Company Registration No. 08248059 (England and Wales)

TANDRIDGE LEARNING TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

TANDRIDGE LEARNING TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Directors' report	3 - 10
Governance statement	11 - 14
Statement on regularity, propriety and compliance	15
Statement of directors' responsibilities	16
Independent auditor's report on the financial statements	17 - 19
Independent reporting accountant's report on regularity	20 - 21
Statement of financial activities including income and expenditure account	22 - 23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements including accounting policies	26 - 48

TANDRIDGE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	P Bateman G Bull A Catford S Davison A Woodhouse	
Directors	K Quinton (Chair) R Baker S Burn (Re-appointed 17 October 2018) L Funnell (Appointed 13 June 2019) A Ghattas (Re-appointed 17 October 2018) D Prothero J Spedding (Resigned 27 February 2019)	
Senior management team	N Bradwell	- Chief Executive Officer (resigned 31 August 2019)
	R Plaskitt	- Chief Executive Officer (appointed 1 September 2019)
	C Cuddington	- Chief Financial Officer (appointed 17 August 2018 until 15 October 2018)
	P Chowdhury	- Director of Finance and Operations (appointed 15 October 2018)
	K Bellinger	- Headteacher
	A Elstob	- Headteacher (resigned 31 August 2019)
	D Gregori	- Headteacher (appointed 1 March 2019)
	N Riches	- Headteacher
	S Day	- Interim Joint Head of School
	P Kinder	- Interim Joint Head of School
	S Gibson	- Director of Primary School Improvement (resigned 31 August 2019)
Company secretary	P Chowdhury	
Company registration number	08248059 (England and Wales)	
Registered office	Warlingham School Tithepit Shaw Lane Warlingham Surrey CR6 9YB	

TANDRIDGE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated	Location	CEO
Warlingham School	Warlingham	S Day / P Kinder
Bletchingley Village Primary School	Bletchingley	D Gregori
Hamsey Green Primary School	Warlingham	A Elstob
Tatsfield Primary School	Tatsfield, Westerham	K Bellinger
Woodlea Primary School	Woldingham	N Riches
Tandridge Learning Trust	Warlingham	N Bradwell

Independent auditor

Wilkins Kennedy Audit Services
Greytown House
221-227 High Street
Orpington
BR6 ONZ

Bankers

Lloyds Bank plc
21 Station Avenue
Caterham
Surrey
CR3 6YT

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

TANDRIDGE LEARNING TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The directors present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 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.

Tandridge Learning Trust operates five academy schools for children aged 2 to 19 in Tandridge, Surrey: Bletchingley Village Primary School, Hamsey Green Primary School and Children's Centre, Tatsfield Primary School, Warlingham Secondary School and Woodlea Primary School. The schools had a combined roll of 2,435 in the school census of October 2018.

Structure, governance and management

Constitution

The Tandridge Learning Trust is a company limited by guarantee with no share capital (registration no. 08248059) and is an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. The charitable company is known as Tandridge Learning Trust.

The directors are the trustees of Tandridge Learning Trust and are also the directors of the charitable company for the purposes of company law. Details of the directors who served during the year 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.

Method of recruitment and appointment or election of directors

The members of the Academy Trust shall comprise the signatories to the Memorandum, and any person appointed under Article 15a of the Articles of Association. The number of Members shall not be less than 3.

The Academy Trust shall have up to 11 Trustees on the Board appointed by the Members under Article 50. The Board may also appoint Co-opted Trustees under Article 58. A person who is appointed to be a Trustee can only be co-opted by Trustees who have not themselves been so appointed. The number of Trustees shall be not less than 3, but shall not be subject to a maximum. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if the number of Trustees who are employed by the Academy Trust would thereby exceed one third of the total number of Trustees.

The term of office for any Trustee shall be 4 years. Any Trustee may be re-appointed or re-elected.

Local Governing Committees will appoint local governors in the manner which they see fit, with the proviso that the specification in the Articles of Association that there must be a minimum of two parents within each local governing committee is met.

Policies and procedures adopted for the induction and training of directors

During the year under review the Trustees held 6 meetings.

All Trustees are encouraged to develop their knowledge and understanding of the role by attending relevant training events. As the Trust consolidates into its new form, specific induction materials and programmes for new Trustees will be put in place.

During the year, the Chair of the Trust Board attended and successfully completed a Governance Leadership course run by Ambition Schools Leadership which was a full day of face to face learning plus five online learning modules. She has shared insights from this course with other Trustees and retains links with other course tutors and delegates.

All Trustees are provided with access to policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

The Trust ran two training events for Head Teachers, Chairs of local governing committees, Trustees and Governors. The first course looked closely at what effective governance was, and at how governance should work in the Trust. The second was to inform Head Teachers, Trustees and Governors about the new Ofsted Framework so that we could begin to prepare for inspections which are expected in the next academic year.

Principal activities

The principal activity of the Multi Academy Trust is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Organisational structure

A Scheme of Delegation is in place which sets out the responsibilities of the Trust Board and the Local Governing Committee.

