

**Company Registration Number: 07692130 (England & Wales)**

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Members</b>	I Henderson L Ellis-Philip G Pincus
<b>Directors</b>	J Richmond C Howorth, Chair J Febry P Green R Kent J McMichael S Pillai D Wales P J White, (Chair until 31 October 2018) (resigned 31 October 2018)
<b>Company registered number</b>	07692130
<b>Principal and registered office</b>	The Magna Carta School Thorpe Road Staines Surrey TW18 3HJ
<b>Company secretary</b>	E A Simmons
<b>Senior leadership team</b>	T N D Smith, Chief Executive Officer and Accounting Officer E A Simmons, Chief Financial Officer Dr K Janzan, TCMS Head of School J Rodgers, BDB Head of School
<b>Independent auditor</b>	James Cowper Kreston Chartered Accountants and Statutory Auditor Reading Bridge House George Street Reading Berkshire RG1 8LS
<b>Bankers</b>	Lloyds TSB 147 High Street Guildford Surrey GU1 3AG

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

<b>Solicitors</b>	Stone King LLP 13 Queen Street Bath Avon BA1 2HJ		
<b>Academies operated</b>	<b>Location</b>		<b>Head of School</b>
The Magna Carta School	Surrey		Dr K Janzan
Bishop David Brown	Surrey		J Rodgers
Unity Schools Trust	Surrey		T Smith

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

The Directors present their annual report together with the audited financial statements of the Unity Schools Trust ('the charitable company') for the period 1 September 2018 to 31 August 2019.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The charitable company, which was incorporated on 4 July 2011, received academy trust status on 1 August 2011 and converted to a multi-academy trust on 1 November 2015, is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Directors act as the Trustees for the charitable activities of the Trust and are also the directors of the charitable company for the purposes of company law.

Details of the Directors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 3.

The Trust operates two secondary academies in Staines-upon-Thames and Woking. Its academies have a combined pupil capacity of 2,000 and had a roll of 1,809 in the school census on 4 October 2018.

**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 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.

**Directors' Indemnities**

The Directors benefit from indemnity insurance purchased by the Trust to cover the liability of the Directors arising from negligent acts, errors or commissions occurring whilst on Trust business. The limit of this indemnity is £10,000,000.

**Principal Activities**

The principal activity of the Trust is to advance for the public benefit by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

**Method of Recruitment and Appointment or Election of Directors**

The management of the Trust is the responsibility of the Directors who are appointed under the terms of the Articles of Association.

The charitable company shall have the following Directors as set out in its Articles of Association and Funding Agreement:

**Members** – Up to five persons and not less than three elected from amongst members of the Local Governing Bodies of the schools within the Trust.

**Trustees** – Up to eleven and not less than three trustees. There should be up to nine general trustees and a minimum of two parent trustees.

Directors are appointed for an initial four year period or shorter if determined by the Directors at the time of appointment. Subject to remaining eligible to be a particular type of Director, any Director can be re-appointed or re-elected for one further term of office only.

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

When appointing new Directors, the Trust will give consideration to the skills and experience mix of existing Directors in order to ensure the Trust has the necessary skills to contribute fully to the development of the Trust.

**Policies and Procedures Adopted for the Induction and Training of Directors**

The training and induction provided for new Directors will depend upon their existing experience but would always include a tour of the Trust and a chance to meet staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Directors. Induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by various other organisations, such as Strictly Education and Stone King LLP as appropriate.

All Directors are able to access advice and guidance from the National Governor Association and The Key for School Governors as well as direct advice from the Trust's legal advisors, Stone King LLP.

**Organisational Structure**

The Board of Directors meets four times per year. The Directors establish an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of Committees of the Trust and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Directors may, from time to time, establish working groups to perform specific tasks over a limited timescale.

There are three Committees of the Trust as follows:

Audit and Risk Committee  
Governance Committee  
Strategy and Resources Committee

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Director's meetings:

- to consider any proposals for changes to the status or constitution of the Academy and its committee structure;
- to propose the appointment or removal of the Chair; and
- to appoint and/or consider the performance management of the Chief Executive Officer

The Directors are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Trust through the use of budgets and other data, and making the major decisions about the direction of the Trust, capital expenditure and the appointment of the Chief Executive Officer and other senior central team appointments.

The Directors have devolved the day-to-day management of the Trust to the Chief Executive Officer and the Senior Leadership Team ('SLT'). The SLT comprises the Chief Financial Officer/Business Director and the Heads of each school within the Trust. The SLT implement the policies laid down by the Directors and report back to them on performance.

**Risk Management**

The Directors have implemented a system to assess risks that the Trust faces, especially in the operational areas (such as in relation to quality of teaching, health & safety and finance). They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trust has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

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

**Arrangements for setting pay and remuneration of key management personnel**

The Chief Executive Officer, Chief Financial Officer, Heads, Deputies and Assistant Heads of School must demonstrate sustained high quality performance, with particular regard to leadership, management and student progress at the schools within the Trust. They will be subject to an annual review at which performance against objectives will be reviewed before any performance points, where relevant, will be awarded. Annual pay progression within the range for these posts will not be automatic.

