

Company Registration No. 07318714 (England and Wales)

ABBAY ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

ABBHEY ACADEMIES TRUST

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ABBAY ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr S Haigh
Mrs J Hilder (Vice Chair of Trustees)
Mr J Kirkman (Chair of Trustees)
Father P Lister
Mr D N Page
Mr D Pickering
Father C Atkinson
Mrs S J Moore (Accounting Officer)

Members

Mrs J Derrick
Mr R Moore
Father P Lister
Mrs J Waters-Dewhurst

Senior management team during the financial year

- Executive Headteacher	Mrs S J Moore
- Head of School - BAPA	Mrs S Buttress
- Head of School - BEPPA	Mr S Brunt
- Headteacher - Colsterworth	Mrs L Gibson-Cox
- Deputy Head	Mrs L Jordan
- Deputy Head	Mr P Bellamy
- Deputy Head	Mrs L Orme
- Deputy Head	Mrs M Shears
- Assistant Head	Mrs L Abbey
- Assistant Head	Mrs J Disdale
- Assistant Head	Mrs H Gardner
- Assistant Head	Miss L Ockwell
- Assistant Head	Mr J Shore
- Assistant Head	Miss K Swanson
- SENCO	Mrs L Leafe
- Executive Administrator	Mrs S J Bates
- Chief Financial Officer	Mrs J King
- Accounting Officer	Mrs S J Moore

Company secretary Mrs S J Bates

Company registration number 07318714 (England and Wales)

Registered office Abbey Road
Bourne
Lincolnshire
PE10 9EP

Academies operated	Location	Executive Headteacher
Bourne Abbey Church of England Primary Academy (BAPA)	Bourne	Mrs S J Moore
Bourne Elsea Park Church of England Primary Academy (BEPPA)	Bourne	Mrs S J Moore
Colsterworth Church of England Primary School	Colsterworth	Mrs S J Moore

ABBAY ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Baldwins Audit Services
Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Bankers

National Westminster PLC
Market Place
Spalding
Lincolnshire
PE11 1ST

ABBEY ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

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 trust.

The trustees of Abbey Academies Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

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

From the articles to provide indemnity insurance to cover the liability of governors which by virtue of any rule of law should otherwise attach to them in respect of any negligence, breach of trust or breach of duty of which they may be guilty in relation to the academy trust. Provided that any such insurance shall not extend to any claim arising from any act or omission, which the trustees knew to be in breach of trust or breach of duty, and provided also that any such insurance shall not extend to costs of any unsuccessful defence to a criminal prosecution against the trustees in their capacity as trustees.

Method of recruitment and appointment or election of trustees

Subject to Articles 48 - 49 and 64, the academy trust shall have the following trustees:

- a. Not less than 9 trustees, appointed under Article 50
- b. Up to 2 Staff Governors, if appointed under Article 50A
- c. 2 Parent Governors appointed under Articles 53-58. A Parent Governor must be a parent of the pupil at the Academy at the time when he is elected;
- d. The Principal;
- e. Any Additional Governors, if appointed under Article 62, 62A or 68A; and
- f. Any Further Governors, if appointed under Article 63 or Article 68A.

The Academy Trust may also have any Co-opted Governor appointed under Article 59.

The term of office for any Governor (other than Co-opted Governors under Article 59) shall be 4 years, save that this time limit shall not apply to the Principal, the Diocesan Bishop, the Incumbent, the Area Dean. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

A Local Governing Board (LGB) for each individual school is in place to undertake the day to day running of each school in line with the agreed Scheme of Delegation.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees depends on their existing experience. Where necessary induction provides training on charity and educational legal and financial matters. All trustees and governors are provided with copies of terms of reference, policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and governors.

ABBEY ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Organisational structure

The organisational structure of the trust consists of four levels: The members, trustees, governors and the senior leadership team. The aim of the organisational structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trust is governed by the board of trustees which delegates functions as appropriate to the local governing body of each academy.

The trustees are responsible for all areas covered under the funding agreements and all areas of statutory responsibility appertaining to the trust which include setting general policy, adopting an annual improvement plan for both academies and budget for the trust, monitoring the academies by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

The governors of each academy are responsible for monitoring the performance of their academy, focusing on academic standards and leadership. This includes regular scrutiny and challenge of the Executive Headteacher and senior leadership team. The Chief Financial Officer is the lead officer responsible for finance and reports to the local governing body on financial performance against delegated budget levels.

The Executive Headteacher and senior leadership team at each academy are responsible at an executive level for implementing the policies as agreed by the trustees and any local operating procedures as approved by the local governing bodies. As a group the senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

Arrangements for setting pay and remuneration of key management personnel

The policy for teacher's pay sets out the framework for making decisions on teachers' pay. It has been developed to comply with current legislation and the requirements of the School Teachers' Pay and Conditions Document (STPCD) and has been consulted on with staff.

The policy for support staff pay sets out the framework for making decisions on support staff pay. It has been developed to comply with current legislation and has been consulted on with staff.

In adopting these pay policies the aim is to:

- maintain the quality of teaching and learning at each academy.
- support the academy improvement plans.
- underpin the trust's appraisal policy.
- ensure that all staff are valued and appropriately rewarded for their work contribution in the trust.
- ensure staff are well motivated, supported by positive recruitment and retention policies and staff development.
- demonstrate that decisions on pay are fair and equitable and recognise the principle of equal pay for like work and work of equal value.
- provide flexibility to recognise individual staff performance linked to pay decisions.

