

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)
TRUSTEES REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	G Hicks H Thomas A Mawson C Wilson D Mann
Trustees	T Matthews G Williams (appointed 27 March 2019) C Wilson L Dawes E Anderson E Benjamin (resigned 7 December 2018) K Richardson D Mann, Chair of Trustees L Bingham H Fernandes (appointed 10 July 2019) J Frith (appointed 14 February 2019) R Burton, Vice Chair (appointed 24 March 2018) R De Carvalho (appointed 12 December 2018, resigned 25 February 2019) E Boxer (appointed 12 December 2019) M Tayob (appointed 12 December 2019)
Company registered number	10689559
Company name	Britannia Education Trust
Principal and registered office	Britannia Village Primary School Westwood Road West Silverton London E16 2AW
Company Secretary	R Thackery
Accounting Officer	L Bingham
Senior Leadership Team	L Bingham, Executive Headteacher K Richardson, Head of School H Wylie, Assistant Headteacher O Moorhouse, Assistant Headteacher R White, Senior Leader C Richardson, SENCo R Thackery, School Business Manager
Independent auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

BRITANNIA EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Britannia Education Trust (the Trust, the Academy or the Charitable Company) for the period from 1 September 2018 to 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates Britannia Village Primary School (BVPS or the School), an Academy for pupils aged 3 to 11 years serving a catchment area in West Silvertown, Newham. It has a pupil capacity of 420 plus a 60 place part time nursery and had a total roll of 419 plus 53 in nursery in the Spring 2019 school census. The Trust is also sponsoring a new Free School – Royal Wharf Primary School – which will operate in a new development in the same catchment area and opened in September 2019.

Structure, Governance and Management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum (Appendix A) and Articles of Association (Appendix B) are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Britannia Education Trust.

Details of the Trustees are included in the reference and administrative details section.

Members' Liability

The Members of the Charitable Company are listed in the Reference and Administrative Details section. Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they ceased to be a Member.

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The Britannia Education Trust is covered through the Department for Education's Risk Protection Arrangements (RPA). The insurance provides £10,000,000 cover on any one claim and details of the costs are included in note 12 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Trustees may be appointed by the Members, elected by parents or co-opted by the Board of Trustees and are in post for four years. The CEO is an ex officio member of the Board of Trustees. Parent Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association allow members to appoint up to nine Trustees. There must also be a minimum of two Parent Trustees. The Board of Trustees may also appoint additional Trustees (Co-opted Trustees) under rule 58. Employees of the Trust (including the CEO) must not exceed one third of the total number of Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Charitable Company is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides an internal programme of continued professional development led by School staff and links with a number of local training providers. Trustees complete an annual skills audit, which alongside identifying strengths, also identifies areas they would like to develop. This is then used to inform targeted training in specific areas. In addition the Trust purchases a Service Level Agreement (SLA) from the local school's service Governors Support Section, which offers a comprehensive package of training and support.

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All new Trustees are entitled to an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chair of Trustees and CEO. All Trustees have access to a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

Organisational Structure

The governance structure of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education. The Scheme of Delegation (Appendix C) sets out the level at which decisions are made.

The Board of Trustees, which meets on at least three occasions per year and each individual committee at least three times per year, is responsible for the strategic direction of the Trust and its Academies. The Board reviews progress towards educational objectives and results; monitors the budget; sets the budget for the following year; and sets the organisational staffing structure. A pay committee agrees the performance objectives of the CEO and reviews them. The CEO agrees and reviews the performance objectives of the Head(s) of School.

The CEO is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. Responsibility for low values of expenditure is delegated to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The CEO/Executive Head oversees both schools. The Head of School manages BVPS. The Senior Leadership Team (SLT) which includes a Deputy Head, two Assistant Heads, the SENCo and the School Business Manager assist the Head of School and Executive Head and have Trust wide elements to their roles and responsibilities as well as School specific.

Arrangements for setting pay and remuneration of key management personnel

The Trust applies the School Teachers Pay and Conditions Document (STPCD) published annually by the DfE. The Trust has adopted the Local Authority pay policy which follows the STPCD regarding pay scales and ranges. This policy applies to all staff including key management personnel.

The Trust has adopted the Local Authority performance management policy. All staff, including the SLT, have clear performance management targets closely linked to the Trust's development plan. If all targets are met and clear evidence provided, the staff member receives an incremental point in line with the policy, recommended by their line manager and authorised by the CEO. For experienced teachers to gain access to the upper threshold, in addition, a professional portfolio must be presented to the Head of School for assessment. The Trustees receive anonymised reports detailing performance grades, meeting of targets and upper threshold payments.

For the CEO's appraisal, the Chair of the Trustees and up to two other Trustees meet to review the CEO's evidence against the agreed targets. If targets have been met the Chair of Trustees will approve the pay award. The procedure is minuted at Finance, Audit and HR Committee meetings.