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period 3  
Full-time equivalent employee number 2.71

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

**Percentage of pay bill spent on facility time**

Total cost of facility time	£3,219.84
Total pay bill	£8,128,580.25
Percentage of total pay bill spent on facility time	0.04%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time 3.63%

**Connected Organisations, including Related Party Relationships**

There are no related parties which either control or significantly influence the decisions and operations of the Trust. There are no sponsors associated with the Trust.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal objects of the Trust, as set out in its Articles of Association, are 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 or schools, offering a broad and balanced curriculum

The aims of the Trust during the period ended 31 August 2019 are summarised below:

- To ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standards of education progress and attainment of all students;
- To improve the effectiveness of the Trust by keeping the curriculum and organisational structure of the schools under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;

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

- To maintain close links with the local community, local businesses and the local confederation of schools;
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

**Objectives, Strategies and Activities**

The key priorities for the period are contained in the Trust's Development Plan which is available from the Chief Executive Officer.

The main activities of the Trust for the period ended 31 August 2019 were as follows:

- Robust quality assurance processes which are transparent and inform all subsequent actions;
- Secure use of data and tracking to measure progress and inform actions and interventions;
- A constant review of professional development and training opportunities for all staff;
- A core structure which allows all staff and students to understand their role within the organisation and also to ensure that lines of accountability area clear; and
- Structures to support the organisation and integration of all internal and external resources and support available for both students and staff.

**Public Benefit**

The Directors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit education in the areas within and surrounding the schools within the Trust, offering a broad curriculum.

The Trust schools also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

**ACHIEVEMENTS AND PERFORMANCE**

**Achievements and Performance**

The Trust can report improved progress across all schools. Details regarding individual schools, including examination results, admissions and staffing are available on the respect websites:

Bishop David Brown School – [www.bdb.surrey.sch.uk](http://www.bdb.surrey.sch.uk)  
The Magna Carta School – [www.magnacarta.surrey.sch.uk](http://www.magnacarta.surrey.sch.uk)

We are delighted that the positive progress at Bishop David Brown School has been maintained and that the performance of The Magna Carta School continues to ensure it remains highly placed in Surrey for the progress students make.

**Going Concern**

After making appropriate enquiries, the Board of Directors, including all Committees, has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

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

**Strategic report**

The Trust has continued to work on the priorities set out in the Strategic Plan approved by Directors. Notable achievements this year include a very successful Ofsted inspection of Bishop David Brown School, with the judgement of 'Good' overall, with outstanding features. We were delighted to receive such a positive report, with comments such as: 'Pupils are incredibly happy with the changes made to the school' and 'You have brought a greater sense of clarity and direction to the school, underpinned by a strong moral purpose to do the very best for the pupils in your care'.

GCSE Exam Results were excellent at both schools, with The Magna Carta School achieving another positive Progress 8 score and The Bishop David Brown School continuing to improve against previous years. Student attendance continues to be a key focus and we have seen very positive increases as a result of these strategies.

Admissions remain very positive at The Magna Carta School, with first preferences matching the Planned Admission Number (PAN). The Bishop David Brown School has seen a significant increase in preferences and is now matching PAN.

The quality of teaching and learning in both schools, as measured by internal and external review systems, remains consistently good and frequently outstanding. Behaviour is exemplary for the vast majority of time, with very few incidents of poor behaviour recorded.

We have been delighted by the quality of new additions to the Staff Team at both schools, attracted by a strong programme of support and professional development across the Trust.

The Trust has carefully considered the risks facing the Trust as detailed in the Risk Register and put in place mitigation to reduce these.

The main risks arising from the financial statements are overspend vs budget, funding cuts and fraud. The Trust seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs, use effective tools for monitoring expenditure and employing appropriate policies and procedures to ensure processes are effective to manage the risks of fraud.

**Key Performance Indicators**

The Trust intend to further raise students attainment and progress through the forensic use of data so that every child makes progress and reaches their potential within a first class learning environment with a broad and balanced curriculum provision.

All students have an aspirational target grade for every subject and the trust continues to improve the quality of quality feedback from their teachers, allowing them to make further progress.

Outstanding professional development opportunities are in place across the trust which are tailored to the needs of groups of staff and lesson observations and lesson visits provide the necessary evidence to illustrate the impact of this high quality training. Attitudes to learning are consistently good and in many cases, outstanding.

Although the Academy's Funding Agreement is not subject to a specific carry forward limit on the amount of GAG funding, the main financial performance indicator is the level of reserves held at the balance sheet date and, in particular, the amount of GAG funding carried forward at the balance sheet date. At 31 August 2019, the balance of the GAG Restricted Fund was £677k, which is after a transfer of £7k to the Restricted Fixed Asset Fund to fund capital expenditure during the period.

As the majority of the Academy's funding is based on student numbers, these are also a key performance indicator. As noted above, pupil numbers at the most recent census were 1,809 which is an increase of twenty-one from the previous census.

As a result, the ratio of GAG funding per pupil was £5k for the period.

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

Staffing costs are another key performance indicator for the Academy and the percentage of total staff costs to GAG funding for the period was 87.5%, while the percentage of staff costs to total costs was 63.9%.

## **FINANCIAL REVIEW**

### **Financial Review**

The majority of the Trust's income is received from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2019 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE and other organisations and funders and these are shown as Restricted Fixed Asset Funds in the Statement of Financial Activities. The balance of the Restricted Fixed Asset fund is reduced by the depreciation charges on the assets acquired using these funds.

During the period ended 31 August 2019, the total expenditure of £13,049k was covered by the recurrent grant funding from the DfE, together with other incoming resources (excluding the net assets transferred on conversion from the Local Authority). The deficit of incoming resources over total expenditure for the period was £897k.