Pay decisions at the trust are made by the Finance, Pay & Audit Committee in consultation with the Executive Headteacher.

Trade union facility time

There has been no time spent on trade union facility time during the year.

Related parties and other connected charities and organisations

Transactions with related parties are detailed in note 23.

ABBEY ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The principal objective and activity of Abbey Academies Trust is to provide education for pupils of different abilities between the ages of 2 and 11 years and to further support the national and local school improvement agenda.

Abbey Academies Trust is a Multi Academy Trust (MAT) which includes Bourne Abbey Church of England Primary Academy, Bourne Elsea Park Church of England Primary Academy and Colsterworth Church of England Primary School.

The Executive Headteacher of Abbey Academies Trust leads the partnership of the three schools. Each academy has its own Head of School to oversee its day-to-day running. There has successfully been created a sense of shared identity and common purpose which also promotes and preserves each academy's individual character and ethos.

As Church of England academies, pupils at Bourne Abbey, Bourne Elsea Park and Colsterworth are encouraged to strive for excellence in the core subjects, but to broaden their education, to embrace and develop the concepts of faith and spirituality, of hope and charity and to enable them to make informed decisions later in life as broad-minded and knowledgeable British and world citizens.

The Executive Headteacher is a National Leader (NLE) and Bourne Abbey is deemed a National Support School (NSS). Bourne Abbey as NLE/NSS works on an improvement agenda with other named schools which are often identified by the Local Authority, Diocese and DfE as being in need of support.

The main objectives of Abbey Academies Trust during the year ended 31 August 2019 are summarised below.

- to ensure every pupil enjoys consistently high quality education and that resourcing, tuition and care meets their individual needs to achieve this.
- to continue to raise the standard of educational achievement and attainment for all pupils.
- to improve the effectiveness of both academies by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to comply with all appropriate statutory safeguarding and curriculum requirements.
- to maintain close links with the local community including other local schools.
- to have a role in sharing and developing good practice and training new teachers.
- to conduct Abbey Academies Trust's business in accordance with the highest standards of integrity, probity and openness.

Objectives, strategies and activities

The main strategy across Abbey Academies Trust, which includes both academies, is encompassed in our mission statement which is 'Striving for Excellence – Caring for All within a loving and caring Christian environment'. To this end the activities provided include:

- being proactive in trying to ensure that all pupils' abilities and preferred learning styles are identified with appropriate learning and teaching strategies employed across all areas of the curriculum.
- quality learning opportunities for all pupils to ensure high levels of attainment and achievement in the core subjects and across a broad curriculum, including day/residential visits and many after school sporting, creative, environmental, scientific and leisure opportunities.
- a programme of Personal, Social and Health Education which includes Behaviour and Discipline procedures.
- ensuring all appropriate Safeguarding Procedures are in place and regularly monitored to ensure maximum effectiveness.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

ABBEY ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

Abbey Academies Trust (previously Bourne Abbey Church of England Primary Academy) is in its ninth year of operation as an academy and continues to set strategic goals related to achievement, attainment, engagement and provision. These goals are monitored closely by the trust body.

Key performance indicators

- Successful year at all three academies including Diocese reviews at all schools in June 2019
- DfE requested Abbey Academies Trust (AAT) take on a school in difficulty into our MAT. Colsterworth CE Primary School successfully converted into AAT in September 2018 and have rapidly improved with support from both Bourne Abbey and Bourne Elsea Park staff and trustee/governor expertise and focused improvement strategy
- New leadership structure in the Trust -adds high quality capacity for school improvement and succession planning
- Taken on board new directives from the government, ensuring at least statutory compliance in PREVENT
- Fundamental British Values are fully embedded throughout both BAPA and BEPPA and are now a key focus at Colsterworth school. Pupils can articulate these, they are interwoven into the curriculum and linked with our Christian Values. Plans made for further development in 2019-2020
- Local Authority, Diocese and National College brokered our NLE/NSS S2S support for Spalding Parish CE Primary Academy in February 2019. Our work was extremely successful and we had a positive and rapid impact on raising standards (See results 2019). This S2S work was highly praised by the Diocese, LA and Regional School's Commissioner
- Assessment and tracking of core subjects and non-core subjects introduced throughout the Trust. Adaptions have been made throughout the year as a work in progress and in light of exciting developments to our already dynamic and creative curriculum (See website for more info)
- Maths Mastery has had a huge impact on maths throughout the school. Megan Shears and Danielle Peck have worked with the Maths Hub and through effective dissemination and WAGOLL have provided support and guidance for learning and teaching across the Trust. Danielle Peck became a maths SLE
- Positive reinforcement of Christian Values, Christian narrative throughout key policies and a drive and commitment from all stakeholders to ensure the distinctiveness and effectiveness of our schools as Church of England schools are excellent. Diocese advisor commented in her report that 'There is immediate warmth on arrival at Colsterworth CE Primary School and it is clear that there is a committed team approach to whole school development being driven by a clearly shared vision.'
- Outcomes in Spelling, Punctuation and Grammar closely monitored throughout the year. Embedding use of Active English has continued to have a very positive effect on outcomes in Grammar
- UNICEF Rights Respecting Schools – BAPA were reaccredited with the Gold award in 2019 (See report). Colsterworth achieved their Bronze award by starting their UNICEF RRS journey with support from BAPA and BEPPA. BEPPA have applied for UNICEF Gold award
- BAPA have submitted an application for Arts Mark Platinum award
- Both BAPA and BEPPA achieved their Eco School's Green Flag awards in 2019
- Colsterworth introduced French to the curriculum
- Outcomes in FS2 and Year 1 and Year 2 phonics above national once again at all three schools
- KS1 results at least in line with National and GDS a strength, especially for pupils achieving GDS who were Expected at the end of EYFS. Improvements in KS1 results at Colsterworth are stunning, at both Expected and especially at GDS
- KS2 LA writing moderation at BAPA and Colsteworth very successful and continue to reflect our strength in writing outcomes
- KS1 LA moderation at BEPPA also very successful and clearly validate our judgements
- Kindergarten built at Bourne Abbey during the summer 2019

