

# **New Vision Trust**

## **Annual Report and Financial Statements**

31 August 2019

Company Limited by Guarantee  
Registration Number  
11086415 (England and Wales)

## Contents

### Reports

Reference and administrative information	1
Trustees' report	3
Governance statement	16
Statement on regularity, propriety and compliance	20
Statement of Trustees' responsibilities	21
Independent auditor's report on the financial statements	23
Independent reporting accountant's report on regularity	26

### Financial statements

Statement of financial activities	28
Balance sheet	29
Statement of cash flows	30
Principal accounting policies	31
Notes to the financial statements	38

## Legal and administrative information

<b>Sponsor</b>	None
<b>Members</b>	D Arrowsmith C French K Golla Q Peppiatt M Rai
<b>Trustees</b>	S Ahmed M Browne F Coats D Green A Layole J Lucas – Vice Chair J Maicheal Q Peppiatt – Chair E Prior E Rice
<b>Registered office</b>	Elmhurst Primary School Upton Park Road Forest Gate London United Kingdom E7 8JY
<b>Company registration number</b>	11086415 (England and Wales)
<b>Key management personnel</b>	Shahed Ahmed OBE, Chief Executive Officer/ Executive Head-Elmhurst Primary School Shazia Hussain, Head Gallions Primary School Sukwinder Samra, Head Elmhurst Primary School Fiona Cullen, Head Nelson Primary School Shabana Khan, Head Vicarage Primary School
<b>Independent Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Legal and administrative information

**Bankers** Lloyds Bank Commercial  
Client Relationship Team  
4th Floor  
125 London Wall  
London, EC2Y 5AJ

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

## **Trustees' report** Year to 31 August 2019

The Trustees of New Vision Trust present their annual report together with the financial statements and auditor's report of the charitable company for the period ended 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies on pages 31 to 37 of the attached financial statements and comply with the Memorandum and Articles of Association, the Companies Act 2006, the Financial Reporting and Accounts Requirements issued by the Education and Skills Funding Agency, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The New Vision Trust is a company limited by guarantee with no share capital (registration no 11086415) and an exempt charity.

New Vision Trust was incorporated on 28 November 2017, and formed in March 2018 when four large primary schools came together to work collaboratively in a Trust structure to further improve the quality of teaching and learning and opportunities for development in each school. Elmhurst, Nelson and Vicarage primary schools are four form entry schools and Gallions is three form entry. The date of conversion to Academy Trust for Elmhurst, Nelson and Vicarage primary schools was 1 March 2018, and the date of conversion for Gallions primary school was 1 April 2018. All four schools have been graded by Ofsted as either good or outstanding so there are strengths and expertise in many areas within the Trust. The schools within the Trust have been working very well together which means that there are clear improvements in school provision, policy and procedure. Also within the Trust, based at Elmhurst Primary School, is North East London Maths Hub, New Vision English Hub and Elmhurst Teaching School Alliance. These three Dfe funded organisations provide additional support and training to a wide range of primary and secondary schools.

#### **Members' Liability**

Every 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' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost is included in the RPA insurance the Academy has opted into.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Method of Recruitment and Appointment or Election of Trustees**

The number of Directors shall be not less than 3, but shall not be subject to a maximum. The first set of Directors shall be those named in the initial memorandum. The Trust shall have the following Directors; up to 11 Directors appointed by Members, including the Chief Executive Officer. The parental representation at the Trust is through 2 parent governors at each of the Local Governing Bodies.

Each Trust school shall have a local governing body that will consist of the following Governors; Governors appointed by Academy Trust, the Headteacher, at least two and no more than four elected Parent Governors and at least one and no more than three elected staff Governors. The number of MAT Governors will be at least equal to the total of parent and staff governors.

The term of office for any Director or Member shall be 4 years, save that this time limit shall not apply to the Headteacher or Chief Executive Officer subject to remaining eligible to be a particular type of Director, any Director or member may be re-appointed or re-elected.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal financial matters. All new Trustees will be given a tour of the Academies and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role as Trustees.

