



Faringdon Academy of Schools

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2019

**Company Registration Number:
07977368 (England and Wales)**

Period of account: 1 September 2018 – 31 August 2019

Faringdon Academy of Schools

Contents

Item	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	21
Statement on Regularity, Propriety and Compliance	28
Statement of Trustees' Responsibilities	29
Independent Auditor's Report on the Financial Statements	30
Independent Reporting Accountant's Assurance Report on Regularity	33
Statement of Financial Activities incorporating Income & Expenditure Account	35
Balance Sheet	36
Statement of Cash Flows	37
Notes to the Financial Statements, incorporating:	38
Statement of Accounting Policies	
Other Notes to the Financial Statements	

Faringdon Academy of Schools
Reference and Administrative Details

Members

Bob Wintringham
Liz Holmes as Chair of Trustees
Anthony Cook (resigned 12th June 2019)
Oxford Diocese Board of Education
David Wilson (appointed 17th July 2019)

Trustees

Duncan Millard (CEO 1st September 2018)
Liz Holmes (Chair)
Christine Price-Smith
Rachel Kenyon
Jeremy Twynam*
Ian Wright*
Paul Turner (co-opted Director)
Paul Turner (from 19th September 2019)
Anthony Cook*
Paul Walker (from 8th November 2018)
Helen Turner (co-opted Director from 2nd September 2019)
Mark Greenwood* (from 1st September 2019)
Louise Warren (resigned 20th October 2019)
Bob Wintringham (resigned 31st August 2019)

* members of the Academy Resources
Committee as of 28th November 2019

Company Secretary

Siobhan Vinall

Faringdon Academy of Schools

Reference and Administrative Details (continued)

Senior Management Team

Chief Executive Officer	Duncan Millard (from 1 st September 2018)
Chief Operations Officer	Anne Lynn (from 1 st August 2018)
Director of School Improvement	Louise Warren (from 1 st September 2018)
Trustee	Rachel Kenyon

Headteachers within the Trust

Head of Buckland CoE Primary	Louise Warren
Head of Faringdon Community College	Colin Proffitt
Head of Faringdon Infant School	Sally Robins
Head of Faringdon Junior School	Sharon Farrell
Head of John Blandy Primary	Clare Sylvester (0.6FTE)
	Sarah Thompson
Head of Longcot & Fernham CoE Primary	Clare Mellor
Head of Shrivenham CoE Primary	Judith Scutt
Head of Watchfield Primary	John Quinn

Company Name Faringdon Academy of Schools

Principal and Registered Office Fernham Road
Faringdon
Oxon
SN7 7LB

Company Registration Number 07977368 (England and Wales)

Independent Auditor Critchleys Audit LLP
Beaver House
23-38 Hythe Bridge Street
Oxford
OX1 2EP

Bankers Lloyds Bank Plc
The Brunel Centre,
82 Regent Street
Swindon
SN1 1JZ

Solicitors Stone King LLP
13 Queen Square
Bath, BA 2HJ

Faringdon Academy of Schools

Trustees' Report

The trustees present their annual report together with the financial statements 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.

The multi-academy trust operates 8 primary/secondary academies in Oxfordshire.

Academy School	Capacity as listed in Funding Agreement	Pupils on Roll (Oct 18 census)
Faringdon Community College	1375 (including 175 6 th form)	1230 (1073 Y7-Y11 + 157 6 th form)
Faringdon Infant School	242 (216 3-7yrs and 26 nursery)	242 + 18 nursery
Faringdon Junior School	250	339
Buckland VC Church of England Primary School	115 (105 4-11yrs and 10 nursery)	107 + 10 nursery
John Blandy Primary School	315 (stayed at 210 for 2019 – 2020 as new building was not in place)	201
Longcot & Fernham VC Church of England Primary School	119	130
Shrivenham VC Church of England Primary School	210	182
Watchfield Primary School	446 (420 3-11yrs and 26 nursery)	339 + 23 nursery
Total	3072	2770 + 51 (FTE) nursery

Structure, Governance and Management

Constitution

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

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

There were no provisions required for third party indemnity. In accordance with normal commercial practice, the academy trust purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business.

Faringdon Academy of Schools

Trustees' Report (continued)

Method of Recruitment and Appointment or Election of Trustees

During this reporting period, the board of trustees retained a structure of 12 appointments comprising:

- 3 – Trustees appointed by the Oxfordshire Diocese Board of Education.
- 8 – Trustees appointed by Members.
- 1 – CEO; ex-officio
- 1 – Co-opted Director.

Members may appoint up to 8 trustees, but the total number of trustees who are employees of the academy trust (including the Chief Executive Officer) must not exceed one third of the total number of trustees.

The trustees may appoint up to two co-opted Directors. A 'co-opted Director' means a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed. The trustees may not co-opt an employee of the company as a co-opted trustee if the number of trustees who are employed by the company (including the CEO) would thereby exceed one third of the total number of trustees.

Trustees are appointed in accordance with the revised Articles of Association¹ which became applicable on conversion. When a new trustee is required the following process is followed:

- **Diocese appointed trustee** – the academy will liaise with the Oxfordshire Diocese Board of Education to seek suitable nominations. Whilst it remains a Diocese responsibility to appoint, in practice, this process will be collaborative to ensure that the new appointee has the appropriate skills and experience to discharge his/her responsibilities.
- **Academy appointed trustee** – in the first instance, the Academy will advertise via the news letters of all 8 schools and through the 8 academy local governing bodies. Additionally, the academy will approach Academy Ambassadors if we require a replacement trustee with specific professional skills that we are unable to recruit from the community.

As a vacancy becomes available, the trustees review existing experience and thereafter seek to recruit a new appointee with the appropriate competency for the role. Through the Academy Ambassadors programme the Members successfully appointed a new trustee this year.

Policies and Procedures Adopted for the Induction and Training of Trustees

Faringdon Academy of Schools continues to develop its in house Governor Services offer which has been developed to meet the needs of our multi academy trust. Recognition of the expertise and experience within the trust's executive leadership and across our governance structure has enabled us to strengthen our governance support and development offer. To ensure we retain an outward looking perspective the trust has continued to embrace and signpost external training opportunities which underpin or strengthen our internal offer. We have continued to invest in the development of good governance across the trust through an induction programme for trustees, chairs of local boards and school governors. The role of the Trust's Academy Secretary has continued to evolve to reflect changing needs across the trust. To ensure that the Trust remains current, we continue to procure membership of the National Governance Association which enables all trustees and all local governing bodies' access to independent advice on all aspects of multi-academy trust governance. All Chairs and Clerks have access to The Key for School Governors which we continue to subscribe to.

The provision of an in-house clerking service for all of the Local Governing Bodies and Academy committees has provided the trust with the means to deliver a more consistent level of provision. All clerks are line-managed by the Academy Secretary and this helps ensure that we can deliver a coherent approach to governance, thereby ensuring effective discharging of delegated functions as well as an improved means of standardising and aligning policies and procedures where appropriate.

The Academy Secretary completed the ISBL Professional Clerking Programme in November 2018.

New Trustee Resources and Checklist is used for all new Trustees joining the board, and is completed in conjunction with the Chair of Trustees.

¹ <http://www.faringdon.academy/articles-of-association/>

Faringdon Academy of Schools

Trustees' Report (continued)

The Academy Secretary holds the master record of Company policies, acts as Clerk to the Trustees and maintains the Trust Scheme of Delegation. Our approach to governance continues to be recognised as initiative. In 18/19 it resulted in the Trust producing a case study for the National Governance Association and presenting at national conferences.

Organisational Structure

The trust has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

The Board of Trustees

The Board of Trustees has overall responsibility for the administration of the academy's finances. The main responsibilities of the Board of Trustees are prescribed in the Master Funding Agreement and respective Supplemental Funding Agreements between the academy and the DfE and in the academy's Scheme of Delegation. The main responsibilities include:

- Ensuring that the grant from the DfE is used only for the purposes intended.
- Approval of the annual budget for each school.
- Appointment of the Accounting Officer.
- Appointment of the Finance Director, in conjunction with the Accounting Officer.

The Board of Trustees has wide discretion over its use of the academy's funds, and is ultimately responsible for the proper stewardship of those funds and for ensuring **economy, efficiency and effectiveness** in their use – the three key elements of value for money. It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance on accountability or propriety.

The Faringdon Academy of Schools Resources Committee

The Trust Resources Committee is a committee of the Board of Trustees. The Committee meets at least once per term, but more frequent meetings are arranged as necessary. The main responsibilities of the Resources Committee are detailed in written terms of reference which have been authorised by the Board of Trustees and they include:

- Providing guidance and direction for the annual budget process.
- Agreeing a mechanism for accounting for central trust services and setting the annual contribution from each school.
- The review and authorisation of the annual budget of each school and any subsequent revised budgets submitted in January of each school year.
- The regular monitoring of actual expenditure and income against budget.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies.
- Authorising the award of contracts and leases over £25,000 per year.
- Authorising changes to the central academy personnel establishment.
- Reviewing the reports of the Audit Committee on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Trustees meeting.

During this reporting period, the Resources Committee evaluated the mechanisms established last year to monitor application of Pay Policy across the Academy to provide pay committees with additional guidance around reporting expectations. The Committee is directly supported by the finance lead from each local governing body. Local Governing Bodies are responsible for their delegated budgets and, supported by the trust central finance team, they conduct regular monitoring of actual expenditure and income against school budgets. The Chair of the Resources Committee once again chaired a meeting of the Finance Leads and Headteacher's to set out clear expectations around the annual budget setting process.

Following the retirement of the Trust's Executive Headteacher at the end of last financial year it was determined leadership of the trust going forward would be more appropriately provided for by the appointment of a full time Chief Executive Office. This appointment during the course of the year moved from an interim appointment to a permanent appointment.