Local governors continue to challenge in order to drive improvements in their school, to monitor the school's performance and ensure that budgets are well managed and implemented. They set an annual budget which is submitted to the Trust Board for approval and once approved can make decisions about the direction of their individual school, its capital expenditure and appointment of staff within the guidance of the CEO and Director of Finance and Operations (DFO).

The Executive Team for this academic year were the CEO, the DFO, Head teachers of the constituent schools, and the Director of Primary School Improvement (DPSI). These leaders control the trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. They must propose, consult or take responsibility for a range of functions and decisions either as a group or within their own schools.

Trustees have accountability for the academic and financial performance of all schools within the Trust and for strategic direction.

The Scheme of Delegation and Trust finance policy set out authorisation levels for the Executive Team, Local Governing Bodies and the Board of Trustees.

Arrangements for setting pay and remuneration of key management personnel

The Trust's key management personnel are the Chief Executive Officer, Head Teachers of the constituent schools and DFO and DPSI.

The Trustees will determine pay for the CEO and Head Teachers in accordance with the Pay Policy, current edition of the STPCD and other statutory regulations issued by the Secretary of State.

The arrangements for the DFO's pay and remuneration have been set in line with the Trust's Pay Policy. The salary range will be determined by reference to the Surrey County Council support staff framework and market rate.

Related parties and other connected charities and organisations

The Trust has formal links to four other organisations: Warlingham School Trading Company Limited, Warlingham School Educational Trust, Tatsfield Primary School Parent and Teachers Association and Woodlea School PTA. Warlingham School Trading Company is an incorporated company set up by the School for the purposes of hiring premises.

The Warlingham School Educational Trust, Tatsfield Primary School Parent and Teachers Association and Woodlea School PTA are charities set up for the purposes of furthering education at the schools through charitable donations from parents and others.

Objectives and activities

Objects and aims

The Academy Trust's objectives, as set out in the Articles are:

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 a school offering a broad and balanced curriculum being Tandridge Learning Trust and

b) to promote for the benefit of the inhabitants of Surrey and the surrounding area, the provision of facilities for recreation or 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 the said inhabitants.

Objectives, strategies and activities

The objectives, strategies and activities of academies within the Tandridge Learning Trust are fully outlined in the School Improvement Plans of each school. These plans are reviewed annually and monitored on a regular basis, typically termly.

Public benefit

The public benefit provided by the Trust is outlined in the Objects and Aims above. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting appropriate policies for the year.

The Trustees ensure that the admission arrangements for all schools within the Trust adhere to the Schools' Admissions Code. All schools within the Trust adopt admission arrangements which are in line with those of the Local Authority within which each school sits.

Strategic report

Achievements and performance

Tandridge Learning Trust is made up of one secondary school and four primary schools and was formed on 1 May 2017. This report contains the achievements and performances of the schools during the 2018-19 academic year.

Key Performance Indicators:

Early Years Foundation Stage Reception Profile: 2019 Outcomes:

	Bletchingley Village Primary School	Hamsey Green Primary School	Tatsfield Primary School	Woodlea Primary School	National
GLD all 2019	75%	73%	80%	70%	71.5%
2018	68%	72%	80%	77%	69.3%

Phonics:

	Bletchingley Village Primary School	Hamsey Green Primary School	Tatsfield Primary School	Woodlea Primary School	National
Year 1 all 2019	80%	73%	82%	87%	82%
2018	67%	75%	80%	87%	n/a

KS2 2019 Outcomes (Statutory tests for Reading and Mathematics; teacher assessment for writing):

	Bletchingley Village Primary School	Hamsey Green Primary School	Tatsfield Primary School	Woodlea Primary School	National
Above floor?	Yes	Yes	Yes	Yes	n/a
Coasting?	No	No	No	No	n/a
R, W and M expected all	80%	50%	77%	79%	65%
2018	82%	36%	75%	74%	64%

Key Stage 4 Outcomes for Warlingham School 2019:

Progress 8:	2016	2017	2018	2019
	-0.04	+0.05	+0.11	+0.02

Key performance indicators

Key Stage 4 Outcomes for Warlingham School 2019 (cont'd):

Attainment 2018:		Attainment 2019:	
Attainment 8	47.4	Attainment 8	48
% achieving the Basics measure (Grade 4-9)	72%	% achieving the Basics measure (Grade 4-9)	76%
% achieving the Basics measure (Grade 5-9)	41%	% achieving the Basics measure (Grade 5-9)	48%

Other Headlines 2018:		Other Headlines 2019:	
% achieving 4-9 in English	83%	% achieving 4-9 in English	84%
% achieving 5-9 in English	63%	% achieving 5-9 in English	61%
% achieving 4-9 in Maths	77%	% achieving 4-9 in Maths	83%
% achieving 5-9 in Maths	51%	% achieving 5-9 in Maths	54%
% achieving A*-C in Science	72%	% achieving 4-9 in Science	78%
% achieving 5 or more 4-9/ A*C grades (inc. En + Ma)	72%	% achieving 5 or more 4-9/A*C grades (inc. En + Ma)	76%
% achieving 5 or more 5-9/ A*C grades (inc. En + Ma)	41%	% achieving 5 or more 5-9/A*C grades (inc. En + Ma)	48%
% achieving the English Baccalaureate	7%	% achieving the English Baccalaureate	15%

Key Stage 5 Outcomes for Warlingham School 2019:

A Level

33% of all grades were A*-B (compared to 48.1% in 2018)
53% of all grades were A*-C (compared to 71% in 2018)
96% of all grades were A*-E (compared to 98% in 2018)

Vocational

Average vocational grade in 2019 was Merit compared to Merit in 2018.