### **Organisational Structure**

New Vision Trust's governance structure consists of four levels:

1. The Trustees and the CEO
2. Trust Committees
3. Local Governing Bodies
4. Headteachers and their Senior Leadership Teams of the four Academy schools in the Trust

The aim of the management structure is to delegate responsibility and encourage involvement in decision making at all levels. The Board of Trustees have established three committees and four Local Governing Bodies. The three Trust committees comprise of a Finance and Audit Committee, a Human Resources Committee and a CEO Performance Management Committee.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Organisational Structure (continued)**

The Board has set out powers delegated to each of these committees and to the school Local Governing Bodies in a Scheme of Delegation. The Trust Board has set out in this document and in its Terms of Reference those areas over which each level of governance has complete discretion or control. It is the Board that is accountable to the Secretary of State. The Board has sought to retain as much decision making as possible at local level.

The Local Governing Bodies receive management reports, monitor performance and recommend budgets for adoption by the Trust Board.

Shahed Ahmed OBE is the CEO of New Vision Trust.

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

The remuneration of key personnel including the CEO, key Trust central personnel and Headteachers is set in accordance with the Scheme of Delegation approved by the Board of Trustees of New Vision Trust.

### **Trade union facility time**

There were no employees who were relevant union officials during the period, so there was no time or percentage of the pay bill spent on facility time. There were no paid trade union activities during the period.

## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

The four schools in the Trust have large pupil numbers and are all either Ofsted rated Good or Outstanding. As part of the Trust schools are actively collaborating with each other in many areas including teaching and learning and the curriculum so that strengths can be shared and areas of development can be improved further. The CEO is supporting the school Headteachers to organise their school budgets in a prudent and efficient manner. The CEO has established mechanisms at different levels to facilitate this collaboration and school improvement. The Trust schools and their local governing bodies are committed to the below:

### **Key principles**

- ◆ New Vision Trust exists to provide our pupils with learning opportunities of the highest calibre, through the collaborative working of ambitious, nurturing and academically successful schools
- ◆ We are a group of local schools working in close partnership, through a Trust structure
- ◆ This partnership should grow organically, building capacity for school improvement and for the maintenance of high attainment

## **OBJECTIVES AND ACTIVITIES** (continued)

### **Key principles** (continued)

- ◆ Schools in the Trust share a common ethos of collaboration, ambition and commitment to continual self-improvement
- ◆ Our family of schools support each other to build on each other's strengths and to support each other's on-going development
- ◆ Each school in the Trust proudly retains its own uniqueness, and this autonomy enriches the collaborative work of all members

### **Agreed Vision and Values**

- ◆ Our collaboration will enable us to build effective relationships for the betterment of our pupils
- ◆ The individuality and creativity of member schools will allow us to build constructively from our different approaches, identifying best practice
- ◆ We shall foster the resilience, wellbeing and achievements of our member schools
- ◆ We will become a world-class Trust - truly at the vanguard of educational innovation and high quality learning - leading school improvement at a local, national and international level
- ◆ We will work with a collaborative spirit, making decisions together for the benefit of all members of the Trust, and through this, for the benefit of all pupils in our schools.

### **The Role of the Trust**

- ◆ To promote, share and curate contemporary research findings, in order that all staff within the Trust are well informed about current thinking on best practice
- ◆ To create a culture of continuous improvement in order to ensure that high standards are present across all areas of the Trust schools
- ◆ To foster dynamic leadership for the purposes of creating effective schools and in order to build a legacy of future leaders
- ◆ To offer enrichment opportunities for pupils, parents and staff and the wider school communities
- ◆ To recruit, train and retain talented teachers across the Trust
- ◆ To drive innovation within and between Trust schools through seeking creative solutions
- ◆ To provide a vibrant curriculum and learning opportunities for pupils through the benefits of cross-school pupil collaborative projects, performances and challenges



## **OBJECTIVES AND ACTIVITIES** (continued)

### **The Role of the Trust** (continued)

- ◆ To embrace mutual challenge in order to support school improvement in the local area
- ◆ To support schools facing challenges
- ◆ To develop and promote a coherent pathway for CPD and teacher development, to foster brilliant teaching and strong leadership
- ◆ To share insights in sustainable school management, in order to promote financial resilience and best value for money
- ◆ To actively and proudly promote the values of inclusivity, diversity and equality in all elements of the work of the Trust

### **Contribution to the partnership**

All partnership members actively support the partnership principles, are committed to implementing its vision and values, and are committed to supporting the development of an effective, ambitious and outward-facing Multi-Academy Trust.

### **Supporting Others**

Within the Trust are the North East London Maths Hub, The New Vision English Hub and the Elmhurst Teaching School Alliance. These are Dfe funded organisations with the aim of improving the quality of teaching and learning in a wide range of schools from the ages of 3-19. This means that through the activities of these organisations the Trust is uniquely placed to provide excellent support in teaching and learning to the pupils and teachers within the Trust, as well as to pupils and teachers across London and beyond. Many hundreds of schools have directly benefitted from this support.