Faringdon Academy of Schools

Trustees' Report (continued)

The Chief Executive Office – Accounting Officer

Faringdon Academy of Schools Chief Executive Office is the appointed Academy Accounting Officer and has overall personal responsibility for:

- Probity and regularity compliance.
- Prudent and economical academy administration.
- Keeping of proper academy accounts.
- Ensuring value for money and avoiding waste and extravagance across the whole academy.
- Efficient and effective use of available academy resources.

Much of the responsibility is delegated to the Trust Chief Operations Officer to manage on a day-to-day basis.

To secure effective reflection and evaluation of the trust and to enable the appropriate development of the trusts school improvement offer the CEO has worked on the development of a trust-based self-evaluation. With the Trust's Director of Education, the school improvement offer available to our schools has also been revised to respond to the evolving and changing needs of the schools within the trust.

To preserve an outward view of the ever-changing educational picture and secure benchmarking and learning opportunities our Chief Executive Officer a qualified Ofsted Inspector continues to provide school improvement support to schools in the region as does our Director of Education who is a National Leader in Education.

The Chief Executive Officer with the Chair of the Board spearheaded a full review of the strategic vision for the trust to determine the key areas of development for our multi academy trust over the next 5 years.

Additionally, within a framework that comprises the academy vision, strategic objectives and academy school improvement plan, approved by the Board of Trustees, each Head Teacher has responsibility for their individual School Development Plans including the setting of their school's individual budget and financial activities. Individual school budgets are approved by their respective Local Governing Body and submitted to the Board of Trustees, via the Trust Resources Committee for approval annually or as required.

The Chief Operations Officer (COO)

The COO works in close collaboration with the Accounting Officer through whom they are responsible to the Board of Trustees. The COO also has direct access to the Board of Trustees, the Trust Resources Committee and the Trust Audit Committee. The main responsibilities of the COO are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system.
- The management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees.
- The maintenance of effective systems of internal control.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy.
- The preparation of monthly management accounts.
- Ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

Other Staff

Other members of staff, primarily, the Trust Finance Manager, Finance Officers, Finance Assistants and budget holders at each school, will have some financial responsibilities and these are detailed in the Faringdon Academy of Schools Financial Regulations Manual (reviewed annually). All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

Arrangements for setting pay and remuneration of key management personnel

Faringdon Academy of Schools agreed under TUPE to continue to operate within the School Teachers Terms and Conditions of Employment document and the terms and conditions of employment as set out in the National Joint Council for Local Government Services. Accordingly all positions within trust are set within the groups relevant to the size of an individual establishment, the size of the trust as a whole or in the case of non-teaching posts to reflect the level and range of responsibilities a post holder is expected to discharge.

When a post is established the grade and relevant salary ranges which will be applied is determined in accordance with those documents and as and when required are referred for evaluation to the Oxfordshire County Council Job Evaluation Moderation Panel.

The appointment process for the Chief Executive Officer, Director of Education and Chief Operations Officer all adhered to the principles the trust has established. To enable a comprehensive review of Executive Leadership of the trust initially all appointments to these roles were made on an interim basis. A wide range of trust leadership structures were looked alongside a salary benchmarking exercise of similar posts within the education sector prior to approval of the new structure being given by the board.

The trust continues to utilize a review period to validate the continued requirements for a post and re set the salary range for the post before post are advertised. Responsibility for this is split between the trust board and local governing bodies

The Academy Resources Committee hold the delegated responsibility for reviewing and authorising the salary range which can be offered for most senior appointments across the trust and recommend salary ranges for the approval by the board in the case of all executive leadership positions and Headteacher and Deputy Headteacher positions within our schools. It is through this committee's oversight that the Trust ensures consistency of practice and prevention of salary creep.

As per the trust's pay policy all staff are subject to an annual performance management review based on the trusts appraisal policies, for teachers this links salary progression to performance.

The trust's board through its directors and the Chief Executive Officer take an active role in the recruitment of all senior posts and the annual appraisal of all senior post holders. The outcome of all senior appointments and the annual appraisal process is reported to the Academy Resources Committee and when appropriate to the board.

Faringdon Academy of Schools
Trustees' Report (continued)

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	0
Provide the percentage of the total pay bill spent on facility time	0

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0
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Related Parties and other Connected Charities and Organisations

The Academy Trust is not part of a wider network such as a soft federation. For further details of related parties and transactions during the year, see notes 11 and 28 of the financial statements.

Objectives and Activities

Objects and Aims - taken from the Objects as described in the Articles of Association:

- (a) *to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:*
 - i. *Academies other than those designated Church of England, whether with or without a designated religious character; and*
 - ii. *Church of England Academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any reasonable directives issued by the Diocesan Board of Education,*

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England; and

- (b) *as ancillary to (a), and with the written agreement of the Trustees in respect of Academies falling under (a)(ii), to promote for the benefit of the inhabitants of the areas served by the Academies the provision of services for other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.*

Faringdon Academy of Schools Vision statement approved by the Board of Trustees:

Our Trust will create a seamless experience for our pupils across all key stages to develop responsible, capable and confident young people who are active citizens of the 21st century. We will achieve outstanding progression and maximise pupil achievement through a focus on teaching and learning and the provision of a balanced and motivating curriculum enriched by a wide range of extra-curricular opportunities. We will enable the Trust to develop and grow in such a way as to ensure the sustainability of the Trust as a whole and by adding value to each partner school so that the sum is always greater than the individual parts. Our ambition is for our Trust to be recognised by our staff, parents and local communities as a provider of educational excellence within a safe, creative and ethical environment reinforced through a vibrant community dimension.

Faringdon Academy of Schools
Trustees' Report (continued)

Objectives, Strategies and Activities

The Trust's Strategic plan for 2018-19 was:

Core Values	Learners first	Support, challenge and collaborate	Nurture and develop our people	Strengthen and grow
Key performance Indicator and outcome	<p>All schools to achieve at least above average progress scores</p> <p>Progress for the secondary school showed improvement for Key Stage 4 and A level. Progress at Key Stage 4 was close to above average. Progress in the primary schools varied according to subject, but the majority of schools had average progress in many subjects.</p>	<p>Knowledge and skills progression summary to be created for English, Maths, Science, History, Computing and MFL.</p> <p>End of Y6 milestones in every subject were created involving both secondary and primary staff. These are being used to support year 6 to year 7 curriculum transition.</p>	<p>Develop and implement a Trust training centre.</p> <p>Established and a range of training courses have been delivered to a cross section of staff.</p>	<p>To have at least one more secondary school within the Trust and provide the opportunity to partnership schools to join the Trust by 2019/20.</p> <p>The Trust is now working very closely with a secondary school with a view that this could lead to the school joining the Trust.</p> <p>Review the 'Master plan' and develop a 'Growing Schools plan'.</p> <p>This has been reviewed and a Trust Strategic Estates Report has been created and this will be updated annually.</p>
Key strands	Supporting and nurturing students	Teaching and learning collaboration and innovation	Recruiting, developing, retaining and deploying the best staff	Trust and school growth strategy
	A rich curriculum, which is broad and balanced, and provides seamless progress across key stages	Leadership and governance with vision and value	Develop Apprenticeships and Initial Teacher Training	PR and Communication strategy
	Defined and effective Teaching and learning pedagogy.	Healthy resources	Creation of a Trust Training Centre	External collaboration and engagement
	Improving progress and achievement standards	A collaborative school improvement culture	Developing a school and Trust culture with high expectations for all	ICT and communication strategy

Faringdon Academy of Schools

Trustees' Report (continued)

Committee Monitoring	Performance and Standards	Performance and Standards	Resources	<ol style="list-style-type: none"> 1. New Board WP 2. Safety and Facilities
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Public Benefit

The trustees of Faringdon Academy of Schools confirm that they have complied with their duty in Section 17(5) of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Faringdon Academy of Schools comprises a mixed comprehensive secondary school with a successful 6th Form, a Junior School and an Infant School, 3 Church of England Primary Schools and 2 Primary Schools. Together they offer an excellent educational environment for over 2600 pupils. Our successes are built upon the efforts of a highly qualified, hard-working and enthusiastic staff, well-motivated pupils, very supportive parents and a highly committed Academy Board with a strong connection with the local community. All of our schools have high quality pastoral care systems.

Faringdon Academy of Schools has excellent links with other Oxfordshire Academies, the Defence Academy, and so many more groups in our community. This ensures that we continue to generate better educational programmes for all young people, as well as improving our transitional activities for students who will be coming to Faringdon Community College.

We value highly all contact with parents since we see a successful education being a partnership between parents, students and the school. By working together, we are able to meet our aim of ensuring that all who attend our Academy Schools will find it challenging, stimulating, caring and a happy place to be.

Enabled by our close partnership and community connections, all pupils within member schools are able to participate in a wide variety of sports, clubs, trips and activities. The Academy continues to host a Saturday School, held at the Community College to utilise the outstanding facilities and this is accessible by all pupils at our academy schools. Saturday School offers diverse activities from technology clubs, web design, drama, cooking, music, art and first aid workshops. This initiative is funded via a small grant from central academy funds and contributions from those attending.

Equal Opportunities and Employee Consultation

FAoS prides itself on being an equal opportunities employer and is committed to providing equality and social inclusion for all. The trust operates a policy whose aim is to ensure that unlawful or otherwise unjustifiable discrimination does not take place in any aspect of our operations, especially in the recruitment, training, career development and promotion opportunities for all staff.

The trust engages through various mediums with all its staff throughout the year through regular bulletins, briefings, workshops and training. On a more formal basis, the Trust has not diverged from the core employment terms or conditions agreed with recognised unions for all schools in Oxfordshire and continues to engage with employees through those union channels wherever needed and appropriate as part of the wider Oxfordshire schools' community which includes both other academy and local authority maintained schools in the county.