ABBEY ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

- A huge investment in I pads at Colsterworth including staff CPD following the success of I Pads at BAPA and BEPPA (See Ofsted report, lesson observations, MSRs for planning/work scrutiny and data/tracking for impact on raising standards)
- Total refurbishment of Colsterworth school took place during the summer including an inspirational new library, sensory room and EYFS outdoor learning environment
- Investment and development of new websites for all schools in AAT which will be launched throughout 2019-2020 - establish Social Squads amongst the staff, working to raise the school's profile online through social media.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the trustees continue to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

The academy trust held fund balances at 31 August 2019 of £6,365,277 comprising £6,073,753 of restricted funds and £291,524 of unrestricted funds. Of the restricted funds, £7,349,956 is represented by tangible fixed assets. The pension reserve which is considered part of restricted funds was £1,318,000 in deficit.

Whilst an element of education funding is ring-fenced, in real terms per pupil funding is reducing year on year. Increases in staff salaries and pension contributions are not reflected in GAG income.

Key performance Indicators:

- The trust is on a sound financial footing and follows strict guidelines outlined in its best value statement. All financial decisions are based on providing 'quality provision' and prioritising this to levels of funding available and expected over a three year forecast.
- The trust keeps a regular overview of its finances and details reports to trustees and governors.
- The trust has appointed Rawlinsons to perform the Responsible Officer role. The Responsible Officer meets regularly with the Chief Financial Officer and the Executive Headteacher in line with good practice and academy regulations.
- The trustees and governors regularly monitor, review and approve budget statements and plans. Trustees' and governors' advice and approval is always sought for major financial commitments.
- Key budget allocations and spending decisions are all linked to the Academy Improvement Plan. However, if a new initiative that will improve the academy becomes available, it will be reviewed by all members of the school community, including the financial implications and either approved or not. The trustees have the final approval. The unrestricted funds can be used to offset the financial implications of an initiative and funds raised by the PTFA can also be allocated. There are mini budgets within the main budget, i.e. Professional Development, Phase allocations.

The trustees fully understand what Abbey Academies Trust does well and where it could improve. They have achieved this understanding by receiving clear information from the Executive Headteacher/Senior Leaders/ Local authority and national sources in the form of documentation, training, discussions at meetings, and by their own visits to the academies. As a result, they are informed about what happens in school, how this can be compared and benchmarked locally and nationally and are able to provide the necessary support and challenge in making strategically important decisions.

Reserves policy

The trustees review the reserves level of the trust annually. The review takes into account the nature of the income and expenditure streams. The trustees have determined that the appropriate level of reserves is £200,000 at trust level and the equivalent of one month's operating expenditure for each academy. The current level of reserves is below this figure but a five year plan is in place to achieve this required level.

The academy is also confident that it will meet the required pension contributions from its projected income without significantly impacting on its planned level of charitable activity. It continues to calculate its 'free' or general unrestricted reserves without setting aside designated reserves to cover the pension liability.

ABBEY ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Investment policy

Under the Memorandum and Articles of Association, the trust has the power to invest funds not immediately required for its own purposes, in any way the trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Principal risks and uncertainties

The trustees are responsible for identifying risks faced by the trust, establishing procedures to mitigate these risks, and ensuring that employees are aware of the procedures and of the implications of failing to implement them. They are satisfied that these procedures are consistent with the guidelines issued by the Charity Commission.

Fundraising

The Student Council vote on and organise fundraising events during the year. The trust does not use professional fundraisers or involve commercial participants. There have been no complaints about fundraising activity this year.

Plans for future periods

Abbey Academies Trust will continue to strive and improve levels of achievement and attainment for all its pupils whilst providing a high quality caring and nurturing educational environment for all and working in pursuit of community cohesion. The trust also deems its work in pursuit of sharing and developing good practice and training new teachers through the work of Bourne Abbey as NLE/NSS to be a core part of its activity.

The trust aims to provide opportunity to enhance the educational environment in the academic year 2019/20 by;

- Enhancing and further develop EYFS provision through Abbey Ark.

Comprehensive Academy Improvement Plans have been drawn up for Bourne Abbey, Bourne Elsea Park and Colsterworth based on clear identification and analysis of need.

These plans have been presented to the trustees and will be monitored throughout the year.

Funds held as custodian trustee on behalf of others

The trust and its trustees do not act as the custodian trustees of any charity.

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.