Furthermore, the CEO is actively involved in supporting the Department for Education (DfE) as a member of key government expert advisory committees.

### **Public benefit**

In setting the Trust's objectives and planning its activities, the Board of Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees consider that the trust's aims and activities are demonstrably to the public benefit.

## STRATEGIC REPORT

### Achievements and performance New Vision Trust - Statutory KS data 2018-19

The pupils of all four schools in the Trust have achieved very well as demonstrated below in the published test results. The 2019 KS2 combined reading, writing and maths results for Elmhurst, Vicarage and Nelson are significantly above national, with Nelson achieving a very pleasing 11% increase when compared to 2018. Gallions combined RWM is above national averages. KS1-KS2 progress measures are also generally high.

The high KS2 Maths results and high Year 1 phonics check results demonstrate the success of the collaborative work the Trust has been doing in supporting its schools in these areas.

These excellent results demonstrate the success of the Trust schools in maintaining and improving the high standard of education for pupils.

#### KS2 data

		Reading		Grammar		Writing		Maths		Combined RWM	
		EXS	GDS	EXS	GDS	EXS	GDS	EXS	GDS	EXS	GDS
National average	2018-2019	73%	27%	78%	36%	78%	20%	79%	27%	65%	11%
	2017-2018	75%	28%	78%	34%	78%	20%	76%	24%	64%	10%
	2016-2017	71%	25%	77%	31%	76%	18%	75%	23%	61%	9%
Elmhurst	2018-2019	92%	45%	95%	70%	92%	41%	97%	47%	88%	20%
	2017-2018	92%	30%	96%	60%	91%	35%	97%	41%	86%	14%
	2016-2017	91%	32%	89%	59%	89%	33%	89%	40%	81%	12%
Gallions	2018-2019	80%	25%	83%	38%	81%	28%	87%	32%	69%	13%
	2017-2018	78%	17%	78%	28%	79%	20%	85%	35%	68%	8%
	2016-2017	69%	12%	68%	21%	75%	26%	68%	16%	58%	7%
Nelson	2018-2019	84%	26%	93%	52%	79%	19%	94%	41%	75%	14%
	2017-2018	70%	21%	84%	53%	78%	23%	81%	37%	64%	11%
	2016-2017	66%	10%	86%	38%	78%	16%	86%	25%	61%	3%
Vicarage	2018-2019	92%	31%	92%	82%	91%	17%	92%	50%	88%	9%
	2017-2018	91%	38%	95%	85%	90%	34%	93%	66%	85%	18%
	2016-2017	79%	17%	91%	68%	91%	32%	91%	62%	79%	12%

Trustees' report Year to 31 August 2019

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**KS1 - KS2 Progress measures**

		<b>Reading</b>	<b>Writing</b>	<b>Maths</b>
<b>Elmhurst</b>	<b>2018-2019</b>	<b>3</b>	<b>3.4</b>	<b>4.1</b>
	<i>2017-2018</i>	2.2	3	4.4
	<i>2016-2017</i>	2.8	3	3.4
<b>Gallions</b>	<b>2018-2019</b>	<b>0.012</b>	<b>3.6</b>	<b>3.6</b>
	<i>2017-2018</i>	0.7	1.2	3.6
	<i>2016-2017</i>	-0.9	1.2	-0.3
<b>Nelson</b>	<b>2018-2019</b>	<b>1.4</b>	<b>0</b>	<b>3.1</b>
	<i>2017-2018</i>	-0.5	0.9	3.1
	<i>2016-2017</i>	-1	1.1	2.3
<b>Vicarage</b>	<b>2018-2019</b>	<b>4.6</b>	<b>2.6</b>	<b>5.6</b>
	<i>2017-2018</i>	4	4.6	7.3
	<i>2016-2017</i>	2.1	5.1	7.8