Strategic Report

Achievements and Performance

Performance and Key Performance Indicators relate to specific Strategic Priorities which are detailed in the Objectives, Strategies and Activities section.

Faringdon Academy of Schools' primary output is the delivery of outstanding education to all pupils in our Academy schools. The following information and data summarises the achievement and performance for each academy school from an educational perspective.

Faringdon Community College

Ofsted rating: Good Feb 2019

Key Stage 4: GCSE Results 2019 (unvalidated data with figures in brackets including re-marks)

- Progress 8: +0.2 (+0.24) shows significant improvement from last year.
- Progress 8 FSM6 - 0.54 (-0.4) broadly in line with last year.
- Attainment 8: 51.9 (52.5) (rank top 30% of schools) for the second year running.
- Percentage achieving English and Maths (grade 4+) 70% (71%)
- Percentage achieving English and Maths (grade 5+) 51% (52%)
- Percentage of entries achieving 5 grade 9-7 (including A*/A) 27%.
- Percentage of entries achieving 5 grade 9-4 (including A*/C) 71%
- Ebacc: 26%.

Summary: A pleasing year for the school who performed well above national standards and significantly increased their progress score again. The challenge for the school continues to be to improve the progress made by disadvantaged pupils.

A Level 2019

- Percentage passes at A*/A 27%.
- Percentage passes at A*/B 51%.
- Percentage passes at A*/E 99.6%.
- % of Russell Group out of those going to university 47%
- % of students who went to university = 68%

Primary School Summary

End of Key Stage Performance 2018-19 - Please note, all EY, KS1 and Writing scores are teacher assessments. The remainder of the KS2 scores are test outcomes as are the phonics screening scores.

Faringdon Academy of Schools
Trustees' Report (continued)

Key Performance Indicators

School & Ofsted rating		Attainment (% reaching the expected standard or above)				Progress +/- score (Value added score from KS1-2 from Raise)			Phonics Y1 %	EY % GLD
		Reading	Writing	SPAG	Maths	Reading	Writing	Maths		
FJS	KS2	61%	77%	77%	81%	-1.8	-0.1	0.1		
(Good March 2018)	Commentary: Low reading score was not expected. Maths was above national and in line with target. GPS was higher than national at high standard. School experienced significant building issues and Y6 were taught in temporary classrooms. This is now being resolved with OCC. Secure plans in place to address reading progress and standards. New tracking and data system will help Infant – Junior school transition and improved communication between Y2 and 3 teachers so that KS1 data is agreed.									
Buckland (Outstanding Nov 2016)	KS2	100%	100%	94%	94%	0.1	1.6	0.3		
	KS1	93%	86%		100%				94%	87%
	Commentary: One remark has brought reading at expected up to 100%. Reading at a high standard was below target and is an area of focus for the school. Head is Director of Education for the FAoS 2 days a week.									
Shrivenham (Good Jan 2017)	KS2	93%	93%	93%	96%	-0.2	-1.5	-0.4		
	KS1	88%	71%		63%				80%	70%
	Commentary: Pleasing results again at high standard in KS1 and KS2 which has been a challenge for the school. School are managing high KS1 results from previous years and progress remains an issue. A strong teaching team is now in place across the school so even progress should result.									
John Blandy (Good Nov 2016)	KS2	79%	83%	79%	86%	0.2	0.4	-0.2		
	KS1	80%	73%		80%				79%	69%
	Commentary: Very pleasing greater depth results in KS2 as a result of challenging teaching again. Y2 have made good progress from their starting points. EYFS teacher returned to work and some discussion over amount of evidence for EYFS GLD which resulted in lower than target outcome.									
Longcot & Fernham (Outstanding 2009)	KS2	93%	93%	93%	100%	-0.2	-0.3	-0.1		
	KS1	100%	89%		100%				100%	80%
	Commentary: Progress scores down on last year as not such a high performing cohort. Lots of input to achieve expected standard. Excellent phonics result.									

Faringdon Academy of Schools
Trustees' Report (continued)

School & Ofsted rating		Attainment (% reaching the expected standard or above)				Progress +/- score (Value added score from KS1-2 from Raise)			Phonics Y1 %	EY % GLD
		Reading	Writing	SPAG	Maths	Reading	Writing	Maths		
Watchfield (Good Oct 2016)	KS2	80%	84%	64%	88%	-0.1	-1.6	0.1		
	KS1	72%	65%		72%				47%	72%
	Commentary: 15 of the 29 children in the cohort actually had KS1 data. Of those 15, only 10 were at Watchfield in Y2. Of those 10, 7 made at least expected progress or better. High proportion of EAL pupils as this school partly serves an international military community. Phonics an issue and Academy Improvement team are supporting with the introduction of Read Write Inc in Sept 2020. Rapid Improvement Plan in place.									
FIS (Good Feb 2018)	KS1	78%	68%		74%				76%	70%
	Commentary: GLD is close to national and has been maintained which is pleasing following significant increases over the last 4 years. Phonics lower than target as the school took in new pupils just prior to screening. Head to support colleague at Watchfield (above). Staffing strong and leadership capacity much improved.									

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The Trust's financial position remains a key concern for trustees and it is still articulated as the trust's top risk. Whilst costs continue to grow, in particular both support and teaching staff costs, some relief has been received in the form of grants to cover increases in teachers' pay and pension costs the long term funding issue remains uncertain.

Trustees remain concerned that the introduction of the National Funding Formula from September 2018 will not have a significant impact on the financial position of the Trust. The base level funding does not provide the necessary uplift to meet our rising staff costs, with very little staff movement over the trust, the trust has an experienced and more costly workforce. In addition as a Trust experiencing continued growth in pupil numbers, the time lag in funding for these pupils when combined with current funding levels will have a negative impact on the overall quality of our outputs in the coming years.

The completion of a successful Condition Improvement Fund bid for Shrivenham Primary School's roof saw the completion of the £249K capital funding project. The Trust was unsuccessful during the 18/19 bidding round but will resubmit bids for replacement of temporary classrooms and a roofing project at Faringdon Community College, a roofing project at John Blandy Primary and windows for Buckland at a total cost of £2.270M. The trust continues to work with Oxfordshire County Council to remedy the issues surrounding the 4-classroom block at Faringdon Junior School.

Faringdon Academy of Schools

Trustees' Report (continued)

The total fund balances of the Academy at 31st August 2019, as detailed in note 17 to the financial statements, amounted to £18.78M. Excluding the fixed asset fund and intangible fixed asset fund (representing the net book value of fixed assets and intangible fixed assets) of £23.45M and the pension fund of -£6.21M, revenue and capital reserves amounted to £1.54M and are summarised as follows:

Analysis of academies by fund balance

Fund balances at 31 August were allocated as follows:

	2019	2018
	£'000	£'000
Revenue reserves		
Faringdon Community College	551	445
Faringdon Junior School	189	185
Faringdon Infant School	149	127
Buckland CofE Primary School	187	148
John Blandy Primary School	(126)	(108)
Longcot and Fernham CofE Primary School	135	121
Shrivenham CofE Controlled School	19	42
Watchfield Primary School	183	153
Faringdon Junior School – Block B	-	(121)
Central services - main funds	117	148
Total before fixed assets and pension reserve	1,404	1,140
Unspent capital funds	131	242
Intangible Fixed asset fund (representing net book value of intangible assets)	2	3
Fixed asset fund (representing net book value of fixed assets)	23,449	24,491
Pension reserve	(6,211)	(3,853)
Total funds	18,775	22,023

Faringdon Academy of Schools

Trustees' Report (continued)

Reserves Policy

Despite growing financial pressure on revenue funding, the Trust has retained a credible reserve position made up of individual school reserves and an element of central reserve that has accrued since expansion in November 2013.

The Academy Resources Committee completed an in depth review of Academy reserves in 2015 in order to develop a Reserves Policy which is designed to assist in the Trust's strategic planning by considering how new projects or activities will be funded, it is also used to inform budget planning and risk management by identifying uncertainty around income streams. This work was further informed by guidance from the ESFA regarding multi-academy trust reserves and clear indication that there is an expectation that Trustees are expected to pool reserves to use them where required. As a minimum, the Trust seeks to maintain a revenue reserve balance equivalent to at least one-month's salary for the entire trust.

This leads to the conclusion that an individual academy school surplus reserve may not be wholly available to that school at a given time. To ensure that the academy has an accurate understanding of reserves, the Chief Operations Officer maintains a detailed 5-year plan which shows the position for each school and the overall position for the academy. We have developed some assumptions, approved by the Academy Resources Committee, to ensure that the academy trust retains a sufficient reserve to support its outputs. The plan enables individual academy schools to propose expenditure against their surplus balances to deliver school improvement plans, however it acknowledges that Trustees may be required to prioritise expenditure to ensure the academy always retains a sufficient reserve.

Over the next 3-years, our planning identifies that due to rising staff costs and reducing funding levels, the Trust reserves are due to drop from £1.267M (AY1718) to £0.636M by AY2122.

On 31 August 2019 the Academy held the following Reserves (excluding Fixed Asset Fund which represents Net Book Value and Pension Deficit):

	£000
Unrestricted General Funds	842
Restricted Capital Funds	131
Restricted General Funds	<u>562</u>
Reserves at 31 August 2019	<u>1,535</u>

Hymans Robertson were instructed by Oxfordshire County Council, the Administering Authority to the Oxfordshire County Council Pension Fund, to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (LGPS) to employees of Faringdon Academy of Schools as at 31st August 2019. The LGPS is a defined benefit statutory scheme administered in accordance with LGPS Regulations. As in previous reports, we have stated that the LGPS deficit is likely to be met in the longer term from any combination of increased employer or employee contributions, increased government funding or change to scheme benefits.