A resolution proposing that Baldwins Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ~~27/11/2019~~ **27/11/2019** and signed on its behalf by:


Mr J Kirkman
Chair of Trustees

ABBEY ACADEMIES TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the 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 Abbey Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information 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 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr S Haigh	1	3
Mrs J Hilder (Vice Chair of Trustees)	3	3
Mr J Kirkman (Chair of Trustees)	3	3
Father P Lister	2	3
Mr D N Page	2	3
Mr D Pickering	3	3
Father C Atkinson	3	3
Mrs S J Moore (Accounting Officer)	3	3

The Finance, Pay and Audit committee is a sub-committee of the main board of trustees. Its purpose is to provide guidance and assistance to the Executive Headteacher and the board of trustees in all matters relating to budgeting and finance.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs J Hilder (Vice Chair of Trustees)	4	6
Mr J Kirkman (Chair of Trustees)	6	6
Mr D N Page	4	6
Mr D Pickering	3	6
Mrs S J Moore (Accounting Officer)	6	6
Mr C Bates	6	6

ABBHEY ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of value for money

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

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

Improving educational results

Ensuring that resources are directed where they are most needed and most effective in meeting educational requirements, for example by:

- targeting resources in key subjects such as english and maths;
- monitoring the needs of particular pupils including those in receipt of Pupil Premium Grant and Looked After Children PPG, and ensuring that the support they receive is relevant to them.

Staffing

- the academy is proud of operating on a very carefully structured staffing establishment. The staffing structure is considered very closely and any opportunities to minimise excess staffing are explored and frequently implemented. It is acknowledged that staffing is the most costly area of expenditure and savings in this area are the most valuable;
- Monitoring the performance of staff and ensuring the relevant action is taken to address weakness;
- An extensive CPD programme is in place with the objective of enhancing teaching and learning across the curriculum.

Financial Governance and Oversight

- the trust carries out regular monthly financial monitoring and the local governing bodies and board of trustees meet regularly. They receive regular reports, and ask relevant questions as recorded in the minutes;
- regular financial monitoring is supported further by regular Responsible Officer reports from Baldwins Holdings Limited t/as Rawlinsons.

Better purchasing:

- exploring alternative purchasing options both on-line and direct through suppliers to find the best value;
- implementing a tender process for significant purchases and/or contracts;
- all contracts are reviewed on an annual basis to ensure they are fit for purpose and best value.

The purpose of the system of internal control

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

Capacity to handle risk

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

ABBEY ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the local governing bodies and 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 (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties.

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed Baldwins Audit Services, the external auditor, to perform additional checks as Responsible Officer.

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

- testing of purchase systems
- testing of bank reconciliations
- testing of fixed assets
- testing of income

On a regular basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

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 responsible officer;
- the work of the external auditor;
- the work of the executive managers within the trust 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, Pay and Audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 23/11/2019 and signed on its behalf by:


Mr J Kirkman
Chair of Trustees


Mrs S J Moore
Accounting Officer

ABBEY ACADEMIES TRUST

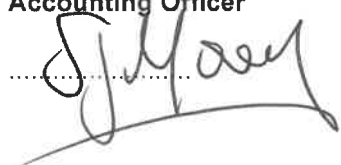
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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

Mrs S J Moore
Accounting Officer



27/11/2019

ABBEY ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of Abbey Academies Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on **27/11/2019** and signed on its behalf by:


Mr J Kirkman
Chair of Trustees

ABBEY ACADEMIES TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY ACADEMIES TRUST

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

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

In our opinion the accounts:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

ABBEY ACADEMIES TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY ACADEMIES TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

ABBEY ACADEMIES TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY ACADEMIES TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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.



Mr Mark Jackson FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

6.12.2019

Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

ABBEY ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 11 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Abbey Academies Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Abbey Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Abbey Academies Trust's funding agreement with the Secretary of State for Education dated 30 November 2010 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

The work undertaken to draw to our conclusion includes:

- a review of the activities of the academy, by reference to sources of income and other information available to us;
- sample testing of expenditure, including payroll;
- a review of minutes of Governors' meetings.

ABBEY ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

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 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.



Reporting Accountant

Baldwins Audit Services
Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Dated:6.12.2019....

ABBEEY ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	12,543	-	63,923	76,466	25,234
Donations - transfer from local authority on conversion	25	4,427	82,931	1,016,000	1,103,358	-
Charitable activities:						
- Funding for educational operations	4	589,915	4,115,648	-	4,705,563	3,672,865
Other trading activities	5	55,850	-	-	55,850	47,623
Investments	6	1,300	-	-	1,300	266
Total		<u>664,035</u>	<u>4,198,579</u>	<u>1,079,923</u>	<u>5,942,537</u>	<u>3,745,988</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	551,074	4,442,419	175,434	5,168,927	4,218,353
Total	7	<u>551,074</u>	<u>4,442,419</u>	<u>175,434</u>	<u>5,168,927</u>	<u>4,218,353</u>
Net income/(expenditure)		112,961	(243,840)	904,489	773,610	(472,365)
Transfers between funds	19	(202,242)	40,357	161,885	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	21	-	(518,000)	-	(518,000)	355,000
Net movement in funds		(89,281)	(721,483)	1,066,374	255,610	(117,365)
Reconciliation of funds						
Total funds brought forward		380,805	(554,720)	6,283,582	6,109,667	6,227,032
Total funds carried forward		291,524	(1,276,203)	7,349,956	6,365,277	6,109,667

ABBEEY ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) **INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2018		Funds	General	Fixed asset	2018
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	3	7,977	-	17,257	25,234
Charitable activities:					
- Funding for educational operations	4	346,149	3,326,716	-	3,672,865
Other trading activities	5	47,623	-	-	47,623
Investments	6	266	-	-	266
Total		402,015	3,326,716	17,257	3,745,988
Expenditure on:					
Charitable activities:					
- Educational operations	9	410,023	3,636,965	171,365	4,218,353
Total	7	410,023	3,636,965	171,365	4,218,353
Net expenditure		(8,008)	(310,249)	(154,108)	(472,365)
Transfers between funds	19	(108,858)	108,858	-	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	21	-	355,000	-	355,000
Net movement in funds		(116,866)	153,609	(154,108)	(117,365)
Reconciliation of funds					
Total funds brought forward		497,671	(708,329)	6,437,690	6,227,032
Total funds carried forward		380,805	(554,720)	6,283,582	6,109,667