Trade union facility time

The Trust had no employees who acted as union officials during the period.

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Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperates with the following organisations in pursuit of its charitable activities:

- SEND and Behaviour Support services are purchased from the Local Authority.
- HR, Health and Safety and Governor services are purchased from Newham Partnership Working.
- The CEO and Head of School are members of the Newham Association of Primary Headteachers (NAPH).
- The Creative Arts Partnership is a cluster of 5 schools. The Heads meet regularly to plan joint school projects and discuss school improvement issues.
- The school is a member of the St. Edward's Teaching School Alliance.
- The Trust works with and supports the work of West Silvertown Foundation (WSF) to provide services and events to benefit the School's families. Transactions with WSF are considered as related party transactions as a Trustee is a member of the committee.
- The School has a fundraising group, the PTA, which is considered a connected party.
- The School fundraises on behalf of several charities including the British Legion Poppy Appeal, Water Aid, Save The Children Fund, BBC Children in Need Appeal, Shelter and others.

The Trust does not have a formal sponsor.

Objectives and Activities

The principal object and aim of the Charitable Company is the operation of its Schools to provide free education and care for pupils of different abilities between the ages of 3 and 11.

The Trustees and Members have defined the main objectives of the trust as follows:

Our vision is to bring out the best in our pupils, our staff and our communities.

We aim to give our pupils the best start in life through providing a creative and happy learning environment where achievement, mutual respect and self-esteem are valued.

We aim to empower our pupils to have the necessary knowledge, skills, values, attitudes and understanding to make a positive contribution in a changing world both locally and globally.

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We will:-

- Create safe, supportive, caring environments where children can flourish.
- Provide a broad, balanced, child-centred creative curriculum which is both accessible and appropriate to all our pupils.
- Demonstrate, expect and celebrate excellence in Achievement, Behaviour and Character.
- Develop and nurture an outstanding staff team.
- Be rigorous in the pursuit of inclusion and equity.
- Forge strong partnerships with parents and families.
- Work cooperatively within the trust and with other schools, organisations and stakeholders.
- Equip children to become responsible global citizens, caring for the natural world and making wise, informed choices.
- Involve the School in the community and the community in the School.

Public Benefit

The Trustees believe that by working towards the objects and aims as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

The Trust's main objectives for 2018/19 were:

Governance

Ensure that Trustees have a range of relevant skills, know the Schools well and have the knowledge they need to make decisions that will result in excellence for pupils and the School communities.

Education

Ensure the long term sustainability and continuity of excellent high quality education and experiences for pupils in the School/s.

Growing the MAT

Develop the long-term viability of the Trust.

Opening Royal Wharf Primary School

The School was ready to open to reception pupils for September 2019.

During the year the Trustees have worked towards these aims by:

Governance:

- appointing additional skilled Trustees
- organising Trustee visits to the school
- ensuring that Trustees have an understanding of the Trust's curriculum for pupils
- link Trustees meeting with relevant School staff
- offering training for all Trustees on safeguarding, budget management and governance as well as Trustees independently attending relevant training

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Education:

- Staff appointments made to fill all teaching posts in both Schools
- Internal appointments made to middle and senior leader positions
- Implementing a comprehensive staff development programme
- Monitoring of the Trust and School development programmes and finances
- Achieving results above the England and Newham averages by the end of key stage 2
- Achieving the Inclusion Quality Mark
- Improving progression of key skills in the curriculum

Growing the MAT:

- Implementing a 2 year staff growth plan
- Successfully recruiting staff for both Schools
- Reviewing the Trust's governance arrangements as the Trust transitions to a MAT with 2 Schools
- Meeting with developers to explore the potential for adding other new Schools in Silvertown
- Raising awareness of the Trust within and beyond Newham

Opening Royal Wharf Primary School:

- The CEO met with key partners throughout the year to achieve the desired opening date of September 2019
- The CEO worked with the EFSA project management team to provide temporary accommodation for RWPS on the Britannia Village site as the permanent building will not be ready until summer of 2020
- The CEO recruited staff ready for opening in September 2019
- Marketing strategies ensured the School opened with a full roll

Key Performance Indicators – Pupils

The Trustees receive regular information to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As funding is based on pupil numbers, this is a key performance indicator. At the time of the Spring 2019 census the School was full except for Year 6 with 419 out of a possible 420 pupils. Nursery places were offered to younger pupils (pupils who had turned three before 31st December 2018) in January to increase pupil numbers in nursery.

Another key financial performance indicator is staffing costs as a percentage of total income – this was 68.8%. The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures are approved by the Board.

The Finance and Premises Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately.

Britannia Village Primary School was outstanding in its OFSTED inspection before conversion. It has not been inspected since.