The net book value of fixed assets at 31 August 2019 were £31,924k, which includes the value of land and buildings transferred on conversion of £31,881k and depreciation charges for the period of £859k.

The Trust's support staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the scheme's assets is currently assessed to be less than its liabilities in the scheme, and consequently the Trust balance sheet shows a net liability of £4,819k (2018: £3,305k).

The Trust held balances at 31 August 2019 of £28,960k (2018: £31,003k) comprising £27,814k (2018: £29,961k) of restricted funds and £1,146k (2018: £1,042k) of unrestricted general funds. Of the restricted funds £31,956k (2018: £33,136k) is represented by tangible fixed assets.

The pension reserve which is considered part of restricted funds was £4,819k (2018: £3,305k) in deficit.

The fixed assets held by the Academy are used exclusively for providing education and associated support services to the pupils of the Academy.

The key financial policies reviewed and adopted during the period included the Financial Handbook which lays out the framework for the Trust's financial management, including financial responsibilities of the Directors, senior leadership, managers, budget holders and other staff, as well as the delegated authorities for spending, and relevant policies.

### **Financial and Risk Management Objectives and Policies**

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by the Directors and include the financial risks to the Trust. The Risk Register and Risk Management Plan are constantly reviewed in light of any new information and formally reviewed annually.

The Directors have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Directors have implemented a number of systems to assess and minimise those risks, including internal controls. Where significant financial risk still remains, the Directors have ensured the Trust has adequate insurance cover.

The Trustees examine the financial health of the Trust formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Strategy & Resources Committee meetings.

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

At the balance sheet date, the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Trust's liquidity.

The Directors recognise that the Local Government Pension Scheme deficit represents a significant potential liability to the Trust. However, as the Directors consider the Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

### **Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Trust are as follows:

#### **Financial**

The Academy has considerable reliance on continued Government funding through the ESFA. In the period, approximately 85% of the Academy's incoming resources (excluding amounts transferred on conversion from the Local Authority) was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

#### **Failures in Governance and/or Management**

The risk in this area arises from the potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Directors continue to review and ensure appropriate measures are in place to mitigate these risks.

#### **Reputational**

The continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Directors ensure that student success and achievement are closely monitored and reviewed.

#### **Safeguarding and Child Protection**

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

#### **Staffing**

The success of the Trust is reliant on the quality of its staff so the Directors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

#### **Fraud and Mismanagement of Funds**

The Trust has engaged its external auditors to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the period by improving the process and ensuring staff awareness. A Risk Register is maintained and reviewed and updated on a regular basis.

### **Reserves Policy**

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors also take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

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

The Trust's "free reserves" are its funds after excluding restricted funds. "Free reserves" are therefore the resources the Trust has or can make available to spend for any or all of the Trust's purposes once it has met its commitments and covered its other planned expenditure. More "free reserves" represent income to the Trust which is to be spent at the Directors' discretion in furtherance of any of the Trust's objects but which is not yet spent, committed or designated.

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of unrestricted reserves should be equivalent to four weeks' expenditure, approximately £848k (2018: £832k). The purpose of the reserves 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 unplanned maintenance.

The Trust's current level of reserves (defined as restricted general funds, excluding pension reserve, plus the balance on unrestricted funds) is £1,823k, of which £1,146k is free reserves (that is, total funds less the amount held in fixed assets and restricted funds).

The current level of reserves is inline with our target level of free cash reserves. Appropriate steps have been taken to increase the free cash reserves. The steps include ongoing review of expenditure levels including benchmarking of these against other similar schools, options to implement economies of scale on contracts across the Trust and use of integrated curriculum financial planning to ensure that most effective use is made of staff resources.

#### **Investment Policy**

All funds surplus to immediate requirements are invested to optimal effect by the Trust with the objective of ensuring maximum return on assets invested but with minimal risk.

#### **Fundraising**

The Trust does not employ any professional fundraisers to fundraise 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 Trust has not received any complaints about its fundraising activities.

#### **PLANS FOR FUTURE PERIODS**

The Trust strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment, as well as promoting the continued professional development of its staff.

As the Trust continues to go from strength to strength we are better able to exploit partnerships with local primary schools to work on innovative models of delivery and share our expertise and facilities.

#### **Funds Held as Custodian Trustee on Behalf of Others**

The Magna Carta School holds funds as agent on behalf of parents in relation to catering and free school meals as custodian of the Catering Fund. This fund is run on a non-profit basis with material surpluses being refunded to parents.

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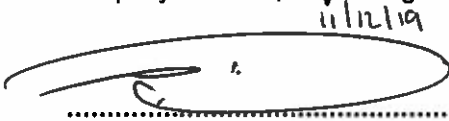
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**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 Directors, as the company directors, on and signed on its behalf by:

11/12/19  


.....  
**C Howorth**  
Chair

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**GOVERNANCE STATEMENT**

**Scope of responsibility**

As Directors, we acknowledge we have overall responsibility for ensuring that Unity Schools 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 Directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Unity Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Directors 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 Directors has formally met 4 times during the year.