ABBEY ACADEMIES TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	14		7,335,870		6,266,325
Current assets					
Stocks	15	1,525		2,151	
Debtors	16	192,062		124,420	
Cash at bank and in hand		520,361		650,553	
			713,948		777,124
Current liabilities					
Creditors: amounts falling due within one year	17	(366,541)		(345,782)	
Net current assets			347,407		431,342
Net assets excluding pension liability			7,683,277		6,697,667
Defined benefit pension scheme liability	21		(1,318,000)		(588,000)
Total net assets			6,365,277		6,109,667
Funds of the trust:					
Restricted funds	19				
- Fixed asset funds			7,349,956		6,283,582
- Restricted income funds			41,797		33,280
- Pension reserve			(1,318,000)		(588,000)
Total restricted funds			6,073,753		5,728,862
Unrestricted income funds	19		291,524		380,805
Total funds			6,365,277		6,109,667

The accounts on pages 19 to 45 were approved by the trustees and authorised for issue on 23/11/2019 and are signed on their behalf by:


 Mr J Kirkman
 Chair of Trustees

Company Number 07318714

ABBEEY ACADEMIES TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash used in operating activities	22		(53,794)		(90,245)
Cash funds transferred on conversion			87,358		-
			<u>33,564</u>		<u>(90,245)</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		1,300		266	
Capital grants from DfE Group		63,923		17,257	
Purchase of tangible fixed assets		(228,979)		-	
		<u></u>		<u></u>	
Net cash (used in)/provided by investing activities			<u>(163,756)</u>		<u>17,523</u>
Net decrease in cash and cash equivalents in the reporting period			<u>(130,192)</u>		<u>(72,722)</u>
Cash and cash equivalents at beginning of the year			<u>650,553</u>		<u>723,275</u>
Cash and cash equivalents at end of the year			<u><u>520,361</u></u>		<u><u>650,553</u></u>

ABBEY ACADEMIES TRUST

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), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

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

Abbey Academies 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 company to continue as a going concern. The trustees have made this assessment in respect of a period of one year from the date of approval of the accounts and consider that the going concern basis is appropriate.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Colsterworth Church of England Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 25.

1.4 Income

All income is recognised when the trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet 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.

ABBEY ACADEMIES TRUST

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

1 Accounting policies

(Continued)

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 trust has provided the goods or services.

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the trust are recognised at their open market value in the period in which they are receivable as income, where the benefit to the trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the trust's policies. The value of donated time from volunteers has not been included in these accounts.

Donated fixed assets

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

1.5 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

ABBEEY ACADEMIES TRUST

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

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Furniture and equipment transferred into the academy from the previous local authority school has not been valued and introduced into these accounts.

Leasehold property inherited from the Local Authority on conversion to an academy was professionally valued on a depreciated replacement cost basis at 31 August 2012, commissioned by the ESFA.

Leasehold property provided to the trust immediately on completion of the building being constructed is included at a value equivalent to the cost of the building.

Leasehold property inherited from the Local Authority on conversion to an academy during the year has been valued by the trustees using an average square footage calculation.

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

Leasehold property	2% straight line
Fixtures, fittings & equipment	3 years straight line

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

1.7 Liabilities

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

1.8 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.9 Financial instruments

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

ABBEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. 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.

1.10 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.11 Taxation

The trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 Pensions benefits

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

ABBEY ACADEMIES TRUST

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

1 Accounting policies

(Continued)

1.13 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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education & Skills Funding Agency.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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 21, 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	63,923	63,923	17,257
Other donations	12,543	-	12,543	7,977
	<u>12,543</u>	<u>63,923</u>	<u>76,466</u>	<u>25,234</u>

ABBAY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

4 Funding for the trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	3,320,149	3,320,149	2,639,217
Other DfE group grants	-	545,303	545,303	319,954
	-	3,865,452	3,865,452	2,959,171
Other government grants				
Local authority grants	-	170,951	170,951	312,477
Other funding				
Provision of childcare	472,177	-	472,177	241,696
Other incoming resources	117,738	79,245	196,983	159,521
	589,915	79,245	669,160	401,217
Total funding	589,915	4,115,648	4,705,563	3,672,865

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	10,646	-	10,646	10,916
Catering income	45,204	-	45,204	36,707
	55,850	-	55,850	47,623

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	1,300	-	1,300	266

ABBEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2019	2018
	£	£	£	£	£
Academy's educational operations					
- Direct costs	3,083,968	-	413,244	3,497,212	2,952,988
- Allocated support costs	747,779	506,342	417,594	1,671,715	1,265,365
	<u>3,831,747</u>	<u>506,342</u>	<u>830,838</u>	<u>5,168,927</u>	<u>4,218,353</u>

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Fees payable to auditor for:		
- Audit	7,250	6,900
- Other services	2,925	2,500
Operating lease rentals	6,544	5,825
Depreciation of tangible fixed assets	175,434	171,365
Net interest on defined benefit pension liability	19,000	20,000
	<u>199,153</u>	<u>205,490</u>

8 Central services

No central services were provided by the trust to its academies during the year and no central charges arose.