Achievement and Standards – by the time pupils reach Year 6, at the end of key stage 2, the percentage of pupils achieving the expected standards are well above the Newham and national averages.

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Early Years end of reception data

	BVP 2019	Newham 2019	England 2019	BVP 2018	Newham 2018	England 2018
Good Level of Development	72.9%	75.8%	71.8%	70%	75.8%	71.5%
Average Total Points Score	35.7	34.9	34.6	33.6	35.1	34.5

Year 1 phonics data

	BVP 2019	Newham 2019	England 2019	BVP 2018	Newham 2018	England 2018
% Children achieving the threshold of 32 or more	86.7	86.7	82	82	88	81

Key Stage 1 SATs

	BVP 2019	Working at expected + (EXS, GDS)		England 2018
		England 2019	BVP 2018	
Reading	73	75	78	75
Writing	78	69	73	70
Maths	83	76	80	76
RWM	66	65	67	65

	BVP 2019	Greater Depth (GDS)		England 2018
		England 2019	BVP 2018	
Reading	27	25	27	26
Writing	25	15	19	16
Maths	37	22	27	22
RWM	18	11	13	12

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Key Stage 2 SATs

	2018 - 2019 % Meeting the standard						2017 - 2018 % Meeting the standard					
	BVPS		Newham		England		BVPS		Newham		England	
	EXS	GDS	EXS	GDS	EXS	GDS	EXS	GDS	EXS	GDS	EXS	GDS
Reading	91	42	79	31	80	31	91	45	79	29	75	28
Writing	87	31	83	26	79	20	85	18	83	24	78	20
GPS	93	53	86	52	78	36	93	55	88	53	77	31
Maths	93	56	86	37	79	27	95	58	85	36	76	24
Combined	87	18	74	15	65	11	84	16	73	13	64	10

Attendance - Whole School attendance for 2018 – 2019 was 96.5% excluding Nursery and 96.2% including Nursery. The figures for whole School attendance exceeded our target of 96.0% and also exceeded the national average for primary schools of 95.8%. The final persistent absence figure of 5.25% in Summer 2 reduced significantly from the figure of 12.5% during Autumn 1 and was lower than the national average of 8.7%

Key Performance Indicators - Financial

The key financial performance indicators set by the Trust are aimed at ensuring the financial viability of the organisation both short term and longer term. These are:

- setting and operating within a balanced budget as required by the Academies Financial Handbook - achieved
- maintaining positive cash flow forecast for at least 12 months – achieved
- keeping the level of staff cost below 80% - the actual end of year total staff cost was 68.8%. The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures are approved by the Board.
- work with the EFSA and the DFE towards the establishment of Royal Wharf Primary School which opened in September 2019 – achieved, in temporary accommodation for September 2019.
- maintaining pupil numbers – see above

The Finance and Audit Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately.

Going Concern

After making appropriate enquiries, the Board of Trustees 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 Statement of Accounting Policies.

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it received from the Educational and Skills Funding Agency (ESFA). For the year ended 31 August 2019 the Trust received £3,469,312 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £3,129,925 on general running costs. The carry forward for 18/19 is £659,475 restricted general funding and £1,046,924 unrestricted funding.

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Due to the accounting rules for the Local Government Pension under FRS102, the Trust is recognising a significant pension fund deficit of £1,151,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

Investment Policy

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trust does not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Finance Committee meeting. The principal risks facing the Trust are outlined below; those facing the School at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- The Trust has considerable reliance on continued Government funding through the ESFA and 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.
- A fall in pupil numbers would result in less funding however BVPS provides an outstanding quality of education and is oversubscribed for entry to the reception year. In order to mitigate against pupils leaving in years 5 and 6, senior leaders at the School were successful in a joint bid to establish a secondary feeder school in Silvertown which is now well established.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

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- Reputational - the continuing success of the School/s is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes 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 School/s is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment 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 appointed Price Bailey LLP to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area.
- Financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low.
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.
- Legal claim made against the Trust – the Trust has RPA insurance and Gold legal support through Winkworth Sherwood. The Trust has also developed relevant policies and risk assessments and ensures that, through induction and training, staff are aware and follow them.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Fundraising

The Trust only held small fundraising events during the year and collection days for various charities. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fund raising events.

Plans for Future Periods

The Trustees aim to:

- In conjunction with Initial Teacher Training Partnerships, build on existing practices to recruit, develop and train staff to ensure a supply of good staff for future years.
- Consider strategies to ensure that both Schools achieve full pupil capacity in each year group.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by the Board of Trustees, on 11 December 2019 and signed on its behalf by:

David Mann
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. The Board met fewer than six times during the year. The Trustees are satisfied that through the use of sub-committees it maintains effective oversight of funds. Details of one such sub-committee are noted below.