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

Director	Meetings attended	Out of a possible
C Howorth, Chair	4	4
J Febry	4	4
P Green	3	4
R Kent	4	4
J McMichael	4	4
S Pillai	4	4
D Wales	4	4
P J White, (Chair until 31 October 2018)	1	1

The Finance Committee (Strategy & Resources Committee) is a sub-committee of the Board of Directors. Its purpose is to provide guidance and assistance to the Directors on all matters related to finance, resources, premises and health & safety of the Trust. This includes preparing and approving annual budgets, monitoring financial performance against that budget, reviewing delegated authorities, ensuring all transactions are conducted in accordance with good practice as directed by the ESFA, to ensure best value is achieved in all financial transactions.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
P Green	2	3
C Howorth	3	3
D Wales	3	3

The Audit and Risk Committee is a sub-committee of the Board of Directors. Its purpose is to monitor and evaluate the results of the regular internal and external audits and ensure that the system of internal controls is operating effectively. The committee also monitors the risk management system and, following the implementation of a trust-wide risk management system, will monitor the effectiveness of the same and the ownership and mitigation of risks at director and Trust level.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
J Febry	3	3
R Kent	3	3
S Pillai	3	3

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**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

The Governance Committee is a sub-Committee of the Board of Directors. Its purpose is to provide guidance and assistance to the Directors on all matters related to the governance of the Trust at local governing body level. This includes meeting with the chairs of governors of the local governing bodies on a regular basis.

Attendance at meetings of the Governance Committee during the period was as follows:

Director	Meetings attended	Out of a possible
R Kent	3	3
J McMichael	3	3

**Governance Reviews**

During the year the Trust has carried out a review of its governance arrangements and procedures.

The Trust board has completed a full skills audit. The audit enables the Trust to identify areas for further individual and group development. A number of areas for development emerge from the skills audit. Of particular note are those in respect of National education policy and local education context; Curriculum development/school assessment; Working with leaders to establish expectations for improvement and outcomes; School sector risk management and Inspection & oversight in the school sector. Whilst these may be covered at the local governing body level the trust scores indicate a challenge to strategic oversight in the area of school performance and improvement. This will inform trust board training activity in the next year and also provides insight into the skills required in recruiting new trustees to fill vacant positions (one current and one expected at the end of the current academic year). The largest gaps were identified in the promotion of community cohesion and in property and estate management. These will be addressed in whole board training focused on developing the ability to provide oversight and challenge across these areas of trust activity.

The Trust is also conducting a full skills audit of the two local governing bodies and will now use the results of these to aid governing bodies to manage their training and recruitment requirements.

The Trust has also received a School Resource Management Advisor (SRMA) visit and the report from this evaluation is awaited. Once we have received feedback we will feed this into the appropriate board committees and take any required action.

Changes are being proposed in the terms of reference of the Governance Committee in order to enhance communication between local governing bodies and the Trust board. The Trust is in the process of considering the constitution of its Strategy and Resources and Audit and Risk committees, their membership and relationship to the Trust board. The efficacy of the proposed changes and any further ones stemming from ongoing reviews will be evaluated over the coming academic year. The next skills audit and evaluation of Trust board and committee effectiveness will take place in the autumn of 2020.

**Review of value for money**

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

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

Financial governance and oversight: The Directors have strong oversight of the financial management of the budget. The Strategy & Resources Committee meet termly to review the financial position to receive reports, challenge decisions and validate that the Trust obtains value for money. This year the Trust reviewed its

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**GOVERNANCE STATEMENT (CONTINUED)**

**Review of value for money (continued)**

catering provision throughout the Trust and has reviewed staff absence insurance to provide improved value. We have a robust internal audit programme. The levels of delegation on spending proposals ensure we take the necessary steps to achieve best value.

The Trust approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Trust remains a 'going concern'. The Trust Audit & Risk Committee also receives and recommends the annual accounts and external auditors' management report to the Full Trust board.

The Trust is a member of a group purchasing consortium which assists schools to achieve best value. Our Finance Department and budget holders are continuously looking for the most competitive deals using a variety of procurement tools such as internet shopping, advice and collaboration with other schools and economies of scale using the purchasing power of the Trust as a whole. This year we have reviewed our energy providers, a range of curriculum resources (including photocopying paper) and procured toilet refurbishments as a contract across the Trust.

The Trust benchmarks financial performance against other similar schools.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Unity Schools Trust for the year 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 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 Trust's significant risks that has been in place for the year 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.

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (CONTINUED)**

**The risk and control framework**

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

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

The board of Directors has considered the need for a specific internal audit function and has decided to appoint Wilkins Kennedy as internal auditor 2018-19.

The Board of Directors undertook a formal tender process for the appointment of an external auditor for 2018-19. From a shortlist of five firms, and following a robust interview process, James Cowper Kreston were appointed as the Trust's auditors.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems.

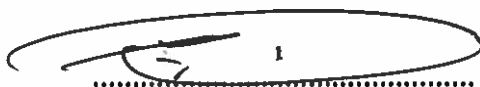
**Review of effectiveness**

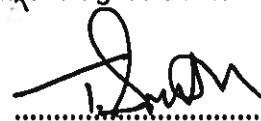
As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Directors on <sup>11/12/2019</sup> and signed on their behalf by:

  
.....  
**C Howorth**  
Chair

  
.....  
**T N D Smith**  
Accounting Officer

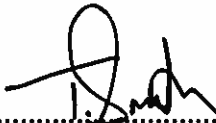
**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



.....  
**T N D Smith**  
Accounting Officer  
Date: 11/12/19

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

The Directors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 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 Directors on <sup>11/12/19</sup> and signed on its behalf by:



**C Howorth**  
(Chair of Trustees)

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF UNITY SCHOOLS TRUST**

**Opinion**

We have audited the financial statements of Unity Schools Trust (the '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 related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', 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 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

**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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Other information includes the Reference and Administrative Details, the Directors' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF UNITY SCHOOLS TRUST (CONTINUED)**

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the 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 our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report including the 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 Trustees**

As explained more fully in the Directors' Responsibilities Statement, the Directors (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 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 Trust or to cease operations, or have no realistic alternative but to do so.