9 Charitable activities

	Unrestricted funds	Restricted funds	Total	Total
	£	£	2019	2018
	£	£	£	£
Direct costs - educational operations	505,870	2,991,342	3,497,212	2,952,988
Support costs - educational operations	45,204	1,626,511	1,671,715	1,265,365
	<u>551,074</u>	<u>4,617,853</u>	<u>5,168,927</u>	<u>4,218,353</u>

ABBEEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

9	Charitable activities	(Continued)	
	Analysis of costs	2019	2018
		£	£
	Direct costs		
	Teaching and educational support staff costs	3,083,968	2,633,139
	Staff development	19,253	21,548
	Technology costs	94,706	39,847
	Educational supplies and services	114,151	113,864
	Educational consultancy	-	9,150
	Other direct costs	185,134	135,440
		<u>3,497,212</u>	<u>2,952,988</u>
	Support costs		
	Support staff costs	747,779	573,683
	Depreciation and amortisation	175,434	171,365
	Maintenance of premises and equipment	127,430	88,093
	Cleaning	60,389	56,100
	Energy costs	56,372	43,562
	Occupancy costs	64,153	42,246
	Insurance	22,564	18,939
	Catering	185,976	143,057
	Interest and finance costs	19,000	20,000
	Other support costs	169,980	90,318
	Governance costs	42,638	18,002
		<u>1,671,715</u>	<u>1,265,365</u>
10	Governance costs		
	All from restricted funds:	Total	Total
		2019	2018
		£	£
	Amounts included in support costs		
	Legal and professional fees	32,463	8,602
	Auditor's remuneration		
	- Audit of financial statements	7,250	6,900
	- Other audit costs	2,925	2,500
		<u>42,638</u>	<u>18,002</u>

ABBHEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

11 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	2,851,462	2,436,420
Social security costs	225,511	184,863
Pension costs	665,871	548,896
Amounts paid to employees	3,742,844	3,170,179
Agency staff costs	62,383	31,643
Staff restructuring costs	26,520	5,000
Amounts paid to staff	3,831,747	3,206,822
Staff development and other staff costs	19,253	21,548
Total staff expenditure	3,851,000	3,228,370
Staff restructuring costs comprise:		
Severance payments	26,520	5,000

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £26,520 (2018: £5,000). Individually, the payments were: £17,471 and £9,049.

Staff numbers

The average number of persons employed by the trust during the year was as follows:

	2019 Number	2018 Number
Teachers	42	41
Administration and support	121	111
Management	3	2
	166	154

Higher paid staff

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

	2019 Number	2018 Number
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

ABBEY ACADEMIES TRUST

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

11 Staff

(Continued)

Key management personnel

The key management personnel of the trust comprise the senior management team as listed on page 1. This year this represents 17 employees (2018 - 15 employees). The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £911,058 (2018 - £759,915).

12 Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the trust. The Executive Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff members under their contracts of employment, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the trust in respect of their role as trustees.

The value of trustees' remuneration and other benefits was as follows:

Mrs S J Moore (Executive Head Teacher)

Remuneration £100,000 - £105,000 (2018 - £95,000 - £100,000)

Employer's pension contributions £15,000 - £20,000 (2018 - £15,000 - £20,000)

13 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 £2,000,000 on any one claim. It is not possible to quantify this element from the overall cost of insurance.

ABBAY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Tangible fixed assets

	Leasehold property £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 September 2018	6,964,710	360,605	7,325,315
Additions	1,203,422	41,557	1,244,979
Disposals	-	(80,355)	(80,355)
At 31 August 2019	8,168,132	321,807	8,489,939
Depreciation			
At 1 September 2018	730,524	328,466	1,058,990
On disposals	-	(80,355)	(80,355)
Charge for the year	143,129	32,305	175,434
At 31 August 2019	873,653	280,416	1,154,069
Net book value			
At 31 August 2019	7,294,479	41,391	7,335,870
At 31 August 2018	6,234,186	32,139	6,266,325

Leasehold property comprises three properties, two of which are held on licence to use and the other on a 125 year lease, two with Lincolnshire County Council and one with Lincoln Diocesan Board of Education.

15 Stocks	2019 £	2018 £
Uniform	1,525	2,151
16 Debtors	2019 £	2018 £
Trade debtors	4,029	650
VAT recoverable	16,876	3,522
Other debtors	33,642	8,792
Prepayments and accrued income	137,515	111,456
	192,062	124,420

ABBAY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

17	Creditors: amounts falling due within one year	2019	2018
		£	£
	Trade creditors	81,049	32,381
	Other taxation and social security	53,874	47,323
	Other creditors	65,139	56,907
	Accruals and deferred income	166,479	209,171
		<u>366,541</u>	<u>345,782</u>
18	Deferred income	2019	2018
		£	£
	Deferred income is included within:		
	Creditors due within one year	113,211	192,795
		<u>113,211</u>	<u>192,795</u>
	Deferred income at 1 September 2018	192,795	106,371
	Released from previous years	(192,795)	(106,371)
	Resources deferred in the year	113,211	192,795
		<u>113,211</u>	<u>192,795</u>
	Deferred income at 31 August 2019	113,211	192,795
		<u>113,211</u>	<u>192,795</u>

Deferred income relates to amounts paid in advance for the 2019/20 school year for kindergarten places, kids club places, school trip deposits and universal infant free school meals.

ABBEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

19 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	-	3,320,149	(3,360,506)	40,357	-
Other DfE / ESFA grants	33,280	545,303	(536,786)	-	41,797
Other government grants	-	170,951	(170,951)	-	-
Other restricted funds	-	162,176	(162,176)	-	-
Pension reserve	(588,000)	-	(212,000)	(518,000)	(1,318,000)
	<u>(554,720)</u>	<u>4,198,579</u>	<u>(4,442,419)</u>	<u>(477,643)</u>	<u>(1,276,203)</u>
Restricted fixed asset funds					
Inherited on conversion	3,347,225	1,016,000	(55,069)	-	4,308,156
DfE group capital grants	17,257	63,923	-	(67,094)	14,086
Capital expenditure from GAG	32,140	-	(7,005)	228,979	254,114
Private sector capital sponsorship	2,886,960	-	(113,360)	-	2,773,600
	<u>6,283,582</u>	<u>1,079,923</u>	<u>(175,434)</u>	<u>161,885</u>	<u>7,349,956</u>
Total restricted funds	<u>5,728,862</u>	<u>5,278,502</u>	<u>(4,617,853)</u>	<u>(315,758)</u>	<u>6,073,753</u>
Unrestricted funds					
General funds	162,109	57,150	(45,204)	(63,384)	110,671
School fund	39,519	134,708	(127,580)	-	46,647
Extension	138,858	-	-	(138,858)	-
Provision of childcare	40,319	472,177	(378,290)	-	134,206
	<u>380,805</u>	<u>664,035</u>	<u>(551,074)</u>	<u>(202,242)</u>	<u>291,524</u>
Total funds	<u>6,109,667</u>	<u>5,942,537</u>	<u>(5,168,927)</u>	<u>(518,000)</u>	<u>6,365,277</u>

ABBEY ACADEMIES TRUST

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

19 Funds

(Continued)

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

Restricted fixed asset funds

The devolved capital formula grant has to be spent on capital expenditure within 3 years of allocation.

The capital expenditure fund represents the net book value of fixed assets purchased.

The leasehold property represents the net book value of the leasehold property.

Restricted general funds

The restricted grant income in the year all relates to the provision of education for the children of the academy.

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

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.

Designated funds

The trustees designated £200,000 of funds donated to be spent on the development of the Kindergarten and nursery offering. At the beginning of the year £138,858 of this remained which has been fully spent during the year.

The school fund balances are designated by the trustees for use in a variety of different areas.

ABBEEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

19 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	2,639,217	(2,748,075)	108,858	-
Other DfE / ESFA grants	29,671	319,954	(316,345)	-	33,280
Other government grants	-	312,477	(312,477)	-	-
Other restricted funds	-	55,068	(55,068)	-	-
Pension reserve	(738,000)	-	(205,000)	355,000	(588,000)
	<u>(708,329)</u>	<u>3,326,716</u>	<u>(3,636,965)</u>	<u>463,858</u>	<u>(554,720)</u>
Restricted fixed asset funds					
Transfer on conversion	3,409,094	-	(61,869)	-	3,347,225
DfE group capital grants	-	17,257	-	-	17,257
Capital expenditure from GAG	78,876	-	(46,736)	-	32,140
Private sector capital sponsorship	2,949,720	-	(62,760)	-	2,886,960
	<u>6,437,690</u>	<u>17,257</u>	<u>(171,365)</u>	<u>-</u>	<u>6,283,582</u>
Total restricted funds	<u>5,729,361</u>	<u>3,343,973</u>	<u>(3,808,330)</u>	<u>463,858</u>	<u>5,728,862</u>
Unrestricted funds					
General funds	9,785	47,889	(36,707)	141,142	162,109
School fund	37,886	112,430	(110,797)	-	39,519
Extension	450,000	-	(61,142)	(250,000)	138,858
Provision of childcare	-	241,696	(201,377)	-	40,319
	<u>497,671</u>	<u>402,015</u>	<u>(410,023)</u>	<u>(108,858)</u>	<u>380,805</u>
Total funds	<u>6,227,032</u>	<u>3,745,988</u>	<u>(4,218,353)</u>	<u>355,000</u>	<u>6,109,667</u>

ABBEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

19 Funds

(Continued)

Total funds analysis by academy

	2019	2018
	£	£
Fund balances at 31 August 2019 were allocated as follows:		
Bourne Abbey Church of England Primary Academy (BAPA)	373,512	397,570
Bourne Elsea Park Church of England Primary Academy (BEPPA)	33,745	16,515
Colsterworth Church of England Primary School	(73,936)	-
	<u>333,321</u>	<u>414,085</u>
Total before fixed assets fund and pension reserve	333,321	414,085
Restricted fixed asset fund	7,349,956	6,283,582
Pension reserve	(1,318,000)	(588,000)
	<u>6,365,277</u>	<u>6,109,667</u>
Total funds	<u><u>6,365,277</u></u>	<u><u>6,109,667</u></u>

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£	£	£	£	£	£
Bourne Abbey Church of England Primary Academy (BAPA)	1,899,866	500,799	73,595	631,353	3,105,613	3,107,417
Bourne Elsea Park Church of England Primary Academy (BEPPA)	659,852	107,369	20,490	153,934	941,645	939,571
Colsterworth Church of England Primary School	524,250	139,611	20,066	262,308	946,235	-
	<u>3,083,968</u>	<u>747,779</u>	<u>114,151</u>	<u>1,047,595</u>	<u>4,993,493</u>	<u>4,046,988</u>
	<u><u>3,083,968</u></u>	<u><u>747,779</u></u>	<u><u>114,151</u></u>	<u><u>1,047,595</u></u>	<u><u>4,993,493</u></u>	<u><u>4,046,988</u></u>