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**KS1 data**

		Reading		Writing		Maths		Combined RWM	
		EXS	GDS	EXS	GDS	EXS	GDS	EXS	GDS
<b>National average</b>	<b>2018-2019</b>	<b>75%</b>	<b>25%</b>	<b>69%</b>	<b>15%</b>	<b>76%</b>	<b>22%</b>	<b>65%</b>	<b>11%</b>
	2017-2018	75%	25%	68%	15%	75%	20%	64%	11%
	2016-2017	76%	25%	68%	16%	75%	21%	64%	11%
<b>Elmhurst</b>	<b>2018-2019</b>	<b>82%</b>	<b>28%</b>	<b>74%</b>	<b>18%</b>	<b>84%</b>	<b>30%</b>	<b>72%</b>	<b>15%</b>
	2017-2018	82%	25%	75%	17%	84%	31%	72%	15%
	2016-2017	81%	24%	73%	15%	81%	20%	67%	12%
<b>Nelson</b>	<b>2018-2019</b>	<b>76%</b>	<b>30%</b>	<b>73%</b>	<b>19%</b>	<b>85%</b>	<b>25%</b>	<b>70%</b>	<b>14%</b>
	2017-2018	76%	30%	72%	16%	76%	22%	64%	8%
	2016-2017	77%	28%	74%	13%	76%	21%	64%	6%
<b>Gallions</b>	<b>2018-2019</b>	<b>75%</b>	<b>19%</b>	<b>70%</b>	<b>14%</b>	<b>75%</b>	<b>17%</b>	<b>58%</b>	<b>8%</b>
	2017-2018	78%	22%	70%	15%	69%	15%	67%	12%
	2016-2017	76%	30%	69%	15%	70%	22%	70%	10%
<b>Vicarage</b>	<b>2018-2019</b>	<b>82%</b>	<b>31%</b>	<b>82%</b>	<b>27%</b>	<b>85%</b>	<b>28%</b>	<b>80%</b>	<b>20%</b>
	2017-2018	86%	36%	84%	25%	86%	35%	82%	25%
	2016-2017	83%	34%	79%	24%	85%	33%	77%	16%

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**Phonics screening check**

<b>National average</b>	<b>2018-2019</b>	<b>82%</b>
	<i>2017-2018</i>	81%
	<i>2016-2017</i>	81%
<b>Elmhurst</b>	<b>2018-2019</b>	<b>98%</b>
	<i>2017-2018</i>	96%
	<i>2016-2017</i>	95%
<b>Gallions</b>	<b>2018-2019</b>	<b>85%</b>
	<i>2017-2018</i>	86%
	<i>2016-2017</i>	87%
<b>Nelson</b>	<b>2018-2019</b>	<b>86%</b>
	<i>2017-2018</i>	90%
	<i>2016-2017</i>	88%
<b>Vicarage</b>	<b>2018-2019</b>	<b>97%</b>
	<i>2017-2018</i>	96%
	<i>2016-2017</i>	95%

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

***Charitable Achievements***

The schools in the Trust are actively involved in contributing to a wide range of Charities with its pupils, staff and parents working hard to work for those who are in need and have arranged a wide range of activities to this end. The following Charities have been supported:

*NSPCC*

*Cancer Research*

*The National Autistic Society*

*Bonny Downs Community Centre (East Ham based charity supporting local families)*

*British Legion Poppy Appeal*

*Comic Relief*

*Children in Need*

*St Joseph's Hospice, Hackney*

*Unicef*

*Christian Aid – Kerala Floods Appeal*

*The Renewal Programme Newham*

*Foodbank in Canning Town*

*Making Her Story – sending socks to refugee camps in France*

*British Legion Poppy appeal*

*Save the Children*

*Human Appeal*

*Refugee and Migrant Project*

*Providence Row*

*MAP – Medical Aid for Palestinians*

*Book Aid International*

*Meningitis Now*

## **STRATEGIC REPORT** (continued)

### **Achievements and performance** (continued)

#### ***Going concern***

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

### **Financial review**

#### **Financial and risk management objectives and policies**

#### ***Principal risks and uncertainties***

The Trust has considered the wide range of risks it is exposed to and identified appropriate procedure for all risks where the likelihood and/or impact of the risk are sufficiently high. The most significant risks facing the trust are considered to be:

#### **a) Governance and oversight:**

Trustees fail to deliver effective strategic leadership to the Trust as it grows in size, or there is a lack of corporate vision that results in reputational damage for the Trust. This is mitigated by annual review by members of the Trustees performance, removing underperforming Trustees and recruiting additional Trustees as required.

#### **b) Key staff recruitment and retention:**

Difficulty in recruiting teaching staff to fill roles across Trust. This is mitigated by monitoring recruitment and retention rates, advertising and recruiting early, advertising and recruiting teachers at Trust level, providing opportunities for career progression and increasing the number of trainees engaged via the School Direct programme and Teach First

#### **c) Financial stability of schools:**

The majority of schools within Newham local authority are experiencing a fall in admission numbers and this includes two of the schools in the Trust, namely Gallions and Nelson. This is being mitigated by the CEO supporting these schools in implementing strategies to attract more pupils and helping the Headteachers to manage their budgets more prudently and efficiently.