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF UNITY SCHOOLS TRUST (CONTINUED)**

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



Alexander Peal BSc(Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date: 18/12/19

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 23 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Unity Schools Trust during the year 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 Unity Schools Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Unity Schools 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 Unity Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Unity Schools Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Unity Schools Trust's funding agreement with the Secretary of State for Education dated 29 July 2011 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 year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

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

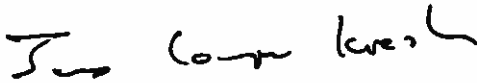
Specific work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Board of Governors and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**Conclusion**

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



**James Cowper Kreston**  
Reading Bridge House  
George Street  
Reading  
Berkshire  
RG1 8LS

Date: 18/12/19.

**UNITY SCHOOLS TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>Income from:</b>						
Donations and capital grants	3	41	-	837	878	1,125
Charitable activities		712	10,449	-	11,161	11,018
Other trading activities		112	-	-	112	114
Investments	6	1	-	-	1	3
<b>Total income</b>		<b>866</b>	<b>10,449</b>	<b>837</b>	<b>12,152</b>	<b>12,260</b>
<b>Expenditure on:</b>						
Raising funds		25	-	-	25	26
Charitable activities		737	10,263	2,024	13,024	13,016
<b>Total expenditure</b>	7	<b>762</b>	<b>10,263</b>	<b>2,024</b>	<b>13,049</b>	<b>13,042</b>
<b>Net income/(expenditure)</b>		<b>104</b>	<b>186</b>	<b>(1,187)</b>	<b>(897)</b>	<b>(782)</b>
Transfers between funds	18	-	(7)	7	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>104</b>	<b>179</b>	<b>(1,180)</b>	<b>(897)</b>	<b>(782)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	21	-	(1,146)	-	(1,146)	648
<b>Net movement in funds</b>		<b>104</b>	<b>(967)</b>	<b>(1,180)</b>	<b>(2,043)</b>	<b>(134)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		1,042	(3,175)	33,136	31,003	31,137
Net movement in funds		104	(967)	(1,180)	(2,043)	(134)
<b>Total funds carried forward</b>		<b>1,146</b>	<b>(4,142)</b>	<b>31,956</b>	<b>28,960</b>	<b>31,003</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.


The notes on pages 26 to 48 form part of these financial statements.

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07692130**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	14	31,924	32,776
		31,924	32,776
<b>Current assets</b>			
Debtors	15	869	737
Cash at bank and in hand		2,012	1,808
		2,881	2,545
Creditors: amounts falling due within one year	16	(1,026)	(1,013)
<b>Net current assets</b>		<b>1,855</b>	<b>1,532</b>
<b>Net assets excluding pension liability</b>		<b>33,779</b>	<b>34,308</b>
Defined benefit pension scheme liability	21	(4,819)	(3,305)
<b>Total net assets</b>		<b>28,960</b>	<b>31,003</b>
<b>Funds of the Trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	18	31,956	33,136
Restricted income funds	18	677	130
		32,633	33,266
Restricted funds excluding pension asset	18	32,633	33,266
Pension reserve	18	(4,819)	(3,305)
<b>Total restricted funds</b>	18	<b>27,814</b>	<b>29,961</b>
Unrestricted income funds	18	1,146	1,042
<b>Total funds</b>		<b>28,960</b>	<b>31,003</b>

The financial statements on pages 23 to 48 were approved by the Directors, and authorised for issue on <sup>11/12/19</sup> and are signed on their behalf, by:

  
 .....  
**C Howorth**  
 (Chair of Trustees)

The notes on pages 26 to 48 form part of these financial statements.

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	<b>Note</b>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	24	(627)	(711)
<b>Cash flows from investing activities</b>	25	831	1,152
<b>Change in cash and cash equivalents in the year</b>		<b>204</b>	<b>441</b>
Cash and cash equivalents at the beginning of the year		<b>1,808</b>	<b>1,367</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>26</b>	<b>2,012</b>	<b>1,808</b>

The notes on pages 26 to 48 form part of these financial statements

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies**

Unity Schools Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the directors' report.

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

**1.1 Basis of preparation of financial statements**

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

Unity Schools 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 Trust 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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 Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year 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.

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies (continued)**

**1.3 Income (continued)**

- **Other income**

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

- **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 'Stocks' and 'Income from Other Trading Activities'. Upon sale, the value of the stock is charged against 'Income from Other Trading Activities' and the proceeds are recognised as 'Income from Other Trading Activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from Other Trading Activities'.

- **Donated fixed assets (excluding transfers on conversion or into the Trust)**

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

**Investment Income**

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

**1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

**UNITY SCHOOLS TRUST**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies (continued)**

**1.5 Tangible fixed assets**

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

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

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

Land and buildings	- Buildings 6 - 50 years; land not depreciated
Computer equipment	- 3 years
Furniture and equipment	- 5 years

No depreciation is provided in respect of leasehold land until it has a useful remaining life of 50 years.