ABBEY ACADEMIES TRUST

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

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	7,335,870	7,335,870
Current assets	324,333	336,854	52,761	713,948
Creditors falling due within one year	(32,809)	(295,057)	(38,675)	(366,541)
Defined benefit pension liability	-	(1,318,000)	-	(1,318,000)
Total net assets	291,524	(1,276,203)	7,349,956	6,365,277
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	6,266,325	6,266,325
Current assets	418,464	341,403	17,257	777,124
Creditors falling due within one year	(37,659)	(308,123)	-	(345,782)
Defined benefit pension liability	-	(588,000)	-	(588,000)
Total net assets	380,805	(554,720)	6,283,582	6,109,667

21 Pension and similar obligations

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

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

Contributions amounting to £55,776 (2018 - £45,680) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

ABBEY ACADEMIES TRUST

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

21 Pension and similar obligations

(Continued)

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

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

The pension costs paid to the TPS in the period amounted to £260,124 (2018 - £227,632).

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 trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19% for employers and 5.5 to 6.8% for employees.

ABBEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Pension and similar obligations

(Continued)

As described in note 25 the LGPS obligation relates to the employees of the trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the trust at the balance sheet date.

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.

Total contributions made	2019	2018
	£	£
Employer's contributions	195,000	157,000
Employees' contributions	58,000	47,000
	<u> </u>	<u> </u>
Total contributions	253,000	204,000
	<u> </u>	<u> </u>

Principal actuarial assumptions	2019	2018
	%	%
Rate of increase in salaries	2.7	2.3
Rate of increase for pensions in payment/inflation	2.3	2.7
Discount rate for scheme liabilities	1.9	2.8
	<u> </u>	<u> </u>

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

	2019	2018
	Years	Years
Retiring today		
- Males	21.2	22.1
- Females	23.5	24.4
Retiring in 20 years		
- Males	22.5	24.1
- Females	25.2	26.6
	<u> </u>	<u> </u>

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019	2018
0.5% decrease in Real Discount Rate	497,000	336,000
0.5% increase in the Salary Increase Rate	61,000	52,000
0.5% increase in the Pension Increase Rate	427,000	281,000
	<u> </u>	<u> </u>

ABBEEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

21 Pension and similar obligations

(Continued)

The trust's share of the assets in the scheme

	2019	2018
	Fair value	Fair value
	£	£
Equities	1,614,760	1,348,310
Bonds	353,920	277,050
Property	221,200	203,170
Other assets	22,120	18,470
Total market value of assets	2,212,000	1,847,000

The actual return on scheme assets was £120,000 (2018: £128,000).

Amount recognised in the Statement of Financial Activities

	2019	2018
	£	£
Current service cost	369,000	342,000
Past service cost	19,000	-
Interest income	(55,000)	(41,000)
Interest cost	74,000	61,000
Total operating charge	407,000	362,000

Changes in the present value of defined benefit obligations

	2019	2018
	£	£
At 1 September 2018	2,435,000	2,264,000
Current service cost	369,000	342,000
Interest cost	74,000	61,000
Employee contributions	58,000	47,000
Actuarial loss/(gain)	583,000	(268,000)
Benefits paid	(8,000)	(11,000)
Past service cost	19,000	-
At 31 August 2019	3,530,000	2,435,000

ABBEEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

21 Pension and similar obligations

(Continued)

Changes in the fair value of the trust's share of scheme assets

	2019	2018
	£	£
At 1 September 2018	1,847,000	1,526,000
Interest income	55,000	41,000
Actuarial gain	65,000	87,000
Employer contributions	195,000	157,000
Employee contributions	58,000	47,000
Benefits paid	(8,000)	(11,000)
	<u>2,212,000</u>	<u>1,847,000</u>
At 31 August 2019	<u>2,212,000</u>	<u>1,847,000</u>

22 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019	2018
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	773,610	(472,365)
Adjusted for:		
Net surplus on conversion to academy	(1,103,358)	-
Capital grants from DfE and other capital income	(63,923)	(17,257)
Investment income receivable	(1,300)	(266)
Defined benefit pension costs less contributions payable	193,000	185,000
Defined benefit pension scheme finance cost	19,000	20,000
Depreciation of tangible fixed assets	175,434	171,365
Decrease in stocks	626	2,446
(Increase)/decrease in debtors	(67,642)	9,251
Increase in creditors	20,759	11,581
	<u>(53,794)</u>	<u>(90,245)</u>
Net cash used in operating activities	<u>(53,794)</u>	<u>(90,245)</u>

ABBEY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Related party transactions

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

During the year £nil (2018 - £2,500) was paid to Duncan A Pickering in relation to professional services. D Pickering, a trustee has an interest in this business.

The Bourne Educational Foundation, in which some of the trustees are governors at the school, has donated £5,534 during the year.

Some of the governors have children who are pupils at the academy, consequently there will be transactions between those governors and the academy in respect of their children's education. These are on the same basis as other pupils at the academy.

24 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

25 Conversion to an academy

On 1 September 2018 the Colsterworth Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Abbey Academies Trust from the Lincolnshire Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

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

Academy	Location	Date of conversion
Colsterworth Church of England Primary School	Colsterworth	1 September 2018
Net assets transferred:		2019 £
Other tangible fixed assets		1,016,000
Cash		87,358
		<u>1,103,358</u>

ABBAY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

25 Conversion to an academy

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2019 £
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	1,016,000	1,016,000
LA budget funds	4,427	82,931	-	87,358
	<u>4,427</u>	<u>82,931</u>	<u>1,016,000</u>	<u>1,103,358</u>