### **Financial position and reserves policy**

#### ***Financial position***

During the year ended 31 August 2019, total income was £21,892,000 (period ended 31 August 2018 - £51,855,000 including balances on conversion of £41,541,000). Total expenditure was £22,928,000 (2018 – £10,437,000).

## **FINANCIAL REVIEW** (continued)

### **Financial position and reserves policy** (continued)

#### ***Financial position*** (continued)

At 31 August 2019 the net book value of fixed assets was £41,572,000 (2018 – £42,289,000) and movements in tangible fixed assets are shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The Academy Trust held fund balances at 31 August 2019 of £39,692,000 (2018 – £41,852,000) comprising £35,612,000 (2018 – £38,113,000) of restricted funds including a pension reserve deficit of £7,200,000 (2018 – £5,102,000), unrestricted funds of £2,375,000 (2018 – £3,739,000) and designated funds of £1,705,000 (2018 - £nil).

#### ***Reserves policy***

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be equivalent to a minimum of 5% of annual income, with an additional central contingency of £100,000 in order to fund any short term resource needs. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. In addition, the Trust currently requires reserves to manage the current uncertainty regarding funding levels in the sector and to ensure that adequate funds are available for ongoing capital maintenance. Considering the level of reserves at the period end, the Trustees deem these to be more than adequate.

#### **Investment Policy**

The Academy holds no investments. Surplus cash is deposited in UK banks.

## **FUNDRAISING**

The Trust does not employ a professional fundraiser. The Trust does not actively fundraise for its own purposes, other than for other charitable causes.

## **PLANS FOR FUTURE PERIODS**

- ◆ Maintaining and improving the KS2 SATS Reading, Writing and Maths combined figures so that all four schools are above national
- ◆ Supporting the Trust schools to review their curriculum offer in light of the new Ofsted inspection framework
- ◆ Supporting the Trust schools to improve/maintain high Ofsted ratings
- ◆ Supporting the Trust schools to manage their budgets in a prudent and efficient manner



**Trustees' report** Year to 31 August 2019

**PLANS FOR FUTURE PERIODS** (continued)

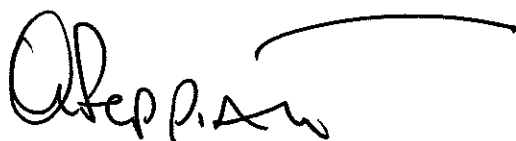
- ◆ Continue to work collaboratively across the Trust schools to further improve teaching and learning and standards, with a particular focus in English and Mathematics
- ◆ Continuing to work together to provide high quality Continuous Professional Development for all Academy schools staff
- ◆ Continuing to provide enriched opportunities of learning for pupils by organising inter Trust schools activities and competitions
- ◆ Utilising the Teaching school, Maths and English Hubs to benefit the staff and pupils in the Trust schools as well as providing support to schools outside of the Trust

**AUDITOR**

In so far as the Trustees are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company's directors, on 10 December 2019 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'A. P. S. W.', with a long horizontal flourish extending to the right.

Trustee

**Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that New Vision 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 governing body has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the governing body 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 Trust Board has formally met 3 times during the period. Attendance during the period at meetings was as follows:

<b>Governor</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Q Peppiatt	3	3
J Lucas	2	3
S Ahmed	3	3
M Browne	3	3
D Green	2	3
A Layole	2	3
E Rice	3	3
J Maicheal	2	3
F Coats	3	3
E Prior	3	3

The Board met less than six times in 2018/19. It has maintained effective oversight of funds by delegating certain areas to a sub-committee, which is described below. There were also meetings for the HR committee and of the Local Governing Bodies (LGBs).

Finance Committee attendance was as follows:

**Finance and Audit committee attendance**

<b>Name</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Q Peppiatt	2	3
S Ahmed	3	3
A Layole	3	3
J Maicheal	3	3
F Coats	2	3
E Prior	3	3

### **Governance reviews**

The governance arrangements of New Vision Trust were reviewed during the period as part of the process of becoming a Multi-Academy Trust. A self-evaluation was completed during the last financial period.