Success rates for re-takes in GCSE Maths and English in the Sixth Form continue to be outstanding and significantly above the national figure.

Going concern

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

Financial review

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2019, total expenditure of £14,332k (2018: £14,467k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £37k (2018: (excess of expenditure over income £688k)).

At 31 August 2019 the net book value of fixed assets was £33,401k (2018: £33,756k). Movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Surrey County Council Local Government Pension Fund, in which the Academy participates, showed a deficit of £6,414k at 31 August 2019 (2018: £4,144k).

Financial position

The Academy held fund balances at 31 August 2019 of £30,030k (2018: £32,195k) comprising £27,284k (2018: £29,858k) restricted funds and £2,746k (2018: £2,337k) of unrestricted general funds. Of the restricted funds £33,402k (2018: £33,756k) is represented by tangible fixed assets and £133k (2018: £180k) of unspent capital grants and restricted funds relating to GAG totalling £82k (2018: £66k), other DfE/ESFA grants totalling £38k (2018: £Nil) and other restricted funds of £43k (2018: £Nil).

The pension reserve which is considered part of restricted funds was £6,414k (2018: £4,144k) in deficit.

Reserves policy

The Trustees review the reserve levels of the Academies annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of unrestricted reserves should be £1,100k (2018: £965k), approximately equivalent to four weeks' expenditure.

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of unrestricted reserves of £2,746k (2018: £2,337k) (total funds less the amount held in fixed assets and restricted funds).

Investment policy

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

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Trustees have additionally introduced systems, including operational procedures and internal financial controls in order to minimise risk. The internal financial controls are explained in more detail in the Governance Statement on page 11. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The principal risks and uncertainties that Tandridge Learning Trust faces are mitigated by the risk management process that the academy trust has in place.

Financial and risk management objectives and policies

The financial risks to which Tandridge Learning Trust is exposed to relate primarily to:

- Government funding reduced
- Cost of living rises unsupported by increased revenue funding
- Demographic and social changes leading to reduced pupil numbers

A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £6,414k (2018: £4,144k).

Fundraising

The Academy Trust does not employ any professional fundraisers to fund raise on its behalf but all staff members and any volunteers involved in fundraising activities are trained in accordance with recognised standards so as to ensure that the public, including vulnerable people, are protected from unreasonable or intrusive approaches. The Academy Trust has not received any complaints about its fund raising activities.

Plans for future periods

Learning and Teaching

- Ensure excellent progress for all students by using data to set challenging learning targets and to measure progress at every stage.
- Ensure consistently great teaching by helping all teaching staff to make excellent progress in their own professional development and especially in the areas of teaching, marking and assessment.
- Develop a curriculum of academic and vocational subjects which meets the needs of all student and gives them as much choice as possible.
- Develop students' learning skills, resilience, independence and tolerance: give them exposure to a range of experiences and opportunities.
- Ensure high quality advice and guidance to inform student choices at GCSE, A Levels, University or other pathways leading to their chosen careers.
- Place great emphasis and importance on students' personal health, wellbeing, social and spiritual lives.
- Celebrate success.
- Be creative and innovative.

Strategic Objectives

- Support all schools to be at least good
- Consider expansion with an aim to grow towards 6-8 schools in the next five years
- Improve the operational efficiency of our organisation
- Enhance the governance of the Trust Board
- Further develop Tandridge Learning Trust branding and marketing strategy
- Develop an income generation strategy

Learning Environment

- Ensure that staffing structures, rewards and professional development secure a high performing and well-motivated body of staff.
- Address any performance issues with staff openly and in a supportive way to ensure the best outcomes for all.
- Maintain financial security by generating increased revenue and delivering operational efficiencies to ensure the schools run on a sound and sustainable basis.
- Deploy financial resources thoughtfully and efficiently to deliver future development plans.
- Improve the quality of the learning environment by securing funding to provide safe and attractive facilities in which children can learn.
- Work in partnerships that will create financial security through improved effectiveness and revenue generation.

Learning Partnerships

- We will provide robust challenge combined with relevant support for each school within the Trust to ensure that every child, no matter their ability or circumstances, achieves their best possible outcomes.
- The Trust will provide wider opportunities for children, young people and staff by broadening the curriculum offer, sharing specialist staff and improving professional development.
- Sharing best practice and inter-school collaboration will improve teaching, learning and outcomes for all our children and young people.
- By operating as a cross phase MAT we can improve transition between primary, secondary and special schools and thus improve learning outcomes.