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 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.7 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.8 Liabilities**

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

**1.9 Leasing commitments**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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

**1. Accounting policies (continued)**

**1.10 Financial instruments**

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

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

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

**1.11 Taxation**

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. Accounting policies (continued)**

**1.12 Pensions (continued)**

The Trust is a member of a multi-employer plan. Where it is not possible for the Trust to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

**1.13 Fund accounting**

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

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

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

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

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

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**FOR THE YEAR ENDED 31 AUGUST 2019**

**3. Income from donations and capital grants**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	41	-	41	13
Capital Grants	-	837	837	1,112
	<u>41</u>	<u>837</u>	<u>878</u>	<u>1,125</u>
Total 2018	<u>13</u>	<u>1,112</u>	<u>1,125</u>	

**4. Funding for the Trust's educational operations**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>DfE/ESFA grants</b>				
General annual grant (GAG)	-	9,526	9,526	9,645
Other DfE grants	-	529	529	463
Other government grants	-	264	264	204
Other income from educational operations	712	130	842	706
	<u>712</u>	<u>10,449</u>	<u>11,161</u>	<u>11,018</u>
Total 2018	<u>574</u>	<u>10,444</u>	<u>11,018</u>	

**5. Income from other trading activities**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Hire of facilities	<u>112</u>	<u>112</u>	<u>114</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. Investment income**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Interest	1	1	3
	<u>1</u>	<u>1</u>	<u>3</u>

**7. Expenditure**

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Expenditure on fundraising trading activities:					
Direct costs	23	2	-	25	26
Academy's educational operations:					
Direct costs	7,065	822	1,040	8,927	8,458
Allocated support costs	1,254	2,025	818	4,097	4,558
	<u>8,342</u>	<u>2,849</u>	<u>1,858</u>	<u>13,049</u>	<u>13,042</u>
Total 2018	<u>8,544</u>	<u>2,875</u>	<u>1,623</u>	<u>13,042</u>	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Charitable activities**

	<b>Activities undertaken directly 2019 £000</b>	<b>Support costs 2019 £000</b>	<b>Total funds 2019 £000</b>	<b>Total funds 2018 £000</b>
Academy's educational operations	8,927	4,097	13,024	13,016
Total 2018	8,458	4,558	13,016	

**Analysis of support costs**

	<b>Total funds 2019 £000</b>	<b>Total funds 2018 £000</b>
Net FRS 102 pension scheme finance costs	47	93
Staff costs	1,202	1,391
Depreciation	-	45
Technology costs	149	230
Premises costs	2,025	2,009
Other support costs	653	760
Governance costs	21	30
	<b>4,097</b>	<b>4,558</b>

**9. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	<b>2019 £000</b>	<b>2018 £000</b>
Operating lease rentals	-	88
Depreciation of tangible fixed assets	859	866
Net interest on defined benefit pension liability	96	93
Fees paid to auditor for:		
- audit	8	26
- other services	2	4

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

**10. Central services**

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

- executive leadership
- human resources and premises
- financial services
- audit and accountancy services
- legal services; and
- data protection services.

The Trust charges for these services are currently based on a percentage of GAG income.

The actual amounts charged during the year were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
The Magna Carta School	237	256
Bishop David Brown	144	165
<b>Total</b>	<b>381</b>	<b>421</b>
	<b>381</b>	<b>421</b>

**11. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	6,094	6,294
Social security costs	611	632
Pension costs	1,319	1,334
	<b>8,024</b>	<b>8,260</b>
Agency staff costs	235	224
Staff restructuring costs	31	20
Staff development and other staff costs	52	40
	<b>8,342</b>	<b>8,544</b>
	<b>8,342</b>	<b>8,544</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Staff costs (continued)**

**a. Staff costs (continued)**

Staff restructuring costs comprise:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Redundancy payments	-	9
Settlement payments	31	11
	<b>31</b>	<b>20</b>
	<b>31</b>	<b>20</b>

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £31k (2018: £11k). Individually, the payments were: £5k, £6k and £20k.

**c. Staff numbers**

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Teachers	99	112
Administration and support	132	127
Management	12	13
	<b>243</b>	<b>252</b>
	<b>243</b>	<b>252</b>

Teaching staff numbers reduced in 2019 due to a reduction in staff employed by the Trust. Whilst there was some reduction in actual teaching numbers, the Trust also employed a number of long-term temporary staff that are not included in these numbers. Numbers of administration and support staff increased largely due to an increase in the number of exam invigilators employed by the Trust.

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**11. Staff costs (continued)**

**d. Higher paid staff**

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	4	3
In the band £70,001 - £80,000	2	1
In the band £80,001 - £90,000	1	1
In the band £140,001 - £150,000	1	1
	1	1

**e. Key management personnel**

The key management personnel of the Multi-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 employer national insurance contributions) received by key management personnel for their services to the Multi-Academy Trust was £569k (2018: £542k).

**12. Directors' remuneration and expenses**

One or more Directors has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

		2019 £000	2018 £000
T Smith (CEO)	Remuneration	140 - 145	140 - 145
	Pension contributions paid	20 - 25	20 - 25

During the year ended 31 August 2019, no Director expenses have been incurred (2018 - *ENIL*).