In AY1516 our FRS102 report highlighted an increase in the deficit from £2.885M in August 2015 to £5.219M in August 2016, the deficit reduced to £3.853M in August 2018 however simply as a result of a change to financial assumptions the deficit has again rose to £6.211M in August 2019. Trustees remain concerned about the size of the deficit and the long term implications that this might have on the Trust. We will continue to monitor this position closely during future periods.

The restricted funds will be spent in accordance with the terms of the particular funds.

Faringdon Academy of Schools

Trustees' Report (continued)

Investment Policy

Investments will be made only in accordance with written procedures approved by the Board of Trustees. At present, all funds held by the Academy as at the 31 August 2019 were in an interest bearing account with Lloyds Banking Group. The Academy Resources Committee has continued to debate options to invest money and the COO has had further discussions with our relationship manager at Lloyds Bank. As in recent years, given the lack of certainty of future grant funding, enduring pressure on individual school budgets, the scale of new capital projects due to be delivered in the next 2-3 years and the scope of the forward maintenance plan, it is considered that we do not have sufficient funds to lock into an investment policy at this time. This position will continue to be reviewed by Trustees again during AY1920.

Principal Risks and Uncertainties

The trustees conducted a full review of the strategic risk management policy and the risk register during the Autumn Term. The revised plan was approved and reissued to trustees in October 2018. The risk register is a standing agenda item on the Academy Resources Committee meeting and all major risks are discussed at Board meetings. At an operational level, the internal control systems and the exposure to risks are considered on a regular basis by the CEO and the Academy Leadership Team.

The Academy Strategic Plan outlines the academies operating procedures together with our means of identifying, analysing, managing, implementing strategies and reviewing risks. The Board of Trustees has made a considered choice about its desired risk profile, taking account of its legal obligations, its strategic objectives and public expectations of what it should deliver.

The Board of Trustees define risk as:

The probability and implications of an activity or event of potentially positive or negative consequences taking place.

This definition of risk enables an approach that allows for the possibility of identifying and exploiting opportunities as well as identifying and mitigating threats. The Faringdon Academy of Schools Risk Management strategy comprises 4 steps:

- **Step 1 – Risk Identification** - In simple terms, risk identification aims to recognise what could go wrong, and how. It begins with the annual review of strategic objectives and the subsequent work conducted by the 4 Academy sub-committees (Resources, Safety & Facilities Management, Performance & Standards and PR & Community). However, all Trustees, Head Teachers and members of Academy Leadership Teams are responsible for highlighting any key risks that they identify. Strategic risks should be passed to the COO to collate in the Academy Risk Register for further analysis.
- **Step 2 – Risk Analysis** – Risk analysis seeks to understand the likelihood of the activity or event occurring, the potential severity of the outcome, and to ascertain who owns each risk. The Academy has developed a risk matrix, showing likelihood versus impact, to determine the risk of any single event occurring.
- **Step 3 – Risk Management** - Having identified and assessed the likely risks, the Board of Trustees, Academy sub-committees and/or Academy Leadership Team develop measures to reduce their likelihood and impact, mitigate unfavourable outcomes, and exploit opportunities that may arise. Risks are prioritised, so that attention can be focused on mitigating the most severe first.
- **Step 4 – Review** – This process is an iterative process. The Risk Register is maintained by the Academy Central Office, owned by the COO; it is reviewed regularly by the Academy Leadership Team and CEO who is responsible for raising strategic risks to the Board of Trustees. The Risk Management Strategy and the Risk Register must be reviewed annually by the Board of Trustees. Both the Risk Strategy and Risk Register are available on the Academy website to enable all Trustees to be familiar with strategic risks.

Faringdon Academy of Schools

Trustees' Report (continued)

From 1st September 2018 to 31st August 2019, the Academy's top 3 risks, were:

(Strategic Risk) - Potential failure of Academy Board to secure sufficient funds to deliver strategic objectives. Forecast funding levels continue to present the highest risk to the future of the Trust. Previous reports have highlighted our concerns associated with our ability to keep pace with rising staff costs and reductions in real term income. Trustees remain concerned that the introduction of the National Funding Formula from September 2018 is having an impact on the financial position of the Trust. The base level funding does not provide the necessary uplift to meet our rising staff costs, with very little staff movement over the trust, the trust has an experienced and more costly workforce. In addition as a Trust experiencing continued growth in pupil numbers, the time lag in funding for these pupils when combined with current funding levels will have a negative impact on the overall quality of our outputs in the coming years. The Academy Resources Committee receives this matter as a standing agenda item at every meeting and we are working with head teachers and local governing bodies to ensure that we manage in-year budgets as effectively as possible. We have embarked on the AY1920 budget within this term in order to get an early understanding of the scale of the problem ahead of us. The Chief Operations Officer is working with local Academy Trusts on a benchmarking exercise so that we can compare our key lines of income and expenditure against local schools. We anticipate that this will remain our highest risk for the foreseeable future.

(Strategic Risk) – Failure to respond to increasing or decreasing pupil capacity needs within the community. Oxfordshire County Council are still tasked with ensuring that children within the community are allocated a place at a school. The expansion of FCC to nine form entry will help to relieve the pressure at secondary level, however the delay to the expansion at John Blandy and delay to the relocation of FIS to a new primary school site is impacting on the ability to meet these needs. The Trusts COO continues to work closely with OCC to try and resolve anticipated issues.

(Operational risk) Potential failure of Academy Schools to recruit and retain sufficient, capable and motivated staff. Recruiting and retaining high quality teaching staff is becoming increasingly difficult. The reputation of all of our schools is dependent of high quality staff delivering outstanding education. The Trust 5-year financial plan highlights significant pressure from September 2019 as the percentage of total staff expenditure against total income continues to rise.

Fundraising

Faringdon Academy of Schools Trust does not actively enter into fundraising by means of actively pursuing individuals. We do not work with or oversee any commercial/professional fundraisers to fundraise on our behalf and therefore conforming to standards does not apply.

No monitoring of activities was undertaken, for the year ending 31st August 2019 we are unaware of any complaints that have been received and should anyone have any complaints they should follow the school complaints procedure clearly displayed on our website.

Each of our schools may, as part of social public benefit organise small fundraising events this is done by voluntary donations through families and staff associated with the school for example non-uniform days or sponsored walks.

Plans for Future Periods

For AY18-19 the Trust appointed a temporary full time CEO, COO and 2 day a week Director of Education. This decision was supported by the Academy Resources Committee and approved by the Board of Trustees in May 2018. The temporary appointments of the CEO and COO were made permanent during 18/19 after merger conversations with another Trust failed to gain traction.

Despite the extremely challenging financial climate, this signals the intent of Trustees to press ahead with our approach to school improvement and our total commitment to delivering on our strategic objectives. The focus for school improvement in AY19/20 will be to support leadership teams in their drive towards outstanding status, further develop our broad and rich curricular and to continue to evaluate and develop the culture and ethos in each school so that this helps to drive school improvement and thus improve student outcomes.

Following the successful completion of the new 3-story teaching block at Faringdon Community College to support the expansion from 7-form entry to 9-form entry, the Trust is currently working on 2 further projects for the College which include working with the local district council on plans to construct an All Weather Pitch and applying through the CIF to replace 8 temporary classrooms.

Further delays to the expansion of John Blandy Primary School from 1-form entry to 1.5-form meant that the project being delivered by Oxfordshire County Council is now due to commence in November 2019 to be in place for 20/21.

The Trust is also actively engaged with the local authority regarding an expanded primary provision and relocation to a new site at Shrivenham, the relocation of Faringdon Infant School to a new site to enable transition to a 2-form entry primary school, and the resolution of the building issues at Faringdon Junior School which should enable its transition to a 2-form entry primary school.

However, our 2 major priorities for the short and medium term remain:

- Financial Stability – the Trust will continue to develop its 5-year budget planning process to enable schools and local governing bodies to plan ahead to meet the financial challenges that we will face over the next few years. We aim to start the budget process within the autumn term and to develop the detail through the spring term so that staffing challenges can be considered as early as possible in the process. We will seek to work collaboratively so that we can solve problems as a group and seek to share best practice across our schools. We will continue to reach beyond our boundaries to identify best practice from other Trusts within our region and nationally.
- Expansion – we will continue to seek out opportunities to expand our Trust in order to seek financial stability and to provide a peer challenge for Faringdon Community College. The Trust is currently working with 7 schools, which includes both primary and secondary with a view that they would hopefully join the Trust in the near future.

Faringdon Academy of Schools
Trustees' Report (continued)

Funds Held as Custodian Trustee on Behalf of Others

The trust holds no Assets and Funds as Custodian Trustee on behalf of others.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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

Following a robust tender exercise Trustees agreed to reappoint Critchleys Audit LLP as the external auditors for the next reporting period.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 5th December 2019 and signed on the board's behalf by:



Liz Holmes
Chair of the Board of Trustees

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Faringdon Academy of Schools 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 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Bob Wintringham	6	7
Liz Holmes	7	7
Christine Price-Smith	7	7
Ian Wright	5	7
Jeremy Twynam	6	7
Paul Turner (Co-opted)	6	7
Rachel Kenyon	6	7
Louise Warren	7	7
Anthony Cook	5	7
Paul Walker	6	6
Duncan Millard	6	7

Resignations and Appointments during the year:

- Paul Walker was appointed as a Trustee on 5th November 2018
- Duncan Millard was appointed as ex-officio Trustee on the 1st September 2018

Further to the strategic risks outlined in the sections above, this has been a demanding period for the Board of Trustees and additional particular challenges have included:

- The revision of the trust's expansion strategy to provide a new direction and focus for engagement as it has become clear following discussion with the Vale Academy Trust that mergers between strong effective trusts are very challenging. A need to develop a focus on organic growth and affiliations has emerged.
- Ongoing oversight of the educational performance of all schools in the Trust. In particular the capacity of the Secondary School to respond to the GCSE changes and pupil outcomes in some specific subject areas.
- Oversight and guidance to local governing bodies on the challenges presented by the most difficult financial climate for a generation and pending implementation of a new Ofsted framework

Faringdon Academy Trust

Governance Statement (continued)

Governance Reviews

We have continued to evolve and mature our governance structure as the Trust develops. We have embedded a common Scheme of Delegation, Strategic Plan and Risk Register. AY18/19 marked a period where the value of local governance was enhanced and strengthened through the alignment of various layers of governance.