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

Trustee	Meetings attended	Out of a possible
T Matthews	2	3
G Williams	3	3
C Wilson	2	3
L Dawes	0	3
E Anderson	3	3
E Benjamin	0	0
K Richardson	3	3
D Mann, Chair of Trustees	2	3
L Bingham	3	3
H Fernandes	1	1
J Frith	2	2
R Burton, Vice Chair	2	3
R De Carvalho	0	0
E Boxer	0	0
M Tayob	0	0

Changes to the composition of the board during the year were:

- Gill Williams was co-opted onto the Board in December 2018
- Helen Fernandes was co-opted onto the Board in July 2019
- Janet Frith was elected as Parent Trustee in February 2019
- Ernard Benjamin resigned from the Board in December 2018

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Trust board has effectively discussed and made decisions on a range of issues such as:

- Annual financial statements for discussion and approval.
- Monitoring of finances.
- NGA Self Assessment.
- Review and approval of main policies, including Safeguarding and Pay.
- Review and approval of the Scheme of Delegation .
- Review of our governance structures, effectiveness and terms of reference.
- The recruitment and appointment of high calibre new Trustees.
- Safeguarding training and safeguarding visit reports.
- Review of the Risk Register.
- GDPR issues.
- Recruitment issues.
- Oversight of a new free school which opened in September 2019.

Specific challenges for the Board:

- Royal Wharf Primary School successfully opened in temporary accommodation within the existing Britannia Village Primary School. To facilitate this, decisions had to be made about temporary physical changes to the use of spaces at BVPS which took place over the summer term 2019.
- Staff recruitment and retention. Teaching staff were successfully recruited during the summer term 2019 for both Schools for September so that both Schools were fully staffed despite the London teacher shortage. Four teachers were recruited through an Australian teacher recruitment agency.

Trustees do not anticipate any immediate changes to governance structures but are committed to reviewing them, including the Scheme of Delegation, at least annually and making any necessary changes in order to remain effective, efficient and streamline the work.

The Trust's Accounting Officer (the CEO), Trustees and managers maintain robust oversight and management of the Trust's funds through the following:

- The Finance and Audit Committee meets at least three times per year (once each term) to review and monitor the budget.
- The budget monitoring report and commentary are provided to the Board six times a year (every half term).
- Monthly reports are prepared by the CFO and forwarded to the CEO and Chair of Trustees. The reports detail actual income and expenditure against budgets. Variances are highlighted and investigated if necessary with relevant action taken where appropriate.

The Finance and Audit Committee is a sub-committee of the Board of Trustees. The primary responsibilities of the committee are to ensure value for money, regularity and propriety in relation to the management of the Trust's funds and that the Trust's financial activities are conducted in line with funding agreements, the Academies Financial Handbook and the Trust's scheme of delegation.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
L Bingham	4	4
D Mann	4	4
T Matthews	3	4
L Dawes	2	4
R Burton	4	4

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Continuing to invest in an exciting curriculum that provides a range of opportunities for children to enable them to make excellent progress. In 2018 – 2019 BVPS achieved attainment and progress scores that were well above average. This achievement is an indication of the School's good use of public funds and value for money.
- Achieving high teacher attendance and managing teacher absence within the School to negate the need for supply staff to cover absences. Using the School's own staff ensures continuity in provision for the education of the children, contributes to pupils' well-being and enables them to achieve highly. Low staff absence also enables the School to keep staff insurance premiums at a low level.
- Employing cleaners direct, rather than through a 3rd party, which results in large savings and value for money for the Trust
- Training staff 'in house' using our own experienced staff ensures staff receive relevant and quality CPD at no additional cost.

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 Britannia Education 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 Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the 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 Trustees.

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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 Trustees;
- regular reviews by the Finance and Audit 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Price Bailey LLP as Internal Auditor.

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

Compliance with the Academies Financial Handbook in these areas -

- Governance and financial oversight.
- Financial planning, monitoring and reporting.
- Internal control and internal scrutiny.
- Proper and regular use of funds.

The purpose of the audit was to review the controls supporting the ESFA Governance and Financial "musts" to ascertain whether they are being complied with. The audit found that the trust was compliant in all areas and demonstrated best practice in some. Two recommendations were made:

- The regular reports prepared for senior managers and Trustees should be enhanced to contain a cash flow summary and forecast.
- The Anti-Fraud and Theft policy could be revised to include reference to the Bribery Act 2010 and implications of not adhering to it.

On an annual basis, the Internal Auditor reports to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned. There were no material control issues arising as a result of the Internal Auditor's work.

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 11 December 2019 and signed on their behalf by:

D Mann
Chair of Trustees

L Bingham
Accounting Officer

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Britannia Education Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the 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 Board of Trustees 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 Trustees and ESFA.