Auditor

In so far as the directors are aware:
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors 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.

The directors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10.12.19 and signed on its behalf by:

K J Quinton

.....

K Quinton

Chair

TANDRIDGE LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Tandridge Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of trustees has formally held 6 meetings.year. Attendance during the year at meetings of the board of trustees was as follows:

Directors	Meetings attended	Out of possible
K Quinton (Chair)	6	6
R Baker	1	6
S Burn (Re-appointed 17 October 2018)	6	6
L Funnell (Appointed 13 June 2019)	1	1
A Ghattas (Re-appointed 17 October 2018)	5	6
D Prothero	5	6
J Spedding (Resigned 27 February 2019)	1	3

During the course of the 2018-19 year, trustee John Spedding left the Trust Board. Lucie Funnell was appointed to the board at the end of the year. One trustee took an approved sabbatical for part of the year.

The board has been focused on three core activities over the year:

- Challenging the work done to support Hamsey Green Primary School, to assist on its journey from requires improvement to good.
- Close scrutiny of the financial position of the school. Supporting the new DFO in her role whilst requiring the delivery of a balanced budget for financial year 2019-20.
- Addressing core staffing issues – appointment of new Head for Bletchingley Primary School, managing the long-term illness of two Heads in two other primary schools, putting in place interim arrangements at Warlingham Secondary School and Hamsey Green Primary School, appointing a new CEO.

In the second year of the Trust's existence, the Trust Board has effectively held the operational staff of the Trust to account. The Finance and Audit, and Learning Outcomes, committees are becoming embedded and grow in impact each year.

The Chair successfully completed the Governance Leadership Programme – a national training programme run by Ambition School Leadership. The board has recently conducted a skills audit in order to assist with its recruitment of trustees in future.

It has been a challenging year with the retirement of the CEO being announced in early 2019. The spring and summer terms were therefore highly focused on advertising for, recruiting, and inducting a new CEO. We are delighted with the appointment of Rebecca Plaskitt and can already see the impact that she will have in the forthcoming financial year.

There have also been changes in the employment of finance professionals across the Trust. Opportunities have been provided by staff leaving, and we have seized those to centralise much of the finance function and IT functions over the year, with significantly greater effectiveness and efficiency now being delivered.

- The financial information that is provided to the Trust Board has changed over the course of the year. It was previously very granular but is now much more focused on the key information that we need. The Finance and Audit committee is able to drill down into detail where required.

- The information that we have on learning outcomes has been structured in line with the requirements of the Learning Outcomes committee and is validated by comparison with the national data released each year.

- Communication with local governing committees has been more effective.

There are more refinements that we will continue to make to all areas across the next year.

The Finance and Audit is a sub-committee of the main board of trustees. Its purpose is to:

- ensure that financial management is properly scrutinised.

Directors	Meetings attended	Out of possible
K Quinton (Chair)	5	5
R Baker	2	5
S Burn (Re-appointed 17 October 2018)	5	5
A Ghattas (Re-appointed 17 October 2018)	4	5
J Spedding (Resigned 27 February 2019)	1	2

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 academy 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:

- Reviewing expenditure on a monthly basis, including reviewing and countersigning bank reconciliations and reporting to the Trust Board at each scheduled meeting
- Ensuring staff with budget responsibilities receive regular monthly reports and ensure they stay within their allocated budgets
- Providing Trustees with regular reports and recommendations from the external auditors, responsible officer.
- Ensuring significant spending proposals are costed and presented to the Local Governing Committee and the Board of Trustees for consideration and challenge
- Benchmarking main areas of expenditure against similar schools to improve purchasing.
- Reviewing staffing structure, timetable and curriculum provision to ensure efficient deployment of staff provides best value

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Tandridge Learning Trust 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 directors 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 directors is of the view that there is a formal ongoing 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 directors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by Local Governing Committees and board of trustees;
- regular reviews by the Finance and Audit Committee 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 Trust Board has considered the need for a specific internal audit function and has decided not to appoint a Responsible Officer. However, the Governors have appointed ASCL, as Internal Auditor (IA). The IA's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems The IA visits at least two of the Trust's schools each term, reporting on the effectiveness of the systems of control and the discharge of the schools' and Trust's, financial responsibilities.

A written report is provided within seven working days of the visit and is considered in detail by the Finance and Audit Committee and then reported to the Trust Board. Current checks carried out each visit by the internal auditor include:

- Revisiting outstanding issued from previous visits/reports
- Sampling checks in purchasing, procurement, income and payroll
- Examining the Trust's strategic financial planning processes and benchmarking to ensure budget plans are as robust and reliable as possible
- Considering the Trust's monitoring and reporting procedures to ensure compliance with the requirements of the Academies Financial Handbook
- Helping to assess the risks and potential solutions where weaknesses are identified.