Financial performance is monitored at every school by monthly meetings between the head teacher and the lead local governor for finance together with the Chief Operations Officer and the appropriate finance officer. These meetings have increased the financial information available to head teachers and local governing bodies and provide better management information to inform decision making.

In response to the ever-increasing financial challenges facing the trust each Academy was asked to work towards setting their 2018/19 budget within the funds delegated to them. To facilitate this the trust introduced a trust wide meeting involving Headteachers, Local Governor Finance leads and Chairs of Local Governing Bodies.

Trustees conducted their annual skills audit in the summer which confirmed that the Board has trustees with the appropriate knowledge and experience. This is supplemented by the weekly digest published by the National Governance Association (NGA) which is sent to all Trustees. The internal New Governors Induction course which successfully embed this year and expanded to include refresher opportunities for any established governors. The impact of this is continues to be seen across the LGB's.

During this period, we continued to actively exploring expansion and reflect on our current structures and ensure they continue to remain fit for purpose.

In 18/19 the trust embarked upon a series of internal reviews of governance across the school Local Governing Bodies, with action plans developed as a result of the reviews in order to address any recommendations. Over the course of this year the roll out of this programme has continued led by the Chair of the Board, who is National Leader in Governance and the Director of Education who is a National Leader in Education. The reviews have focused on supporting governing bodies to identify their strengths and where they should focus their efforts to develop their knowledge and good practice. Additionally, the impact of the action plans developed following the 17/18 reviews have been evaluated at progress meetings and a final formal review meeting. To date 5 of the trust's local governing bodies have participated in governance reviews and the remaining 3 are going to be reviewed in 19/20.

Faringdon Academy of Schools

Governance Statement (continued)

Committees

Academy Resources Committee - This is a committee of the main board of trustees. The main roles and responsibilities of this committee are outlined on page 5 of this report.

During this reporting period, the key issues for the academy resources committee were -

- Oversight of the financial performance of the trust and in particular scrutiny of individual schools that cause concerns. Specifically, the committee have maintained oversight of activity to reduce the planned in-year deficit at Faringdon Community College, Shrivenham Primary School and Faringdon Infant School and ongoing deficit at John Blandy Primary school.
- Implementation of recommendations raised by the internal and external audit processes.
- Approval of Academy budget for AY1920 and the revised 5-year financial plan.

Attendance at meetings in the year was as follows:

Trustee/Local Governor	Meetings attended	Out of a possible
Paul Turner	4	4
Duncan Millard	4	4
Martin Westmoreland (local governor)	1	4
David Hancox (local governor)	3	4
Anthony Cook	4	4

Appointments and Resignations during the year:

- Paul Turner appointed to the committee 13th September 2018
- Liz Holmes resigned from the committee 13th September 2018
- Duncan Millard appointed to the committee 13th September 2018

The Trust Audit Committee

The Faringdon Academy of Schools Audit Committee has now completed its 6th year; its role is to review the effectiveness of the operation of the Academy's Process Owners systems, through scrutiny of its control of risk and delivery of statutory and legal obligations and the assessment of its internal controls. An Internal Auditor (appointed from Whitley Stimpson Ltd) is in place to undertake visits to Academy Schools to provide the Audit Committee with independent insight into the operation of the financial management arrangements it has established and that are operated by officers working for the Academy trust.

Over the past year the Internal Auditor has undertaken the following:

- Review of Central Services,
- Review of compliance with Academies Financial handbook
- Review of Fraud Internal Assurance

Additionally, within its meetings the audit committee has also debated and reviewed:

- Benchmarking of Central Services
- Leadership Recruitment
- Risk Register

Faringdon Academy of Schools

Governance Statement (continued)

Attendance at meetings in the year was as follows:

Committee Member	Meetings attended	Out of a possible
Andrew Row	2	3
Sara Hubbard	2	3
Jason Power	0	1
Alex Peal	3	3
David Farquhar	3	3

Appointments and Resignations during the year:

- Jason Power resigned from the committee 12th June 2018

Review of Value for Money

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

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

- **Improving Educational Outcomes** – In AY1819 Faringdon Community College achieved a Good grading. This represents an endorsement of the Trust school improvement model which now works with 2 Outstanding schools and 6 Good schools, each with Outstanding features. The central education team also includes an Ofsted Inspector and a National Leader in Education, both of which actively engage with other Trusts and schools across Oxfordshire and cross county into Wiltshire and Gloucestershire to share expertise.
- **Continued Collaborative Procurement** – The Trust continues to strive for improved ways of procuring as contracts come up for renewal and through the plethora of services consumed by our 8 academy schools. Through the Oxfordshire Academies Business Managers Group, we seek to identify group projects where we can share the cost of major projects across a number of participating trusts. The group meets every 6-8 weeks to progress a range of procurement projects. The Trust Resources Committee receives reports on larger procurement opportunities that have been realised.
- **Improved Structures** – Following the resignation of the Director of Business and Finance and the retirement of the Trust's Executive Head the Trust continues to evolve the central structure to ensure that it provides value for money. The appointing of interim positions for the latter part of 17/18 and into 18/19 allowed the Trust to revisit the SLT structures in place. During 19/20 a review of the central team will also take place to ensure it continues to meet the requirements of the Trust and its schools.
- **Shared pupil events** – The trust continues to offer pupils wider opportunities including, sports, STEM and arts.
- **Innovative Staff Events** – Through the trust 'Training School' we have arranged internal staff training and CPD for teaching and support staff, additionally shared inset days and working parties to look at specific elements of the curriculum across all key stages, give staff opportunities for further development whilst ensuring development of key subject areas.

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 academy 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 Faringdon Academy of Schools for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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 on-going process for identifying, evaluating and managing the academy 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 financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy 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 Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for specific internal audit function and has decided to maintain the requirement for an audit committee. The composition and function of the audit committee is highlighted on page 22 of this report. The academy trust provides funding for an Internal Auditor for several days each year (the Peer Reviewer is employed by Chartered Accountants Whitley Stimpson Ltd). The work of the Internal Auditor is determined by the priorities of the audit committee to ensure full independence.

Faringdon Academy of Schools

Governance Statement (continued)

The Internal Auditor provides a report following each targeted visit which is subsequently copied to the audit committee, the Academy Resources Committee and the COO. The report highlights observations together with recommendations and requires a response from the COO. At the end of each year, the Internal Audit reports are made available to the External Auditors and an annual report is provided to the Board of Trustees. The Chairperson of the Audit Committee attends the Board meeting in person to present their annual report and to agree the forward programme of inspection. The annual audit report for AY1819 was presented to the Board on 8th November 2018. The key recommendations from the report were:

- Implement the various recommendations regarding senior leadership recruitment.
- Improve the census process to ensure there is consistency across all schools and that there is evidence of review by SENCO and head teachers.
- Consider compulsory updates for governors/trustees to ensure that they stay abreast of changes.
- Review the structure of members in light of recent guidance from ESFA.
- Review IT spending and ensure expenditure is undertaken in a structured way to maximise efficiency and value.
- Review controls over the purchase ledger.
- Consider extending the budgeting process to ensure that KPIs, benchmarking, sensitivity and cashflow are incorporated.

A programme of work has been developed for the next year to include reviews of:

- Review of Central Services,
- Review of compliance with Academies Financial Handbook
- Review of Fraud Internal Assurance

The academy trust can confirm that the internal audit committee has delivered their schedule of work as planned and that there have been no material control issues arising requiring remedial action.

Faringdon Academy of Schools
Governance Statement (continued)

Review of Effectiveness

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

- the work of the internal audit committee and the reports from the Peer Reviewer;
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy 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 internal audit committee and a plan to address observations and recommendations that have been highlighted and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5th December 2019 and signed on its behalf by:



Liz Holmes
Chair of the Board of Trustees



Duncan Millard
Accounting Officer

Faringdon Academy of Schools

Statement on Regularity, Propriety and Compliance

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

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

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



Duncan Millard
Accounting Officer

5th December 2019

Faringdon Academy of Schools

Statement of Trustees' Responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 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 financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 5th December 2019 and signed on its behalf by:



Liz Holmes
Chair of the Board of Trustees

Opinion on financial statements

We have audited the financial statements of Faringdon Academy of Schools ('the academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2018 to 2019 issued by the ESFA.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust'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 properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy 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 financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Report of the Directors and Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 28), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy 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 academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Andrew Rodzynski (Senior statutory auditor)
For and on behalf of Critchleys Audit LLP
Statutory Auditor
Oxford

Date: 13/12/19

Critchleys Audit LLP is eligible to act as an auditor in terms of sections 1212 of the Companies Act 2006.

In accordance with the terms of our engagement letter dated 18 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by Faringdon Academy of Schools 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.

Respective responsibilities of Faringdon Academy of Schools's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Faringdon Academy of Schools' funding agreement with the Secretary of State for Education dated 1 September 2014 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 the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

1. Reviewing the minutes of meetings of the Board of Trustees and obtaining representations concerning access to information, disclosure and provision of information.
2. Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity.
3. Assessment and testing of a sample of the specific control activities over regularity of a particular activity.
4. Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities and externally imposed limits.
5. Consideration of whether activities carried out are within the charitable objects.

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.