L Bingham
Accounting Officer
Date: 11 December 2019

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by Board of Trustees on 11 December 2019 and signed on its behalf by:

D Mann
Chair of Trustees

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRITANNIA EDUCATION TRUST**

Opinion

We have audited the financial statements of Britannia Education 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 Auditors' 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 Trustees' 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' Report.

Use of our report

This Report is made solely to the 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 Trust's Members those matters we are required to state to them in an Auditors' 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 Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
Date: 18 December 2019

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 7 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Britannia Education 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 Britannia Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Britannia Education 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 Britannia Education Trust and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of Britannia Education Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Britannia Education Trust's funding agreement with the Secretary of State for Education dated 31 October 2018 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.

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

The work undertaken to draw our conclusions includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance;
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities;
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance;
- Discussions with and representations from the Accounting Officer and other key management personnel;
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

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.

Reporting accountant

Price Bailey LLP

Date: 18 December 2019

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

	Note	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	4	30,360	30,939	3,187	64,486	39,603
Charitable activities	3	3,373,938	-	1,010	3,374,948	3,229,818
Other trading activities		-	-	29,096	29,096	56,054
Investments		-	-	782	782	577
Total income		<u>3,404,298</u>	<u>30,939</u>	<u>34,075</u>	<u>3,469,312</u>	<u>3,326,052</u>
Expenditure on:						
Charitable activities	7	3,104,055	246,971	25,870	3,376,896	3,349,642
Total expenditure		<u>3,104,055</u>	<u>246,971</u>	<u>25,870</u>	<u>3,376,896</u>	<u>3,349,642</u>
Net income / (expenditure)		<u>300,243</u>	<u>(216,032)</u>	<u>8,205</u>	<u>92,416</u>	<u>(23,590)</u>
Transfers between funds	16	(99,584)	99,584	-	-	-
Net movement in funds before other recognised gains/(losses)		<u>200,659</u>	<u>(116,448)</u>	<u>8,205</u>	<u>92,416</u>	<u>(23,590)</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	21	(269,000)	-	-	(269,000)	181,000
Net movement in funds		<u>(68,341)</u>	<u>(116,448)</u>	<u>8,205</u>	<u>(176,584)</u>	<u>157,410</u>
Reconciliation of funds:						
Total funds brought forward		(423,184)	4,181,941	1,038,719	4,797,476	4,640,066
Net movement in funds		(68,341)	(116,448)	8,205	(176,584)	157,410
Total funds carried forward		<u>(491,525)</u>	<u>4,065,493</u>	<u>1,046,924</u>	<u>4,620,892</u>	<u>4,797,476</u>

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.

BRITANNIA EDUCATION TRUST
REGISTERED NUMBER: 10689559
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	4,065,493	4,181,941
		<u>4,065,493</u>	<u>4,181,941</u>
Current assets			
Debtors	14	117,792	181,399
Cash at bank and in hand	20	1,992,642	1,554,533
		<u>2,110,434</u>	<u>1,735,932</u>
Creditors: amounts falling due within one year	15	(404,035)	(346,397)
Net current assets		<u>1,706,399</u>	<u>1,389,535</u>
Total assets less current liabilities		<u>5,771,892</u>	<u>5,571,476</u>
Net assets excluding pension liability		<u>5,771,892</u>	<u>5,571,476</u>
Defined benefit pension scheme liability	21	(1,151,000)	(774,000)
Total net assets		<u><u>4,620,892</u></u>	<u><u>4,797,476</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	16	4,065,493	4,181,941
Restricted income funds	16	659,475	350,816
		<u>4,724,968</u>	<u>4,532,757</u>
Restricted funds excluding pension liability	16	4,724,968	4,532,757
Pension reserve	16	(1,151,000)	(774,000)
Total restricted funds	16	<u>3,573,968</u>	<u>3,758,757</u>
Unrestricted income funds	16	<u>1,046,924</u>	<u>1,038,719</u>
Total funds		<u><u>4,620,892</u></u>	<u><u>4,797,476</u></u>

The financial statements on pages 23 to 48 were approved by the Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf, by:

D Mann
Chair of Trustees

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

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	18	537,693	1,344,253
Cash flows from investing activities	19	(99,584)	(27,788)
Change in cash and cash equivalents in the year		438,109	1,316,465
Cash and cash equivalents at the beginning of the year		1,554,533	238,068
Cash and cash equivalents at the end of the year	20	<u>1,992,642</u>	<u>1,554,533</u>

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

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the 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.

Britannia Education Trust meets the definition of a public benefit entity under FRS 102.

The Trust's functional and presentational currency is Pounds Sterling.

1.2 Going concern

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

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **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.

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.6 Interest receivable

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

1.7 Tangible fixed assets

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

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

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:

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long-term leasehold property	- 125 years straight line
Furniture and equipment	- 5 years straight line
Computer equipment	- 5 years straight line

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

1.8 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.