In the past year, no material control issues or other causes for concern were notified.

Review of effectiveness

As Accounting Officer, the CEO, (Nick Bradwell during this academic year) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- termly visits by the Internal Auditor. Reports are followed up by the Finance and Audit Committee and Head Teachers' Executive Board;
- 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 Finance and Facilities Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 10.12.19 and signed on its behalf by:

K Quinton
Chair

TANDRIDGE LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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

N Bradwell
Accounting Officer until 31 August 2019

TANDRIDGE LEARNING TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under company law, the directors 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 directors are required to:

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

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

The directors 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 10.12.19 and signed on its behalf by:

K Quinton

K Quinton
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANDRIDGE LEARNING TRUST

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

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

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 prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors 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 directors are responsible for the other information, which comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANDRIDGE LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors 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 directors 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 directors 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 directors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANDRIDGE LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

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

Wilkins Kennedy Audit Services

Michelle Wilkes (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services 16/12/19

Statutory Auditor

Greytown House
221-227 High Street
Orpington
BR6 ONZ

TANDRIDGE LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 13 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tandridge Learning Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Tandridge Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Tandridge Learning Trust's funding agreement with the Secretary of State for Education dated 1 November 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

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

FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

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

Wilkins Kennedy Audit Services

Reporting Accountant
Wilkins Kennedy Audit Services
Greytown House
221-227 High Street
Orpington
BR6 ONZ

Dated: 16/12/19.

TANDRIDGE LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000	Total 2018 £'000
Income and endowments from:						
Donations and capital grants	**3**	543	30	593	1,166	948
Charitable activities:						
- Funding for educational operations	**4**	-	12,328	-	12,328	12,285
Other trading activities	**5**	396	-	-	396	371
Investments	**6**	3	-	-	3	2
Total		942	12,358	593	13,893	13,606
Expenditure on:						
Charitable activities:						
- Educational operations	**9**	471	13,325	536	14,332	14,467
Total	**7**	471	13,325	536	14,332	14,467
Net income/(expenditure)		471	(967)	57	(439)	(861)
Transfers between funds	**17**	(62)	520	(458)	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	**19**	-	(1,726)	-	(1,726)	911
Net movement in funds		409	(2,173)	(401)	(2,165)	50
Reconciliation of funds						
Total funds brought forward		2,337	(4,078)	33,936	32,195	32,145
Total funds carried forward		2,746	(6,251)	33,535	30,030	32,195

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

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Restricted funds: Fixed asset £'000	Total 2018 £'000
Income and endowments from:					
Donations and capital grants	3	610	-	338	948
Charitable activities:					
- Funding for educational operations	4	-	12,285	-	12,285
Other trading activities	5	371	-	-	371
Investments	6	2	-	-	2
Total		983	12,285	338	13,606
Expenditure on:					
Charitable activities:					
- Educational operations	9	645	13,311	511	14,467
Total	7	645	13,311	511	14,467
Net income/(expenditure)		338	(1,026)	(173)	(861)
Transfers between funds	17	(513)	457	56	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	911	-	911
Net movement in funds		(175)	342	(117)	50
Reconciliation of funds					
Total funds brought forward		2,512	(4,420)	34,053	32,145
Total funds carried forward		2,337	(4,078)	33,936	32,195

TANDRIDGE LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible assets	**13**		33,401		33,756
Current assets					
Debtors	**14**	587		506	
Cash at bank and in hand		3,961		3,431	
		4,548		3,937	
Current liabilities					
Creditors: amounts falling due within one year	**15**	(1,505)		(1,354)	
Net current assets			3,043		2,583
Net assets excluding pension liability			36,444		36,339
Defined benefit pension scheme liability	**19**		(6,414)		(4,144)
Total net assets			30,030		32,195
Funds of the academy trust:					
Restricted funds	**17**				
- Fixed asset funds			33,535		33,936
- Restricted income funds			163		66
- Pension reserve			(6,414)		(4,144)
Total restricted funds			27,284		29,858
Unrestricted income funds	**17**		2,746		2,337
Total funds			30,030		32,195

The financial statements on pages 22 to 48 were approved by the directors and authorised for issue on 10.12.19 and are signed on their behalf by:

K Quinton

K Quinton
Chair

Company Number 08248059

TANDRIDGE LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Cash flows from operating activities					
Net cash provided by operating activities	**20**		115		141
Cash flows from investing activities					
Dividends, interest and rents from investments		3		2	
Capital grants from DfE Group		593		328	
Capital funding received from sponsors and others		-		10	
Purchase of tangible fixed assets		(181)		(264)	
Net cash provided by investing activities			415		76
Net increase in cash and cash equivalents in the reporting period			530		217
Cash and cash equivalents at beginning of the year			3,431		3,214
Cash and cash equivalents at end of the year			3,961		3,431

1 Accounting policies

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

1.1 Basis of preparation

The 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 financial statements 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.

Tandridge Learning Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The directors 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 charitable company to continue as a going concern. The directors 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.