### **Review of value for money**

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during the academic year, and reports to the Board of Trustees where value for money can be improved, including the use on benchmarking data where available. The accounting officer for the Academy Trust has delivered and improved value for money during the period as follows:

- ◆ The Trust has been successful in securing a DfE grant to support the development of the Trust. This is enabling the Trust schools to work collaboratively to further improve the quality of teaching and learning across the schools, particularly in English and Maths. A system of peer review in schools to evaluate school effectiveness and improve further has been implemented.  
  
Joint Trust staff training for all staff has enabled the Trust to provide a higher quality of training as costs and facilities are shared across the four schools.
- ◆ The CEO has worked with the Headteachers to compare and evaluate the Academy schools budgets, review spending and improve value for money across different budget areas. This has included one school, which is experiencing a fall in pupil admissions numbers, subsequently taking action to restructure support staffing. This has resulted in cost savings.
- ◆ The size and growing reputation of the Trust has enabled it to negotiate improved service standards and/or costs from a number of providers. This includes for example better discounts from a phonics resources supplier and education resources catalogue supplier. A comprehensive list of service level agreements in the Trust schools was compiled which identified some unnecessary on-going purchases which when eliminated led to significant further cost savings across the Trust.
- ◆ The CEO has worked with NPW who currently provide the main SLAs to identify 'bulk buy' of certain services from the Trust central funds. This has led to discounted rates being agreed.

**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 ongoing process designed to identify and prioritise the risks to the achievement of the Trust's 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 at the Trust for the period ended 31 August 2019 and up to the date of approval of the Trustees' 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 on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The risk and control framework**

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Tridan Business Concepts as internal auditor.

**The risk and control framework (continued)**

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a regular basis, the auditor reports to the Board of Trustees, through the Trust Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

The internal audit report does not highlight any significant control issues and the recommendations within the report are being acted upon to ensure improvement in all the overall financial controls across all the Trust schools.

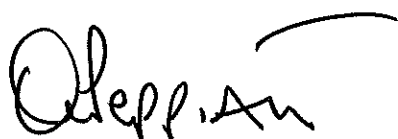
**Review of effectiveness**

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

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

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

Approved by order of the Trustees and signed on their behalf by:



(Trustee)



(Chief Executive Officer and  
Accounting Officer)

Approved on: 10 December 2019

**Statement on regularity, propriety and compliance** 31 August 2019

As Accounting Officer of the New Vision Trust, I have considered my responsibility to notify the Academy Trust governing body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Accounting Officer

Date: 10 December 2019

## Statement of Trustee's responsibilities 31 August 2019

The Trustees (who act as governors of the Trust and are also the directors of the Academy Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and 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 Academy Trust and of its income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 Academy Trust will continue in operation.

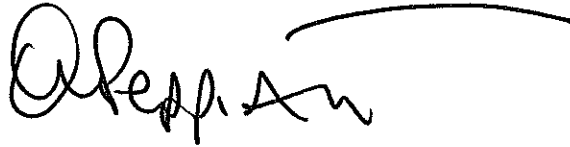
The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy Trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Academy Trust 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 Academy Trust 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 the ESFA have been applied for the purposes intended.

**Statement of Trustee's responsibilities 31 August 2019**

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

Approved by order of the members of the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A. Peppin', with a long horizontal flourish above the end of the signature.

Chair of Trustees

Date: 10 December 2019



**Independent auditor's report to the members of New Vision Trust**

**Opinion**

We have audited the financial statements of New Vision Trust ('the charitable company') for the period ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2018 to 2019.

In our opinion, the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

- ◆ the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information (covers the reference and administrative details, the report of the Trustees and strategic report and the governance statement)**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

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

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

- ◆ the information given in the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company 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 or returns; or
- ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

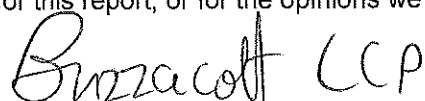
### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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



Hugh Swainson (Senior Statutory Auditor)  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

19 December 2019

**Independent reporting accountant's assurance report on regularity to New Vision Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 23 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The New Vision Trust during the period from 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 New Vision Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to New Vision Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the New Vision Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of New Vision Trust's accounting officer and the reporting auditor**

The Accounting Officer is responsible, under the requirements of New Vision Trust funding agreement with the Secretary of State for Education dated 27 February 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 period from 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

**Approach** (continued)

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

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 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.