1.9 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.

1.10 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.

1.11 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 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. 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.

BRITANNIA EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

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.

1.13 Fund accounting

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

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

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

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

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

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

3. Funding for the Trust's provision of education

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	2,512,276	-	2,512,276	2,554,853
Other DfE/EFA grants	189,916	-	189,916	167,316
Start up grant	137,215	-	137,215	30,000
	<u>2,839,407</u>	<u>-</u>	<u>2,839,407</u>	<u>2,752,169</u>
Other government grants				
Local Authority grants	534,531	-	534,531	475,239
	<u>534,531</u>	<u>-</u>	<u>534,531</u>	<u>475,239</u>
Other funding				
Catering Income	-	1,010	1,010	2,410
	<u>3,373,938</u>	<u>1,010</u>	<u>3,374,948</u>	<u>3,229,818</u>
Total 2018	<u>3,227,408</u>	<u>2,410</u>	<u>3,229,818</u>	

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3. Funding for the Trust's provision of education (continued)

In 2018, income from DfE/ESFA grants was £2,752,169 of which all was restricted.

In 2018, income from other government grants was £475,239 of which all was restricted.

In 2018, income from catering was £2,410 of which all was unrestricted.

4. Income from donations and capital grants

	Restricted fixed asset funds 2019 £	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	-	30,360	3,187	33,547	11,626
Capital grants	30,939	-	-	30,939	27,977
	<u>30,939</u>	<u>30,360</u>	<u>3,187</u>	<u>64,486</u>	<u>39,603</u>
Total 2018	<u>27,977</u>	<u>10,403</u>	<u>1,223</u>	<u>39,603</u>	

In 2018, income from donations was £11,626 of which £1,223 was unrestricted and £10,403 restricted.

In 2018, capital grants of £27,977 were in relation to restricted fixed assets.

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Other income	29,096	29,096	56,054
Total 2018	<u>56,054</u>	<u>56,054</u>	

In 2018, other income was £56,054 of which all was unrestricted.

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6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	782	782	577
	<u>782</u>	<u>782</u>	<u>577</u>
Total 2018	<u>577</u>	<u>577</u>	

In 2018, all investment income was in relation to unrestricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of Education:					
Direct costs	1,889,155	-	257,097	2,146,252	2,072,292
Allocated support costs	409,766	329,975	490,903	1,230,644	1,277,350
	<u>2,298,921</u>	<u>329,975</u>	<u>748,000</u>	<u>3,376,896</u>	<u>3,349,642</u>
Total 2018	<u>2,269,834</u>	<u>410,254</u>	<u>669,554</u>	<u>3,349,642</u>	

In 2019, of the total expenditure, £25,870 (2018: £24,669) was from unrestricted funds, £2,970,149 (2018: £3,117,160) was from restricted funds and £203,417 (2018: £207,813) was from restricted fixed asset funds.

In 2018, direct expenditure consisted of £1,817,363 staff costs and £254,929 other costs.

In 2018, support expenditure consisted of £452,471 staff costs, £410,254 premises costs and £414,625 other costs.

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8. Charitable Activities

	2019 £	2018 £
Direct costs	2,146,252	2,072,292
Support costs	1,230,644	1,277,350
	<u>3,376,896</u>	<u>3,349,642</u>

	2019 £	2018 £
Analysis of support costs		
Support staff costs	409,766	452,471
Depreciation	246,971	207,813
Technology costs	13,147	39,831
Premises (excluding depreciation)	83,004	202,441
Other support costs	483,095	364,199
Governance costs	(5,339)	10,595
	<u>1,230,644</u>	<u>1,277,350</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	284	1,136
Depreciation of tangible fixed assets	246,971	207,813
Fees paid to Auditors for:		
- audit	7,420	7,200
- other services	5,665	4,730
	<u>7,705</u>	<u>11,939</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,694,019	1,648,051
Social security costs	162,279	161,946
Pension costs	322,291	400,281
	<u>2,178,589</u>	<u>2,210,278</u>
Agency staff costs	120,332	59,556
	<u>2,298,921</u>	<u>2,269,834</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	27	24
Administration and support	23	26
Management	7	6
	<u>57</u>	<u>56</u>

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

c. 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	1	1
In the band £100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

d. Key management personnel

The Key Management Personnel of the Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received for their services to the Trust was £551,583 (31 August 2018: £470,000). The increase is due to the appointment of an additional senior leader in September 2018 in preparation for the opening of the Trust's second School.

Included in the above are employer pension contributions of £63,901 (2018: £58,135) and employer national insurance contributions of £51,381 (2018: £44,114).