1.3 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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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 Accounting policies **(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

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

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the 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.

1 Accounting policies **(Continued)**

1.5 Tangible fixed assets and depreciation

Assets costing less than £3,000 or a group of similar items costing £10,000 are written off. All others are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds the cost is transferred to the restricted fixed asset fund, depreciation on such assets is charged to the restricted fixed asset fund.

The property at Warlingham School has been included at the valuation provided by the ESFA when completing their desktop valuation.

The properties at Bletchingley Village Primary School, Hamsey Green Primary School and Tatsfield Primary School have been included based on the valuation provided by the Valuation Office Agency as at 31 March 2015 and included at the carrying value provided by the Valuation Office Agency as at 1 May 2017.

The properties at Woodlea Primary School has been included based on the valuation provided by the Valuation Office Agency as at 31 March 2016 and included at the carrying value provided by the Valuation Office Agency as at 1 May 2017.

The academies have a 125 year lease from the date of conversion for the use of the land and buildings with the local authority.

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

Land and buildings	Buildings 2%, Land is not depreciated
Assets under construction	Nil
Computer equipment	33.3%
Fixtures, fittings & equipment	10-20%
Motor vehicles	25%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

1.6 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 of services it must provide.

1 Accounting policies **(Continued)**

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

1 Accounting policies **(Continued)**

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 recognised gains and losses.

1.11 Fund accounting

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

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

Restricted funds comprise all other restricted funds received and include grants from the ESFA and DfE.

1.12 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 trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

2 Critical accounting estimates and areas of judgement **(Continued)**

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
School trips	334	30	364	550
Capital grants	-	593	593	328
Other donations	209	-	209	70
	543	623	1,166	948

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	10,915	10,915	11,006
Other DfE group grants	-	832	832	827
	-	11,747	11,747	11,833
Other government grants				
Local authority grants	-	501	501	337
Special educational projects	-	-	-	42
	-	501	501	379
Other funding				
Childrens Centre	-	80	80	73
Total funding	-	12,328	12,328	12,285

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	204	-	204	155
Catering income	43	-	43	41
Other income	149	-	149	175
	396	-	396	371

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	3	-	3	2

7 Expenditure

	Staff costs	Non Pay Expenditure Premises	Other	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000
Academy's educational operations					
- Direct costs	8,411	423	1,077	9,911	10,320
- Allocated support costs	2,071	1,415	935	4,421	4,147
	10,482	1,838	2,012	14,332	14,467

Net income/(expenditure) for the year includes:	2019 £'000	2018 £'000
Fees payable to auditor for:		
- Audit	18	17
- Other services	12	8
Operating lease rentals	2	2
Depreciation of tangible fixed assets	536	511
Net interest on defined benefit pension liability	121	117

8 Central services

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

- financial services
- legal services
- Staffing (CEO, DFO, MAT Finance Manager and IT)

The academy trust charges for these services on the following basis:

- 4.2% of GAG School Budget Share and;
- IT team costs

In 2018 central charges were calculated on the basis of 1.5% of GAG School Budget Share.

The amounts charged during the year were as follows:	2019 £'000	2018 £'000
Warlingham School	398	109
Bletchingley Village Primary School	59	17
Hamsey Green Primary School	55	23
Tatsfield Primary School	34	12
Woodlea Primary School	41	11
Tandridge Learning Trust	-	-
	587	172

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Direct costs				
Educational operations	471	9,440	9,911	10,320
Support costs				
Educational operations	-	4,421	4,421	4,147
	471	13,861	14,332	14,467

	2019 £'000	2018 £'000
Analysis of support costs		
Support staff costs	2,071	2,222
Depreciation	113	88
Technology costs	117	103
Premises costs	1,302	956
Other support costs	769	736
Governance costs	49	42
	4,421	4,147

10 Staff

Staff costs

Staff costs during the year were:

	2019 £'000	2018 £'000
Wages and salaries	7,761	7,947
Social security costs	696	711
Pension costs	1,800	1,890
Amounts paid to employees	10,257	10,548
Agency staff costs	213	247
Staff restructuring costs	12	-
Amounts paid to staff	10,482	10,795
Staff development and other staff costs	71	83
Total staff expenditure	10,553	10,878

Staff restructuring costs comprise:

Severance payments	12	-

10 Staff **(Continued)**

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,000 (2018: £Nil). Individually, the payments were: £12,000.

Staff numbers

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

	2019 Number	2018 Number
Teachers	134	143
Administration and support	204	205
Management	9	6
	347	354

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	8	6
£70,001 - £80,000	1	2
£80,001 - £90,000	2	-
£110,001 - £120,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance contributions) received by key management personnel for their services to the academy trust was £797k (2018: £531k).

11 Directors' remuneration and expenses

None of of the directors have been paid remuneration or have received other benefits from an employment with the academy trust. The CEO and other staff directors only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment, and not in respect of their services as directors.

During the year, £123 expenses were reimbursed or paid directly to one director (2018: Nil).

Other related party transactions involving the directors are set out within the related parties note.