Use of our report

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



Critchleys Audit LLP
Reporting Accountant
Oxford

Date: 13/12/19

Faringdon Academy of Schools
Statement of Financial Activities
For the year ended 31 August 2019
(including Income and Expenditure Account)

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2019 £'000	Total 2018 £'000
Income and endowments from:						
Donations and capital grants	2	34	36	203	273	5,461
Charitable activities						
Funding for the academy trust's educational operations	3	-	13,189	-	13,189	12,521
Other income for educational operations	4	932	-	-	932	877
Other trading activities	5	66	-	-	66	59
Investments	6	1	-	-	1	1
Total		1,033	13,225	203	14,461	18,919
Expenditure on:						
Charitable activities						
Academy trust educational operations	7,8	1,032	13,620	1,486	16,138	15,695
Total		1,032	13,620	1,486	16,138	15,695
Net income / (expenditure) before transfers		1	(395)	(1,283)	(1,677)	3,224
Transfers between funds	17	-	(129)	129	-	-
Net income / (expenditure) for the period		1	(524)	(1,154)	(1,677)	3,224
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	17,27	-	(1,571)	-	(1,571)	1,299
Net movement in funds		1	(2,095)	(1,154)	(3,248)	4,523
Reconciliation of Funds						
Funds brought forward at 1 September 2018		841	(3,554)	24,736	22,023	17,500
Funds carried forward at 31 August 2019		842	(5,649)	23,582	18,775	22,023

All of the Academy Trust's activities derive from continuing operations.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Faringdon Academy of Schools
Balance Sheet
As at 31 August 2019

Company number:
07977368

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Intangible assets	13		2		3
Tangible assets	14		23,449		24,491
Current assets					
Debtors	15	402		398	
Cash at bank and in hand		<u>2,232</u>		<u>2,066</u>	
		2,634		2,464	
Liabilities					
Creditors: Amounts falling due within one year	16	<u>(1,099)</u>		<u>(1,082)</u>	
Net current assets			<u>1,535</u>		<u>1,382</u>
Total assets less current liabilities			24,986		25,876
Net assets excluding pension liability			<u>24,986</u>		<u>25,876</u>
Defined benefit pension scheme liability	27		(6,211)		(3,853)
Total net assets			<u>18,775</u>		<u>22,023</u>
Funds of the academy trust:					
Restricted fixed asset funds	17		23,582		24,736
Restricted funds					
Restricted funds excluding pension liability	17	562		299	
Pension reserve	17	<u>(6,211)</u>		<u>(3,853)</u>	
			(5,649)		(3,554)
Total restricted funds			<u>17,933</u>		<u>21,182</u>
Unrestricted funds	17		842		841
Total funds			<u>18,775</u>		<u>22,023</u>

The financial statements on pages 35 to 61 were approved by the trustees and authorised for issue on 5th December 2019 and are signed on their behalf by


Liz Holmes
Chair of the Board of Trustees

Faringdon Academy of Schools
Statement of Cash Flows
For the year ended 31 August 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	405	72
Cash flows from investing activities	23	(239)	(289)
Cash flows from financing activities	22	-	-
Change in cash and cash equivalents in the reporting period		<u>166</u>	<u>(217)</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2018		2,066	2,283
Cash and cash equivalents at 31 August 2019	24	<u><u>2,232</u></u>	<u><u>2,066</u></u>

All of the Academy Trust's activities derive from continuing operations.

1 Statement of Accounting Policies

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

Basis of Preparation

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

Faringdon Academy of Schools meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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

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

Capital grants are recognised 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.

Donations

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

Other income

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

1 Statement of Accounting Policies (continued)

Income (continued)

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets (excluding Transfers on conversion/into academy trust)

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on Raising Funds

This includes all expenditure incurred by the academy 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 academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	10 years
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1 Statement of Accounting Policies (continued)

Tangible Fixed Assets

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.

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 14 for further details).

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

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

Leasehold buildings	10-45 years from conversion
Leasehold improvements	10-30 years
Fixtures, fittings and equipment	5 years
ICT equipment	3 years
Motor vehicles	5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

Liabilities

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

Provisions

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

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

1 Statement of Accounting Policies (continued)

Leased Assets

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised costs as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The academy 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 academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 27, 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 recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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 gains and losses.

1 Statement of Accounting Policies (continued)

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, 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.

Critical areas of judgement

The academy trust participates in the Teacher's Pension Scheme (TPS) for qualifying employees. Under the definitions set out in FRS 102, this is a multi-employer pension scheme. There is insufficient information about the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets in the financial statements and therefore the plan is accounted for as a defined contribution scheme (see note 27).

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

2 Donations and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
DfE/ESFA capital grants				
Devolved formula capital grant	-	203	203	70
Condition Improvement Fund	-	-	-	245
Other Government grants				
Local authority capital funding	-	-	-	107
	<u>-</u>	<u>203</u>	<u>203</u>	<u>422</u>
Donated fixed assets	-	-	-	5,018
Other donations	34	36	70	21
	<u>34</u>	<u>239</u>	<u>273</u>	<u>5,461</u>

The income from donations and capital grants was £273k (2018: £5,461k) of which £34k was unrestricted (2018: £3k), £36k restricted (2018: £18k) and £203k restricted fixed assets (2018: £5,440k).

3 Funding for Academy's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	11,559	11,559	11,164
Teachers' Pay Grants	-	105	105	-
Other DfE Group grants	-	976	976	938
National College grants	-	4	4	16
	<u>-</u>	<u>12,644</u>	<u>12,644</u>	<u>12,118</u>
Other Government grants				
Early Years funding	-	186	186	179
Local authority revenue funding	-	174	174	224
Local authority funding for Block B (revenue)	-	185	185	225
	<u>-</u>	<u>545</u>	<u>545</u>	<u>628</u>
	<u>-</u>	<u>13,189</u>	<u>13,189</u>	<u>12,746</u>

The funding for the academy's educational operations was £13,189k (2018: £12,746k) of which £Nil was unrestricted (2018: £Nil), £13,189k restricted (2018: £12,521k) and £Nil restricted fixed assets (2018: £Nil).

4 Other income for educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Trip and activity income	418	-	418	430
Catering income	406	-	406	355
Other income	108	-	108	92
	<u>932</u>	<u>-</u>	<u>932</u>	<u>877</u>

The other income for educational operations was £932k (2018: £877k) of which £932k was unrestricted (2018: £877k), £Nil restricted (2018: £Nil) and £Nil restricted fixed assets (2018: £Nil).

5 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	66	-	66	59
	<u>66</u>	<u>-</u>	<u>66</u>	<u>59</u>

The other trading activities income was £66k (2018: £59k) of which £66k was unrestricted (2018: £59k), £Nil restricted (2018: £Nil) and £Nil restricted fixed assets (2018: £Nil).

6 Investment Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

The investment income was £1k (2018: £1k) of which £1k was unrestricted (2018: £1k), £Nil restricted (2018: £Nil) and £Nil restricted fixed assets (2018: £Nil).

7 Expenditure

	Staff Costs £'000	Non Pay Premises Costs £'000	Expenditure Other Costs £'000	Total 2019 £'000	Total 2018 £'000
Academy's educational operations					
Direct costs (note 8)	9,408	-	954	10,362	10,111
Allocated support costs (note 8)	2,391	697	2,688	5,776	5,584
	<u>11,799</u>	<u>697</u>	<u>3,642</u>	<u>16,138</u>	<u>15,695</u>
	<u>11,799</u>	<u>697</u>	<u>3,642</u>	<u>16,138</u>	<u>15,695</u>

The expenditure on raising funds was £Nil (2018: £Nil) of which £Nil was unrestricted (2018: £Nil), £Nil restricted (2018: £Nil) and £Nil restricted fixed assets (2018: £Nil).

The expenditure on academy's educational operations was £16,138k (2018: £15,695k) of which £1,032k was unrestricted (2018: £939k), £13,620k restricted (2018: £13,324k) and £1,486k restricted fixed assets (2018: £1,432k).

Net income/(expenditure) for the period includes:

	2019 £'000	2018 £'000
Operating lease rentals	39	30
Depreciation	1,485	1,257
Amortisation of intangible fixed assets (included within Charitable Activities - Academy trust educational operations)	1	1
Fees payable to auditor for:		
Audit	14	16
Other services	<u>13</u>	<u>14</u>

8 Charitable activities

	Total 2019 £'000	Total 2018 £'000
Direct costs - educational operations	10,362	10,111
Support costs - educational operations	<u>5,776</u>	<u>5,584</u>
	<u>16,138</u>	<u>15,695</u>

Analysis of support costs

	Educational operations £'000	Total 2019 £'000	Total 2018 £'000
Support staff costs	1,604	1,604	1,579
Depreciation and Amortisation	1,486	1,486	1,258
Impairment	-	-	174
Technology costs	215	215	214
Premises costs	697	697	672
Other support costs	955	955	934
Governance costs	32	32	53
Other pension costs - current service costs	465	465	576
Other pension costs - past service costs	208	208	-
Other finance costs (FRS102 pension)	114	114	124
	<u>5,776</u>	<u>5,776</u>	<u>5,584</u>

9 Staff

a. Staff costs

Staff costs for the period were:

	2019 £'000	2018 £'000
Wages and salaries	8,719	8,462
Social security costs	746	720
Operating costs of defined benefit pension schemes		
Employer contributions to pension schemes	1,416	1,376
FRS102 Other pension and finance costs	787	700
Apprenticeship levy	29	27
	<u>11,697</u>	<u>11,285</u>
Agency supply teacher costs	100	116
Staff restructuring costs	2	2
	<u>11,799</u>	<u>11,403</u>
Staff restructuring costs comprise:		
Severance payments	2	2
	<u>2</u>	<u>2</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment totalling £2k (2018: £2k).
Individually, the payment was: £2k.