11. Trustees' remuneration and expenses

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

		2019 £	2018 £
L Bingham	Remuneration	105,000 -	105,000 -
		110,000	110,000
	Pension contributions paid	15,000 -	15,000 -
		20,000	20,000
K Richardson	Remuneration	65,000 -	60,000 -
		70,000	65,000
	Pension contributions paid	0 - 5,000	0 - 5,000

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000. The cost of this insurance is included in the total insurance cost.

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13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	4,033,993	214,870	209,029	4,457,892
Additions	64,386	43,805	22,332	130,523
At 31 August 2019	<u>4,098,379</u>	<u>258,675</u>	<u>231,361</u>	<u>4,588,415</u>
Depreciation				
At 1 September 2018	110,803	98,837	66,311	275,951
Charge for the year	81,968	71,340	93,663	246,971
At 31 August 2019	<u>192,771</u>	<u>170,177</u>	<u>159,974</u>	<u>522,922</u>
Net book value				
At 31 August 2019	<u>3,905,608</u>	<u>88,498</u>	<u>71,387</u>	<u>4,065,493</u>
At 31 August 2018	<u>3,923,190</u>	<u>116,033</u>	<u>142,718</u>	<u>4,181,941</u>

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	600	-
Other debtors (incl. VAT recoverable)	42,974	120,249
Prepayments and accrued income	74,218	61,150
	<u>117,792</u>	<u>181,399</u>

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15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	106,878	193,829
Other taxation and social security	90,464	45,986
Other creditors	-	31,129
Accruals and deferred income	206,693	75,453
	<u>404,035</u>	<u>346,397</u>
	<u><u>404,035</u></u>	<u><u>346,397</u></u>
	2019 £	2018 £
Deferred income at 1 September 2018	61,221	-
Resources deferred during the year	148,914	61,221
Amounts released from previous periods	(61,221)	-
	<u>148,914</u>	<u>61,221</u>
	<u><u>148,914</u></u>	<u><u>61,221</u></u>

Deferred income received relates to Universal Infant Free School Meals income and other ESFA income relating to the Autumn Term 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	1,038,719	34,075	(25,870)	-	-	1,046,924
Restricted general funds						
GAG	350,694	2,512,276	(2,252,912)	(99,584)	-	510,474
Other DfE/ESFA	-	327,131	(189,916)	-	-	137,215
Other Government Grants	-	534,531	(534,531)	-	-	-
Donations	122	19,972	(8,308)	-	-	11,786
Trip Income	-	10,388	(10,388)	-	-	-
Pension reserve	(774,000)	-	(108,000)	-	(269,000)	(1,151,000)
	<u>(423,184)</u>	<u>3,404,298</u>	<u>(3,104,055)</u>	<u>(99,584)</u>	<u>(269,000)</u>	<u>(491,525)</u>
Restricted fixed asset funds						
Capital Grants	-	30,939	-	(30,939)	-	-
Fixed Assets	4,181,941	-	(246,971)	130,523	-	4,065,493
	<u>4,181,941</u>	<u>30,939</u>	<u>(246,971)</u>	<u>99,584</u>	<u>-</u>	<u>4,065,493</u>
Total Restricted funds	<u>3,758,757</u>	<u>3,435,237</u>	<u>(3,351,026)</u>	<u>-</u>	<u>(269,000)</u>	<u>3,573,968</u>
Total funds	<u><u>4,797,476</u></u>	<u><u>3,469,312</u></u>	<u><u>(3,376,896)</u></u>	<u><u>-</u></u>	<u><u>(269,000)</u></u>	<u><u>4,620,892</u></u>

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

General funds

This represents income received that does not have restrictions on how it is used.

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

Capital Funds

This represents a grant from the DfE to cover eligible expenditure for project development incurred in establishing the Britannia Education Trust. Transfers from this fund relate to fixed assets purchased from capital funding.

Other DfE/ESFA grants

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

General Annual Grant (GAG)

This represents funding from the ESFA to be used for the normal running costs of the Trust, including education and support costs.

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.

Restricted fixed asset funds

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

Pension reserve

This reserve represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS).