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

**13. Directors and officers insurance**

The Trust 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 Directors 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 Directors and officers indemnity element from the overall cost of the RPA scheme membership.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Tangible fixed assets**

	Land and Buildings £000	Furniture, fixtures and equipment £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 September 2018	36,703	154	200	37,057
Additions	-	-	7	7
At 31 August 2019	<u>36,703</u>	<u>154</u>	<u>207</u>	<u>37,064</u>
<b>Depreciation</b>				
At 1 September 2018	4,000	144	137	4,281
Charge for the year	822	5	32	859
At 31 August 2019	<u>4,822</u>	<u>149</u>	<u>169</u>	<u>5,140</u>
<b>Net book value</b>				
At 31 August 2019	<u>31,881</u>	<u>5</u>	<u>38</u>	<u>31,924</u>
At 31 August 2018	<u>32,703</u>	<u>10</u>	<u>63</u>	<u>32,776</u>

**15. Debtors**

	2019 £000	2018 £000
<b>Due within one year</b>		
Trade debtors	7	2
VAT repayable	316	412
Prepayments and accrued income	546	323
	<u>869</u>	<u>737</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Creditors: Amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	324	285
Other taxation and social security	166	165
Other creditors	140	136
Accruals and deferred income	396	427
	<b>1,026</b>	<b>1,013</b>
	<b>1,026</b>	<b>1,013</b>

**17. Deferred income**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Deferred income at 1 September 2018	24	-
Resources deferred during the year	-	24
Amounts released from previous periods	(24)	-
<b>Deferred income at 31 August 2019</b>	<b>-</b>	<b>24</b>
	<b>-</b>	<b>24</b>

Deferred income relates to monies received in advance for school trips.

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

**18. Statement of funds**

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers In/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>						
General Funds	1,042	866	(762)	-	-	1,146
<b>Restricted general funds</b>						
General Annual Grant (GAG)	119	9,526	(8,961)	(7)	-	677
Other DfE / ESFA grants	-	529	(529)	-	-	-
Other government grants	7	264	(271)	-	-	-
Other restricted funds	4	130	(134)	-	-	-
Pension reserve	(3,305)	-	(368)	-	(1,146)	(4,819)
	<u>(3,175)</u>	<u>10,449</u>	<u>(10,263)</u>	<u>(7)</u>	<u>(1,146)</u>	<u>(4,142)</u>
<b>Restricted fixed asset funds</b>						
DfE group capital grants	360	837	(1,165)	-	-	32
Capital from GAG and other funds	32,776	-	(859)	(31,874)	-	43
Assets transferred on conversion	-	-	-	31,881	-	31,881
	<u>33,136</u>	<u>837</u>	<u>(2,024)</u>	<u>7</u>	<u>-</u>	<u>31,956</u>
<b>Total Restricted funds</b>	<u>29,961</u>	<u>11,286</u>	<u>(12,287)</u>	<u>-</u>	<u>(1,146)</u>	<u>27,814</u>
<b>Total funds</b>	<u><u>31,003</u></u>	<u><u>12,152</u></u>	<u><u>(13,049)</u></u>	<u><u>-</u></u>	<u><u>(1,146)</u></u>	<u><u>28,960</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Statement of funds (continued)**

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

General Annual Grant

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency by the Department for Education. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other DfE/ESFA

Other DfE/ESFA grants represent money given to the Trust through grants. This year the grants included Pupil Premium funding and rates relief. The pupil premium fund has been set up to manage the restricted pupil premium income received for the purposes of supporting children who have been eligible for free school meals.

Other government grants

This is grants given by the Local Authority and includes SEN funding for students at the school who either have statemented needs or are on the School Action Plus level of the SEN register.

Other restricted funds

Other restricted income includes income from various sources that are individually immaterial in value.

DfE group capital grants

This represents grants received from ESFA, including the devolved capital funding and capital improvement funding.

Capital from GAG and other funds

This represents amounts spent on fixed assets from the GAG funding received from the ESFA.

Assets transferred on conversion

This represent the land and buildings and equipment donated to the Multi-Academy Trust from Surrey County Council on conversion.

Transfers between funds

This represents the purchase of fixed assets from GAG funding.

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
The Magna Carta School	686	414
Bishop David Brown	1,055	677
Unity Schools Trust	82	81
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,823	1,172
Restricted fixed asset fund	31,956	33,136
Pension reserve	(4,819)	(3,305)
	<hr/>	<hr/>
<b>Total</b>	<b>28,960</b>	<b>31,003</b>
	<hr/> <hr/>	<hr/> <hr/>

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

**18. Statement of funds (continued)**

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
The Magna Carta School	4,328	631	1,052	1,468	7,479
Bishop David Brown	2,458	358	237	1,247	4,300
Unity Schools Trust	279	288	2	179	748
<b>Trust</b>	<u>7,065</u>	<u>1,277</u>	<u>1,291</u>	<u>2,894</u>	<u>12,527</u>

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Unrestricted funds</b>						
General Funds	826	788	(459)	(113)	-	1,042
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	9,731	(10,694)	1,082	-	119
Other DfE / ESFA grants	-	377	(377)	-	-	-
Other government grants	28	204	(225)	-	-	7
Other restricted funds	14	48	(58)	-	-	4
Pension reserve	(3,590)	-	(363)	-	648	(3,305)
	<u>(3,548)</u>	<u>10,360</u>	<u>(11,717)</u>	<u>1,082</u>	<u>648</u>	<u>(3,175)</u>

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**18. Statement of funds (continued)**

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Restricted fixed asset funds</b>						
DfE group capital grants	280	1,112	-	(1,032)	-	360
Capital from GAG and other funds	33,579	-	(866)	63	-	32,776
	<u>33,859</u>	<u>1,112</u>	<u>(866)</u>	<u>(969)</u>	<u>-</u>	<u>33,136</u>
<b>Total Restricted funds</b>	<u>30,311</u>	<u>11,472</u>	<u>(12,583)</u>	<u>113</u>	<u>648</u>	<u>29,961</u>
<b>Total funds</b>	<u><u>31,137</u></u>	<u><u>12,260</u></u>	<u><u>(13,042)</u></u>	<u><u>-</u></u>	<u><u>648</u></u>	<u><u>31,003</u></u>