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	154	153
Leadership	20	28
Administration and support	255	251
	<u>429</u>	<u>432</u>

The average number of persons (including senior leadership team) employed by the academy trust during the period expressed as full time equivalents was as follows:

	No.	No.
Teachers	126	125
Leadership	20	22
Administration and support	146	129
	<u>291</u>	<u>276</u>

d. Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	4	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
£90,001 - £95,000	1	-

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on pages 1 & 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £328k (2018: £387k).

10 Central services

The academy trust has provided the following central services to its academies during the period:

School improvement support	Central ICT staff support
Central finance team	Central governance support
Central HR support	Central administration costs
Central facilities management staff support	Primary school staff absence pool

During this operating period, the trust made changes for centrally provided services equal to total budgeted central costs, apportioned on a pro rata basis using respective pupil numbers and the appropriate Age Weighted Pupil Unit funding to calculate each school's contribution. The charges were approved by the Academy Resources Committee and the Board of Directors.

The actual amounts charged during the period were as follows:

	2019 £'000	2018 £'000
Buckland CofE Primary School	44	47
Faringdon Community College	401	438
Faringdon Junior School	81	102
Faringdon Infant School	105	119
John Blandy Primary School	69	79
Longcot and Fernham CofE Primary School	51	55
Shrivenham CofE Controlled School	62	74
Watchfield Primary School	111	122
	924	1,036

11 Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff members under their contracts or employment.

	2019 £	2018 £
D Wilson, FCC Headteacher, FAS Executive Headteacher and Trustee		
Remuneration	-	£60k-£65k
Employer's pension contributions	-	£10k-£15k
D Millard, CEO and Trustee		
Remuneration	£90k-£95k	-
Employer's pension contributions	£15k-£20k	-
R Kenyon, Staff Governor and Trustee		
Remuneration	£40k-£45k	£40k-£45k
Employer's pension contributions	£5k-£10k	£5k-£10k
L Warren, BPS Headteacher and Trustee		
Remuneration	£60k-£65k	£55k-£60k
Employer's pension contributions	£10k-£15k	£5k-£10k

During the period ended 31 August 2019, no expenses were reimbursed to trustees for travel and subsistence expenditure incurred in their roles as trustees (2018: £Nil).

12 Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m (2018: £5m).

The cost of this insurance is included in the total insurance cost but has not been separately identified.

13 Intangible fixed assets

	Computer Software £'000	Total £'000
Cost		
As at 1 September 2018	5	5
Additions	-	-
As at 31 August 2019	<u>5</u>	<u>5</u>
Amortisation		
As at 1 September 2018	2	2
Charged in year	1	1
As at 31 August 2019	<u>3</u>	<u>3</u>
Carrying amount		
As at 31 August 2019	<u>2</u>	<u>2</u>
As at 1 September 2018	<u>3</u>	<u>3</u>

14 Tangible fixed assets

	Leasehold Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
As at 1 September 2018	30,725	558	596	31,879
Additions	306	53	84	443
As at 31 August 2019	<u>31,031</u>	<u>611</u>	<u>680</u>	<u>32,322</u>
Depreciation				
As at 1 September 2018	6,828	164	396	7,388
Charged in year	1,292	100	93	1,485
As at 31 August 2019	<u>8,120</u>	<u>264</u>	<u>489</u>	<u>8,873</u>
Net book values				
As at 31 August 2019	<u>22,911</u>	<u>347</u>	<u>191</u>	<u>23,449</u>
As at 1 September 2018	<u>23,897</u>	<u>394</u>	<u>200</u>	<u>24,491</u>

Leasehold land and buildings

The Academy took out 125 year leases over the land and buildings at the date of conversion of each school. In determining valuations for the leasehold property, the Trustees have referred to the valuations arranged by the EFA which were carried out on a desktop depreciated replacement cost basis. The freehold of these land and buildings is owned by the respective Local Authorities. These are recognised in the accounts as the academy trust has the right to use the property.

Additions to land and buildings

Additions in the year represent capital works to existing buildings.

Impairment to Faringdon Junior School Buildings

During 2018, part of the buildings at Faringdon Junior School were not in use due to subsidence therefore the buildings were impaired by £174k, being a cost of £201k and accumulated depreciation of £27k. The assessment for this impairment was based on square footage of the existing site.

15 Debtors

	2019 £'000	2018 £'000
Trade debtors	7	7
VAT recoverable	82	144
Prepayments and accrued income	313	247
	<u>402</u>	<u>398</u>

16 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	258	324
Other taxation and social security	180	177
Other creditors	177	172
Accruals and deferred income	484	409
	<u>1,099</u>	<u>1,082</u>

Deferred income

	2019 £'000	2018 £'000
Deferred income at 1 September	365	261
Released from previous years	(365)	(261)
Resources deferred in the period	422	365
Deferred income at 31 August	<u>422</u>	<u>365</u>

Deferred income represents funding received specifically for next financial year, together with trips and activities income received in advance.

17 Funds

	Balance at 1 Sept 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfer £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	299	11,559	(11,201)	(129)	528
Pupil Premium funding	-	531	(531)	-	-
Other ESFA funding	-	554	(554)	-	-
Local authority revenue funding	-	174	(174)	-	-
Local authority funding for Block B (revenue)	-	185	(185)	-	-
Early Years funding	-	186	(186)	-	-
Other restricted funds	-	36	(2)	-	34
Pension reserve (note 27)	(3,853)	-	(787)	(1,571)	(6,211)
	<u>(3,554)</u>	<u>13,225</u>	<u>(13,620)</u>	<u>(1,700)</u>	<u>(5,649)</u>
Restricted fixed asset funds					
Devolved Formula Capital Funding	10	203	-	(82)	131
Condition Improvement Fund	232	-	-	(232)	-
Intangible fixed asset fund (note 13)	3	-	(1)	-	2
Fixed asset fund (note 14)	24,491	-	(1,485)	443	23,449
	<u>24,736</u>	<u>203</u>	<u>(1,486)</u>	<u>129</u>	<u>23,582</u>
Total restricted funds	<u>21,182</u>	<u>13,428</u>	<u>(15,106)</u>	<u>(1,571)</u>	<u>17,933</u>
Unrestricted funds					
Unrestricted funds	841	1,033	(1,032)	-	842
Total unrestricted funds	<u>841</u>	<u>1,033</u>	<u>(1,032)</u>	<u>-</u>	<u>842</u>
Total funds	<u>22,023</u>	<u>14,461</u>	<u>(16,138)</u>	<u>(1,571)</u>	<u>18,775</u>

The General Annual Grant represents funding received from the Education and Skills Funding Agency during the period in order to fund the continuing activities of the school. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2019.

Pupil Premium Funding represents funding received from the Department for Education (DfE) to raise the attainment of disadvantaged pupils of all abilities. The eligibility of the pupils and rates of grant per pupil are set-out by the DfE. This funding is to be used for the provision of education.

Early Years Funding is provided by a local authority to facilitate provision of placements for 3 and 4 year olds.

Other ESFA funding represents other forms of funding received from the Department for Education.

Local Authority Revenue funding represents various grant funding provided by Local Authorities.

Restricted general funds, Other grants represent amounts given to the academy trust for specific revenue purposes.

The pension reserve fund separately identifies the pension deficit on the Local Government Pension Scheme, and through which all the movements on the pension scheme are recognised.

Devolved Formula Capital represents funding provided by the Department for Education to be used for capital projects. This funding may be used for specific capital projects which are not considered to be fixed asset additions.

Local Authority Capital Funding includes various grant funding provided by Local Authorities.

The Condition Improvement Fund represents funding provided by the Department for Education to be used for specific capital projects.

17 Funds (continued)

Restricted Fixed Asset Funds, Other grants and donations represent amounts given to the academy trust for specific capital purposes.

The Intangible Asset fund recognises the net book value of computer software additions purchased by the academy trust since conversion.

The Fixed Asset fund recognises the net book value of tangible and fixed assets transferred to the trust on conversion and additions since conversion.

Unrestricted funds represent other income to the academy trust which is not received as funding or with a specific purpose.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £'000	2018 £'000
Revenue reserves		
Buckland CofE Primary School	187	148
Faringdon Community College	551	445
Faringdon Infant School	149	127
Faringdon Junior School	189	185
John Blandy Primary School	(126)	(108)
Longcot and Fernham CofE Primary School	135	121
Shrivenham CofE Controlled School	19	42
Watchfield Primary School	183	153
Faringdon Junior School - Block B	-	(121)
Central services	117	148
Total before fixed assets, capital reserves and pension reserve	1,404	1,140
Capital reserves - general	131	10
Capital reserves - projects	-	232
Intangible fixed asset fund (representing net book value of intangible assets - note 13)	2	3
Fixed asset fund (representing net book value of fixed assets - note 14)	23,449	28,790
Pension reserve	(6,211)	(3,254)
Total funds	18,775	26,921

John Blandy Primary School has been in a deficit position for the last few years and this has been managed and overseen by the Trust Resources Committee.

The position occurred because the school fell into RI prior to joining the Trust and subsequent restructuring activity created a deficit position. This has gradually been reducing until AY1819 when the pressure of unfunded pay rises started to make an impact. The school is starting to grow from a 1FE to a 1.5FE and will therefore start to see a reduction in its deficit.