*Buzzacott LLP*

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

*19 December 2019*

**Statement of financial activities (including income and expenditure account)**  
Year ended 31 August 2019

	Notes	Restricted funds			2019 Total funds £'000	9 month period to 31 August 2018 Total funds £'000
		Unrestricted general funds £'000	General funds £'000	Fixed asset funds £'000		
<b>Income from:</b>						
Donations and capital grants	1	7	—	168	175	284
. Transfer from Local Authority on conversion	1	(49)	—	—	(49)	41,541
Charitable activities						
. Funding for the Academy Trust's educational operations	3	1,160	20,388	—	21,548	9,955
. Teaching Schools	3,20	—	68	—	68	17
Other trading activities	2	93	57	—	150	58
<b>Total income</b>		<b>1,211</b>	<b>20,513</b>	<b>168</b>	<b>21,892</b>	<b>51,855</b>
<b>Expenditure on:</b>						
Charitable activities						
. Academy's educational operations	5	870	21,154	872	22,896	10,414
. Teaching Schools	5,20	—	32	—	32	23
<b>Total expenditure</b>	4	<b>870</b>	<b>21,186</b>	<b>872</b>	<b>22,928</b>	<b>10,437</b>
<b>Net income (expenditure)</b>		<b>341</b>	<b>(673)</b>	<b>(704)</b>	<b>(1,036)</b>	<b>41,418</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses) gains on defined benefit pension scheme	18	—	(1,124)	—	(1,124)	434
<b>Net movement in funds</b>		<b>341</b>	<b>(1,797)</b>	<b>(704)</b>	<b>(2,160)</b>	<b>41,852</b>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September 2018		3,739	(4,420)	42,533	41,852	—
<b>Total fund balances carried forward at 31 August 2019</b>		<b>4,080</b>	<b>(6,217)</b>	<b>41,829</b>	<b>39,692</b>	<b>41,852</b>

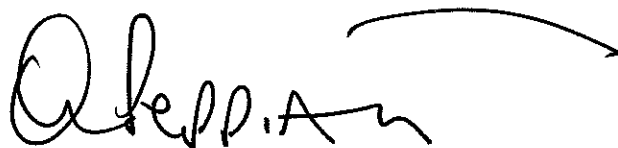
All of the Academy's activities derived from continuing operations during the above two financial periods.

The Academy has no recognised gains or losses other than those shown above.

**Balance sheet** 31 August 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>					
Tangible fixed assets	10		41,572		42,289
<b>Current assets</b>					
Debtors	11	1,121		3,060	
Cash at bank and in hand		5,635		3,369	
		6,756		6,429	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	12	(1,436)		(1,764)	
<b>Net current assets</b>			5,320		4,665
<b>Total assets less current liabilities</b>			46,892		46,954
Defined benefit pension scheme liability	18		(7,200)		(5,102)
<b>Total net assets</b>			39,692		41,852
<b>The funds of the Academy Trust:</b>					
Restricted funds					
. Fixed assets fund	13		41,829		42,533
. Restricted income fund	13		983		682
. Pension reserve	13		(7,200)		(5,102)
<b>Total restricted funds</b>			35,612		38,113
Unrestricted income funds					
. General funds	13		2,375		3,739
. Designated funds	13		1,705		—
<b>Total funds</b>			39,692		41,852

The financial statements on page 28 to 54 were approved by the Trustees, and authorised for issue on 10 December 2019 and are signed on their behalf by:



Chair of Trustees

New Vision Trust

Company Limited by Guarantee

Registration Number: 11086415 (England and Wales)

**Statement of cash flows** Year ended 31 August 2019

	Note	2019 £'000	2018 £'000
Net cash from operating activities	A	2,254	3,126
Cash flows from investing activities	B	12	243
Change in cash and cash equivalents in the period		2,266	3,369
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2018		3,369	—
Cash and cash equivalents at the end of the year	C	5,635	3,369

**A Reconciliation of (expenditure) income to net cash provided by operating activities**

	2019 £'000	2018 £'000
Net (expenditure) income for the period (as per the statement of financial activities)	(1,036)	41,418
Adjusted for:		
Inherited pension deficit	—	5,206
Inherited tangible fixed assets	—	(42,659)
Depreciation charges (note 10)	872	410
Capital grants from DfE and other capital income	(168)	(284)
Interest receivable	1	—
Defined benefit pension scheme cost less contributions payable (note 18)	845	261
Defined benefit pension scheme finance cost (note 18)	129	69
Increase in debtors	1,939	(3,060)
Increase in creditors	(328)	1,765
<b>Net cash provided by operating activities</b>	<b>2,254</b>	<b>3,126</b>