12 Directors and officers insurance

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

13 Tangible fixed assets

	Land and buildings	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2018	35,197	53	582	346	59	36,237
Transfer assets under construction	221	(221)	-	-	-	-
Additions	-	168	13	-	-	181
At 31 August 2019	35,418	-	595	346	59	36,418
Depreciation						
At 1 September 2018	1,766	-	489	186	40	2,481
Charge for the year	423	-	41	65	7	536
At 31 August 2019	2,189	-	530	251	47	3,017
Net book value						
At 31 August 2019	33,229	-	65	95	12	33,401
At 31 August 2018	33,431	53	93	160	19	33,756

Included in cost of leasehold land and buildings is land of £14,047k (2018: £14,047k) which is not depreciated.

The assets under construction relate to a modular building replacement at Hamsey Green Primary School. This work was complete at the year-end and has been transferred to land and buildings.

14 Debtors

	2019	2018
	£'000	£'000
Trade debtors	50	34
VAT recoverable	183	143
Other debtors	8	-
Prepayments and accrued income	346	329
	587	506

15	Creditors: amounts falling due within one year	2019 £'000	2018 £'000
	Trade creditors	653	437
	Other taxation and social security	175	181
	Other creditors	217	253
	Accruals and deferred income	460	483
		1,505	1,354

16	Deferred income	2019 £'000	2018 £'000
	Deferred income is included within:		
	Creditors due within one year	184	302
	Deferred income at 1 September 2018	302	219
	Released from previous years	(302)	(219)
	Resources deferred in the year	184	302
	Deferred income at 31 August 2019	184	302

At the balance sheet date, the Academy Trust was holding funds received for trips paid in advance, UIFSM, ESFA rates relief and hire of facilities relating to the financial year 2019/20.

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	66	10,915	(11,416)	520	85
Other DfE / ESFA grants	-	832	(799)	-	33
Other government grants	-	501	(501)	-	-
Other restricted funds	-	110	(65)	-	45
Pension reserve	(4,144)	-	(544)	(1,726)	(6,414)
	(4,078)	12,358	(13,325)	(1,206)	(6,251)
Restricted fixed asset funds					
Inherited on conversion	14	-	-	-	14
DfE group capital grants	166	593	-	(640)	119
General fixed assets	33,756	-	(536)	182	33,402
	33,936	593	(536)	(458)	33,535
Total restricted funds	29,858	12,951	(13,861)	(1,664)	27,284
Unrestricted funds					
General funds	2,337	942	(471)	(62)	2,746
Total funds	32,195	13,893	(14,332)	(1,726)	30,030

17 Funds **(Continued)**

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

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

Other DFE/ESFA grants: This includes the pupil premium, UIFSM, sports funding grant, year 7 catch up grant and teachers pay grant.

Other government grants: This includes SEN funding and additional pupil premium received from the Local Authority.

Other restricted funds relates to Local Authority funding for the Children's centre.

The capital grants included devolved capital grant and CIF Grant for the replacement of classroom lighting and ceilings and fire precaution at Bletchingley Primary School and Block Replacement and fire alarm replacement at Hamsey Green Primary School and science block re-roofing at Warlingham School.

The transfer of funds represent the purchase of fixed asset during the period, expenditure funding from unrestricted funds and repairs and maintenance funded from capital grants.

17 Funds **(Continued)**

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	56	11,006	(11,453)	457	66
Other DfE / ESFA grants	-	827	(827)	-	-
Other government grants	-	379	(379)	-	-
Other restricted funds	-	73	(73)	-	-
Pension reserve	(4,476)	-	(579)	911	(4,144)
	(4,420)	12,285	(13,311)	1,368	(4,078)
Restricted fixed asset funds					
Inherited on conversion	19	-	-	(5)	14
DfE group capital grants	31	328	-	(193)	166
Other capital donations (sports equipment)	-	10	-	(10)	-
General fixed assets	34,003	-	(511)	264	33,756
	34,053	338	(511)	56	33,936
Total restricted funds	29,633	12,623	(13,822)	1,424	29,858
Unrestricted funds					
General funds	2,512	983	(645)	(513)	2,337
Total funds	32,145	13,606	(14,467)	911	32,195

17 Funds (Continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:	2019 £'000	2018 £'000
Warlingham School	1,862	1,606
Bletchingley Village Primary School	527	395
Hamsey Green Primary School	299	232
Tatsfield Primary School	44	57
Woodlea Primary School	117	113
Tandridge Learning Trust	60	-
Total before fixed assets fund and pension reserve	2,909	2,403
Restricted fixed asset fund	33,535	33,936
Pension reserve	(6,414)	(4,144)
Total funds	30,030	32,195

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2019 £'000	Total 2018 £'000
Warlingham School	4,971	935	474	1,197	7,577	7,945
Bletchingley Village Primary School	898	171	57	551	1,677	1,614
Hamsey Green Primary School	1,043	219	29	357	1,648	1,782
Tatsfield Primary School	645	72	33	156	906	922
Woodlea Primary School	578	134	35	171	918	942
Tandridge Learning Trust	300	540	-	230	1,070	751
	8,435	2,071	628	2,662	13,796	13,956