17 Funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies (including all non staff direct costs) £'000	Other costs (excluding depreciation) £'000	Total 2019 £'000	Total 2018 £'000
Buckland CofE Primary School	347	79	29	64	519	514
Faringdon Community College	4,037	562	577	738	5,914	5,870
Faringdon Infant School	891	133	34	135	1,193	1,165
Faringdon Junior School	969	143	88	196	1,396	1,457
John Blandy Primary School	651	55	49	77	832	793
Longcot and Fernham CofE Primary School	380	55	55	89	579	540
Shrivenham CofE Controlled School	608	62	64	92	826	791
Watchfield Primary School	1,208	102	75	193	1,578	1,402
Faringdon Junior School - Block B	-	-	-	56	56	(121)
Central services	317	413	12	230	972	1,152
	9,408	1,604	983	1,870	13,865	13,563
				Depreciation and Amortisation	1,486	1,258
				Impairment	-	174
				Other finance costs and pension costs	787	700
				Note 7	16,138	15,695

17 Funds (continued)

Comparative Funds

	Balance at 1 Sept 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfer £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	448	11,164	(11,249)	(64)	299
Pupil Premium funding	-	522	(522)	-	-
Other DfE funding	-	432	(432)	-	-
Local authority revenue funding	-	224	(224)	-	-
Early Years funding	-	179	(179)	-	-
Other restricted funds	-	18	(18)	-	-
Pension reserve (note 27)	(4,452)	-	(700)	1,299	(3,853)
	<u>(4,004)</u>	<u>12,539</u>	<u>(13,324)</u>	<u>1,235</u>	<u>(3,554)</u>
Restricted fixed asset funds					
Devolved Formula Capital Funding	11	70	-	(71)	10
Condition Improvement Fund	457	245	-	(470)	232
Capital donations	-	5,018	-	(5,018)	-
LA Capital Funding	-	107	-	(107)	-
Intangible fixed asset fund (note 13)	4	-	(1)	-	3
Fixed asset fund (note 14)	20,192	-	(1,431)	5,730	24,491
	<u>20,664</u>	<u>5,440</u>	<u>(1,432)</u>	<u>64</u>	<u>24,736</u>
Total restricted funds	<u>16,660</u>	<u>17,979</u>	<u>(14,756)</u>	<u>1,299</u>	<u>21,182</u>
Unrestricted funds					
Unrestricted funds	840	940	(939)	-	841
Total unrestricted funds	<u>840</u>	<u>940</u>	<u>(939)</u>	<u>-</u>	<u>841</u>
Total funds	<u>17,500</u>	<u>18,919</u>	<u>(15,695)</u>	<u>1,299</u>	<u>22,023</u>

18 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	2	2
Tangible fixed assets	-	-	23,449	23,449
Current assets	842	1,661	131	2,634
Current liabilities	-	(1,099)	-	(1,099)
Pension Scheme liability	-	(6,211)	-	(6,211)
Total net assets	842	(5,649)	23,582	18,775

Comparative analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	3	3
Tangible fixed assets	-	-	24,491	24,491
Current assets	841	1,381	242	2,464
Current liabilities	-	(1,082)	-	(1,082)
Pension Scheme liability	-	(3,853)	-	(3,853)
Total net assets	841	(3,554)	24,736	22,023

19 Capital commitments

	2019 £'000	2018 £'000
Contracted for, but not provided in the financial statements	-	232

20 Commitments under operating leases

Operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	28	27
Amounts due between one and five years	40	61
	68	88

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

	2019 £'000	2018 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,677)	3,224
Adjusted for:		
Amortisation (note 13)	1	1
Depreciation (note 14)	1,485	1,257
Impairment (note 14)	-	174
Capital grants from DfE and other capital income	(203)	(315)
Capital funding received from others	-	(107)
Fixed asset donations	-	(5,018)
Interest receivable (note 6)	(1)	(1)
Defined benefit pension scheme cost less contributions payable (note 27)	673	576
Defined benefit pension scheme finance cost (note 27)	114	124
(Increase)/decrease in debtors	(4)	299
Increase/(decrease) in creditors	17	(142)
Net cash provided by operating activities	405	72

22 Cash flows from financing activities

	2019 £'000	2018 £'000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash used in financing activities	-	-

23 Cash flows from investing activities

	2019 £'000	2018 £'000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(443)	(712)
Capital grants from DfE Group	203	315
Capital funding received from sponsors and others	-	107
Net cash used in investing activities	(239)	(289)

24 Analysis of changes in net funds

	At 1 Sept 2018 £'000	Cash flows £'000	At 31 August 2019 £'000
Cash at bank and in hand	2,066	166	2,232
Notice deposits (less than 3 months)	-	-	-
	2,066	166	2,232

25 Contingent liabilities

There are no contingent liabilities that require disclosure.

26 Members liability

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

27 Pension and similar obligations

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

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

Contributions amounting to £168k were payable to the schemes at 31 August 2019 (2018: £163k) 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' Pension Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in the 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.

27 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial 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 23.16%.

The pension costs paid to TPS in the period amounted to £940k (2018: £927k).

A copy of the latest valuation report is on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme Changes

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

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

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

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

27 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £624k (2018: £587k), of which employer's contributions totalled £478k (2018: £449k) and employees' contributions totalled £146k (2018: £138k). The agreed contribution rates until 31 March 2020 are 19.3% for employers and 5.5-12.5% for employees. The full triennial valuation as at 31 March 2019 will conclude on 31 March 2020. New contribution rates will be set with effect from 1 April 2020. In addition, employer top-up contributions of £87k are due for the year ended 31 March 2020.

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

Principal actuarial assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.80%	3.50%
Rate of increase for pensions in payment / inflation	2.30%	2.40%
Discount rate for scheme liabilities	1.80%	2.80%
Inflation assumption (CPI)	1.70%	2.40%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.7	23.4
Females	24.3	25.5
<i>Retiring in 20 years</i>		
Males	24.0	25.7
Females	25.7	27.9

Sensitivity Analysis - Effect on Scheme Liabilities

	At 31 August 2019 £'000	At 31 August 2018 £'000
Discount rate +0.1%	12,039	8,895
Discount rate -0.1%	12,649	9,331
Mortality assumption - 1 year increase	N/A	N/A
Mortality assumption - 1 year decrease	N/A	N/A
CPI rate +0.1%	N/A	N/A
CPI rate -0.1%	N/A	N/A

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equities	4,232	3,682
Other bonds	1,288	894
Property	368	421
Cash	245	263
Total market value of assets	6,133	5,260
Present value of scheme liabilities		
- Funded	(12,344)	(9,113)
Surplus/(deficit) in the scheme	(6,211)	(3,853)

The actual return on scheme assets was £196k (2018: £486k).

Amounts recognised in the statement of financial activities

	2019 £'000	2018 £'000
Current service cost	943	1,025
Past service cost (including curtailments)	208	-
Net interest on the defined liability (asset)	114	124
Total amount recognised in the SOFA	1,265	1,149

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

	2019 £'000	2018 £'000
At 1 September	9,113	8,862
Current service cost	943	1,025
Interest cost	269	245
Employee contributions	146	138
Actuarial (gain)/loss - changes in financial assumptions	2,544	(1,093)
Actuarial (gain)/loss - changes in demographic assumptions	(807)	-
Estimated benefits paid net of transfers in	(72)	(64)
Past service costs, including curtailments	208	-
At 31 August	12,344	9,113

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2019 £'000	2018 £'000
At 1 September		
Interest income	5,260	4,410
Return on plan assets (excluding net interest on the net defined pension liability)	155	121
Employer contributions	166	206
Employee contributions	478	449
Estimated benefits paid plus unfunded net of transfers in	146	138
	(72)	(64)
At 31 August	<u>6,133</u>	<u>5,260</u>

Reconciliation of opening and closing deficit				
	2019		2018	
	£'000	£'000	£'000	£'000
Pension deficit at 1 September		(3,853)		(4,452)
Current service cost	(943)		(1,025)	
Past service cost (including curtailments)	(208)		-	
Employer contributions	478		449	
Additional pension cost		(673)		(576)
Other finance costs		(114)		(124)
Actuarial gains/(losses)		(1,571)		1,299
Pension deficit at 31 August		<u>(6,211)</u>		<u>(3,853)</u>

28 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval when required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the financial period.

Expenditure Related Party Transactions

C Stark ((spouse of D Wilson, Trustee/Director, Executive Headteacher and Accounting Officer to 31 August 2018) Member from July 2019) was employed by the Trust as a teacher, having previously been employed by the predecessor local authority maintained school. C Stark's remuneration during 2019 was £1,415 (2018: £19,788) and employer pension contributions amounted to £nil (2018: £3,248). At 31 August 2019 £nil was due to C Stark.

J Kenyon (daughter of R Kenyon, Trustee/Director) is employed by the Trust as a teaching assistant. J Kenyon's remuneration during the year was £10,552 (2018: £100) and employer pension contributions amounted to £1,615 (2018: £Nil). At the balance sheet date, £Nil (2018: £Nil) was due to J Kenyon.

D Kenyon (husband of R Kenyon, Trustee/Director) is employed by the Trust as a teacher. D Kenyon's remuneration during the year was £39,406 and employer pension contributions amounted to £6,494. At the balance sheet date, £Nil was due to D Kenyon.

H Millard (wife of D Millard, Chief Executive Officer (from 1 September 2018)) was employed by the Trust as a teacher. H Millard's remuneration during the year ended 31 August 2018 was £2,317 and employer pension contributions amounted to £382. At 31 August 2018 £Nil was due to H Millard. There were no similar transactions in the year ended 31 August 2019.

E Millard (daughter of D Millard, Chief Executive Officer (from 1 September 2018)) was employed by the Trust as a teaching assistant. E Millard's remuneration during the year was £652 (2018: £400) and employer pension contributions amounted to £Nil (2018: £Nil). At the balance sheet date, £Nil (2018: £Nil) was due to E Millard.

W Millard (son of D Millard, Chief Executive Officer (from 1 September 2018)) was employed by the Trust as an administrator in the year ended 31 August 2018. W Millard's remuneration during 2018 was £685 and employer pension contributions amounted to £Nil. At 31 August 2018 £Nil was due to W Millard. There were no similar transactions in the year ended 31 August 2019.

29 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31 August 2019 the trust received £8k (2018: £8k) and disbursed £7k (2018: £7k) from the fund. An amount of £9k (2018: £8k) (including brought forward from prior years) is included in other creditors relating to undistributed funds that are repayable to ESFA.