,054,000 and employees' contributions totalled £275,000. The agreed contribution rates for future years are 18.0 percent to 18.5 percent for employers and various percent for employees.

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

Principal actuarial assumptions

	2019
	%
Rate of increase in salaries	2.7
Rate of increase for pensions in payment/inflation	2.3
Discount rate for scheme liabilities	1.9
Commutation of pensions to lump sums	7.5

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

	2019
	Years
Males	21.2
Females	23.5
Males	22.5
Females	25.2

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23. Operating lease commitments

At 31 August 2019 the Academy

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27. Transfer of existing academies into the academy

Greenfields Academy

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Freehold property	180,210	5,900,790	6,081,000
Furniture and equipment	6,340	(6,340)	-
Computer equipment	47,758	-	47,758
Motor vehicles	18,744	(18,744)	-
Current assets			
Debtors due after one year	132,136	(10,283)	121,853
Cash at bank and in hand	427,625	(4,761)	422,864
Liabilities			
Creditors due within one year	(88,737)	(56,159)	(144,896)
Pensions			
Pensions - pension scheme assets	1,534,000	-	1,534,000
Pensions - pension scheme liabilities	(2,331,000)	(2,000)	(2,333,000)
Net (liabilities)/assets	<u>(72,924)</u>	<u>5,802,508</u>	<u>5,729,579</u>

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

28. Free School Building Programme

On 1 September 2018 Poplar Farm Primary School opened as part of the trust under the ESFA's Free School Building Programme for full consideration

The transfer has been accounted for as a combination that is in substance a gift. The asset of the property transferred was valued at its fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporation income and expenditure account as Donations.

29. Teaching school trading account

	2019	2018
	£	£
Income		
Direct income		
Grant income	181,135	
Self generated income	144,819	
Total income		325,954
Expenditure		
Direct expenditure		
Direct staff costs	109,126	
Direct depreciation	1,067	
Other direct costs	165,943	
Total direct expenditure	276,136	
Total expenditure		276,136
Surplus from all sources		49,818
Teaching school balances at 1 September 2018		23,692
Teaching school balances at 31 August 2019		73,510