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

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

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	1,030,912	60,264	(24,669)	(27,788)	-	1,038,719
Restricted general funds						
GAG	42,165	2,554,853	(2,210,823)	(35,501)	-	350,694
Other DfE/ESFA grants	-	18,004	(18,004)	-	-	-
Other Government grants	-	99,446	(99,446)	-	-	-
SEN	-	375,793	(375,793)	-	-	-
Pupil Premium	-	149,312	(149,312)	-	-	-
Start up grant	-	30,000	(30,000)	-	-	-
Trip income	-	10,281	(45,782)	35,501	-	-
Donations	-	122	-	-	-	122
Pension reserve	(767,000)	-	(188,000)	-	181,000	(774,000)
	<u>(724,835)</u>	<u>3,237,811</u>	<u>(3,117,160)</u>	<u>-</u>	<u>181,000</u>	<u>(423,184)</u>
Restricted fixed asset funds						
Fixed assets	4,333,989	3,762	(207,813)	52,003	-	4,181,941
Capital Grants	-	24,215	-	(24,215)	-	-
	<u>4,333,989</u>	<u>27,977</u>	<u>(207,813)</u>	<u>27,788</u>	<u>-</u>	<u>4,181,941</u>
Total Restricted funds	<u>3,609,154</u>	<u>3,265,788</u>	<u>(3,324,973)</u>	<u>27,788</u>	<u>181,000</u>	<u>3,758,757</u>
Total funds	<u><u>4,640,066</u></u>	<u><u>3,326,052</u></u>	<u><u>(3,349,642)</u></u>	<u><u>-</u></u>	<u><u>181,000</u></u>	<u><u>4,797,476</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	4,065,493	-	4,065,493
Current assets	1,063,510	-	1,046,924	2,110,434
Creditors due within one year	(404,035)	-	-	(404,035)
Provisions for liabilities and charges	(1,151,000)	-	-	(1,151,000)
Total	(491,525)	4,065,493	1,046,924	4,620,892

Analysis of net assets between funds - prior year

	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	4,181,941	-	4,181,941
Current assets	697,213	-	1,038,719	1,735,932
Creditors due within one year	(346,397)	-	-	(346,397)
Provisions for liabilities and charges	(774,000)	-	-	(774,000)
Total	(423,184)	4,181,941	1,038,719	4,797,476

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

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	92,416	(23,590)
Adjustments for:		
Depreciation	246,971	207,813
Capital grants from DfE and other capital income	(30,939)	(27,977)
Pension liability movements	108,000	188,000
Decrease in debtors	63,607	969,412
Increase in creditors	57,638	30,595
Net cash provided by operating activities	537,693	1,344,253

19. Cash flows from investing activities

	2019 £	2018 £
Purchase of tangible fixed assets	(130,523)	(55,765)
Capital grants from DfE Group	30,939	27,977
Net cash used in investing activities	(99,584)	(27,788)

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,992,642	1,554,533
Total cash and cash equivalents	1,992,642	1,554,533

BRITANNIA EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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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 London Borough of Newham. 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 £29,966 were payable to the schemes at 31 August 2019 (2018 - £28,558) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

The employer's pension costs paid to TPS in the year amounted to £150,959 (2018 - £144,813).

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.

Scheme Changes

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £105,000 (2018 - £119,000), of which employer's contributions totalled £82,000 (2018 - £85,000) and employees' contributions totalled £ 23,000 (2018 - £34,000). The agreed contribution rates for future years are per cent for employers and 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	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65
Inflation assumption (CPI)	2.20	2.30
Inflation assumption (RPI)	3.20	3.30

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

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

21. Pension commitments (continued)

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.80	22.70
Females	25.30	25.20
<i>Retiring in 20 years</i>		
Males	25.00	24.90
Females	27.60	27.50

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

As at the 31 August 2019 the Trust had a pension liability of £1,151,000 (2018 - £774,000). The sensitivity analysis detailed below would increase/ (decrease) the closing defined benefit obligation in the following way;

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(47,000)	(32,230)
Discount rate -0.1%	48,000	32,230
Mortality assumption - 1 year increase	76,000	11,270
Mortality assumption - 1 year decrease	(73,000)	(11,270)
CPI rate +0.1%	42,000	26,370
CPI rate -0.1%	(40,000)	(26,370)

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

	2019 £	2018 £
Equities	479,000	410,000
Gilts	31,000	24,000
Corporate bonds	85,000	66,000
Property	83,000	67,000
Cash and other liquid assets	66,000	50,000
Alternative Assets	100,000	74,000
Total market value of assets	844,000	691,000

The actual return on scheme assets was £52,000 (2018 - £34,000).

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

	2019 £	2018 £
Current service cost	(148,000)	(254,000)
Past service cost	(23,000)	-
Interest income	20,000	16,000
Interest cost	(39,000)	(34,000)
Total amount recognised in the Statement of Financial Activities	(190,000)	(272,000)

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21. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	1,465,000	1,306,000
Current service cost	148,000	254,000
Interest cost	39,000	34,000
Employee contributions	23,000	34,000
Actuarial losses/(gains)	297,000	(163,000)
Past service costs	23,000	-
At 31 August	<u>1,995,000</u>	<u>1,465,000</u>

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

	2019 £	2018 £
At 1 September	691,000	539,000
Interest income	20,000	16,000
Actuarial gains	28,000	18,000
Employer contributions	82,000	85,000
Employee contributions	23,000	34,000
Admin costs	-	(1,000)
At 31 August	<u>844,000</u>	<u>691,000</u>

22. Operating lease commitments

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

	2018 £
Not later than 1 year	<u>284</u>

23. 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.

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24. Related party transactions

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

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 11.