**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	31,924	31,924
Current assets	1,146	1,703	32	2,881
Creditors due within one year	-	(1,026)	-	(1,026)
Defined benefit pension liability	-	(4,819)	-	(4,819)
<b>Total</b>	<u><u>1,146</u></u>	<u><u>(4,142)</u></u>	<u><u>31,956</u></u>	<u><u>28,960</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	32,776	32,776
Current assets	2,055	130	360	2,545
Creditors due within one year	(1,013)	-	-	(1,013)
Provisions for liabilities and charges	-	(3,305)	-	(3,305)
<b>Total</b>	<b>1,042</b>	<b>(3,175)</b>	<b>33,136</b>	<b>31,003</b>

**20. Capital commitments**

	2019 £000	2018 £000
<b>Contracted for but not provided in these financial statements</b>		
Capital commitments	36	935

The capital commitments relate to CIF projects for the boilers at Bishop David Brown which is treated as revenue expenditure.

**21. Pension commitments**

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

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

Contributions amounting to £139,000 were payable to the schemes at 31 August 2019 (2018 - £135,000) and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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**21. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the year amounted to £708,000 (2018 - £748,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £436,000 (2018 - £411,000), of which employer's contributions totalled £339,000 (2018 - £316,000) and employees' contributions totalled £ 97,000 (2018 - £92,000). The agreed contribution rates for future years are 24.2 per cent for employers and 5.5-9.9 per cent for employees.

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

**Principal actuarial assumptions**

	2019	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

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**21. Pension commitments (continued)**

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

	<b>2019</b>	<b>2018</b>
	<b>Years</b>	<b>Years</b>
<i>Retiring today</i>		
Males	<b>21.6</b>	22.5
Females	<b>23.6</b>	24.6
<i>Retiring in 20 years</i>		
Males	<b>22.5</b>	24.1
Females	<b>25.0</b>	26.4

**Sensitivity analysis**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Discount rate -0.5%	<b>1,167</b>	899
Salary increase rate +0.5%	<b>130</b>	116
CPI rate +0.5%	<b>1,016</b>	774

The Trust's share of the assets in the scheme was:

	<b>At 31</b>	<b>At 31</b>
	<b>August</b>	<b>August</b>
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Equities	<b>3,714</b>	3,295
Gilts	<b>942</b>	778
Corporate bonds	<b>418</b>	320
Property	<b>157</b>	184
<b>Total market value of assets</b>	<b>5,231</b>	4,577

The actual return on scheme assets was £183,000 (2018 - £224,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Current service cost	<b>(577)</b>	(586)
Past service cost	<b>(34)</b>	-
Interest cost	<b>(96)</b>	(93)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(707)</b>	(679)

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. Pension commitments (continued)**

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

	2019 £000	2018 £000
<b>At 1 September</b>	7,882	7,599
Current service cost	577	586
Interest cost	229	197
Employee contributions	97	92
Actuarial losses/(gains)	1,318	(528)
Benefits paid	(87)	(64)
Past service costs	34	-
<b>At 31 August</b>	<u>10,050</u>	<u>7,882</u>

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £000	2018 £000
<b>At 1 September</b>	4,577	4,009
Interest income	133	104
Actuarial gains	172	120
Employer contributions	339	316
Employee contributions	97	92
Benefits paid	(87)	(64)
<b>At 31 August</b>	<u>5,231</u>	<u>4,577</u>

**22. Funds held as custodian**

The Magna Carta School holds funds as agent on behalf of parents in relation to catering and free school meals as custodian of the catering fund. This fund is run for a non-profit basis with material surpluses being refunded to parents.

As the balance sheet date, £39k (2018: £3k) of cash was held as custodian.

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**23. Operating lease commitments**

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	14	24
Later than 1 year and not later than 5 years	-	14
	<u>14</u>	<u>38</u>

**24. Reconciliation of net expenditure to net cash flow from operating activities**

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of Financial Activities)	<u>(897)</u>	<u>(782)</u>
<b>Adjustments for:</b>		
Depreciation	859	866
Capital grants from DfE and other capital income	(837)	(1,112)
Interest receivable	(1)	(3)
Defined benefit pension scheme cost less contributions payable	272	270
Defined benefit pension scheme finance cost	96	93
Increase in debtors	(132)	(425)
Increase in creditors	13	382
<b>Net cash used in operating activities</b>	<u><u>(627)</u></u>	<u><u>(711)</u></u>

**25. Cash flows from investing activities**

	2019 £000	2018 £000
Dividends, interest and rents from investments	1	3
Purchase of tangible fixed assets	(7)	(63)
Capital grants from DfE Group	837	1,112
Investment released	-	100
<b>Net cash provided by investing activities</b>	<u><u>831</u></u>	<u><u>1,152</u></u>

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**26. Analysis of cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Cash in hand	<b>2,012</b>	1,808
<b>Total cash and cash equivalents</b>	<b>2,012</b>	<b>1,808</b>

**27. Related party transactions**

No related party transactions took place in the period of account other than certain directors' remuneration and expenses already disclosed in note 12.

**28. Members' liability**

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