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Restricted funds: Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	33,401	33,401
Current assets	4,251	163	134	4,548
Creditors falling due within one year	(1,505)	-	-	(1,505)
Defined benefit pension liability	-	(6,414)	-	(6,414)
Total net assets	2,746	(6,251)	33,535	30,030

	Unrestricted Funds £'000	Restricted funds: General £'000	Restricted funds: Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	33,756	33,756
Current assets	3,691	66	180	3,937
Creditors falling due within one year	(1,354)	-	-	(1,354)
Defined benefit pension liability	-	(4,144)	-	(4,144)
Total net assets	2,337	(4,078)	33,936	32,195

19 Pension and similar obligations

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

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

Contributions amounting to £170k were payable to the schemes at 31 August 2019 (2018: £169k) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

19 Pension and similar obligations **(Continued)**

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 regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go 'basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

The employer's pension costs paid to TPS in the period amounted to £824k (2018: £824k)

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 24% for employers and 5.5 to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £580k.

19 Pension and similar obligations **(Continued)**

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

Total contributions made	**2019 £'000**	**2018 £'000**
Employer's contributions	547	578
Employees' contributions	142	143
Total contributions	689	721

Principal actuarial assumptions	**2019 %**	**2018 %**
Rate of increase in salaries	2.6	2.7
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.3	2.4

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

	2019 Years	**2018 Years**
Retiring today		
- Males	21.6	22.5
- Females	23.6	24.1
Retiring in 20 years		
- Males	22.5	24.6
- Females	25.0	26.4

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

	2019 £'000	**2018 £'000**
Discount rate -0.5%	770	1273
Salary rate +0.5%	128	226
Pension rate +0.5%	641	1030

Defined benefit pension scheme net liability		
Scheme assets	7,425	6,388
Scheme obligations	(13,839)	(10,532)
Net liability	(6,414)	(4,144)

19 Pension and similar obligations **(Continued)**

The academy trust's share of the assets in the scheme	**2019 Fair value £'000**	**2018 Fair value £'000**
Equities	5,272	4,599
Bonds	1,336	1,086
Cash	223	256
Property	594	447
Total market value of assets	7,425	6,388

The actual return on scheme assets was £429,000 (2018: £307,000).

Amount recognised in the Statement of Financial Activities	**2019 £'000**	**2018 £'000**
Current service cost	923	1,040
Past service cost	47	-
Interest income	(187)	(144)
Interest cost	308	261
Total operating charge	1,091	1,157

Changes in the present value of defined benefit obligations	**2019 £'000**	**2018 £'000**
At 1 September 2018	10,532	9,908
Current service cost	923	1,040
Interest cost	308	261
Employee contributions	142	143
Actuarial loss/(gain)	1,968	(748)
Benefits paid	(81)	(72)
Past service cost	47	-
At 31 August 2019	13,839	10,532

19 Pension and similar obligations **(Continued)**

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

	2019 £'000	2018 £'000
At 1 September 2018	6,388	5,432
Interest income	187	144
Actuarial gain	242	163
Employer contributions	547	578
Employee contributions	142	143
Benefits paid	(81)	(72)
At 31 August 2019	7,425	6,388

20 Reconciliation of net expenditure to net cash flow from operating activities

	2019 £'000	2018 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(439)	(861)
Adjusted for:		
Capital grants from DfE and other capital income	(593)	(338)
Investment income receivable	(3)	(2)
Defined benefit pension costs less contributions payable	423	462
Defined benefit pension scheme finance cost	121	117
Depreciation of tangible fixed assets	536	511
Decrease in stocks	-	5
(Increase) in debtors	(81)	-
Increase in creditors	151	247
Net cash provided by operating activities	115	141

21 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education and Skills Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

The Academy is currently involved in a dispute with SGN in relation to a previously unregistered gas supply at the school. The accounts do not include any provision in respect of this matter.

22 Commitments under 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	8	-
Amounts due in two and five years	21	-
	29	-

23 Capital commitments

	2019 £'000	2018 £'000
Expenditure contracted for but not provided in the financial statements	60	170

The capital commitment relates to ongoing CIF projects.

24 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 directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance 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.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

Expenditure related party transactions

During the period C Fernandes, Trustee, undertook first aid training to the Trust through her company Dr ABC, amounting to £Nil (2018: £1,205). C Fernendes resigned as a trustee on 12 December 2017.

Mrs Ghattas, is the wife of a trustee, and is employed as a finance assistant at one of the academies in the Trust. The appointment was made in open competition and Mr. A Ghattas was not involved in the decision making process regarding appointment.

25 Members' liability

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

26 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £22k (2018: £25k) and disbursed £18k (2018: £22k) from the fund. An amount of £25k (2018: £25k) is included in other creditors relating to undistributed funds that is repayable to ESFA in the event the student leaves the school.