**B Cash flows from investing activities**

	2019 £'000	2018 £'000
Dividends, interest and rents from investments	1	—
Purchase of tangible fixed assets	(155)	(41)
Capital grants from DfE/ESFA	168	284
<b>Net cash provided by investing activities</b>	<b>12</b>	<b>243</b>

**C Analysis of cash and cash equivalents**

	2019 £'000	2018 £'000
Cash at bank and in hand	5,635	3,369
<b>Total cash and cash equivalents</b>	<b>5,635</b>	<b>3,369</b>



### **Statement of accounting policies**

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

### **Basis of preparation**

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

The financial statements are presented in sterling to the nearest thousand pounds.

The comparative figures are for the period from 28 November 2017 to 31 August 2018 and include the activities of the academies following conversion in 1 March and 1 April 2018.

### **Conversion to an Academy Trust**

The conversion of four primary schools from state maintained schools into the Academy Trust in the period to 31 August 2018 involved the transfer of identifiable assets and liabilities and the operations of the schools for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion of the four schools into the Academy Trust have been valued at their fair value and recognised on the balance sheet at the point that the risks and rewards of ownership pass to the Trust. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in 'Donations – transfer from local authority on conversion' in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

**Going concern**

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

**Income**

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

**Grants**

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

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

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

**Donations**

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

**Other income**

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

**Income** (continued)

***Donated tangible fixed assets***

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

**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. 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 Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities .

All expenditure is stated net of recoverable VAT.

**Tangible fixed assets**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the expected useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

**Tangible fixed assets** (continued)

- ◆ Computer equipment over three years
- ◆ Land and buildings over fifty years

Depreciation is charged from the month of acquisition.

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.

**Debtors**

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short term deposits.

**Liabilities**

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

**Provisions**

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

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

### **Leased assets**

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

### **Financial instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 11. 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 12. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

### **Taxation**

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

### **Pension benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

**Pension benefits** (continued)

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**Fund accounting**

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

Designated funds are unrestricted funds which have been set aside by the Trustees for specific purposes.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted income funds comprise all other grants received from the Education and Skills Funding Agency, the Local Authority or other revenue funds that are given for specific purposes.

**Critical accounting estimates and areas of judgement**

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

**Critical accounting estimates and assumptions**

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

◆ LGPS defined benefit liability

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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.

◆ Building valuations

Elmhurst primary school, Nelson primary school and Vicarage primary school joined New Vision Trust on 1 March 2018 and Gallions primary school joined the Trust on 1 April 2018. All four buildings transferred under a long leasehold arrangement. The value of the buildings have been estimated using the Buildings sum insured by One Source, on behalf of the London Borough of Newham. The Trustees deem this valuation to be equivalent to depreciated replacement cost.

**Agency Arrangements**

There are no agency arrangements.

Notes to the Financial Statements Year ended 31 August 2019

**1 Donations and capital grants**

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2019 Total funds £'000
Capital grants	—	—	168	168
Transfer from Local Authority on conversion	(49)	—	—	(49)
Other donations	7	—	—	7
	(42)	—	168	126

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed assets funds £'000	9 month period to 31 August 2018 Total funds £'000
Capital grants	—	—	284	284
Donated assets on conversion (note 19)	4,088	(5,206)	42,659	41,541
	4,088	(5,206)	42,943	41,825

**2 Other trading activities**

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Hire of facilities	24	—	24
Catering income	—	8	8
Trip income	—	49	49
Miscellaneous income	69	—	68
	93	57	150

	Unrestricted funds £'000	Restricted funds £'000	9 month period to 31 August 2018 Total funds £'000
Hire of facilities	6	—	6
Catering income	—	20	20
Trip income	—	22	22
Miscellaneous income	10	—	10
	16	42	58



**3 Funding for the Academy Trust's educational operations**

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
<b>DfE / ESFA grants</b>			
. General Annual Grant (GAG)	—	15,835	15,835
. Other DfE / ESFA	—	1,869	1,869
Teaching Schools Grants	—	68	68
	—	17,772	17,772
<b>Other government grants</b>			
. Local authority grants	—	2,684	2,684
Other income from the Academy Trust's educational operations	1,160	—	1,160
	1,160	20,456	21,616
			<i>9 month period to 31 August 2018</i>
	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
<i>DfE / ESFA grants</i>			
. General Annual Grant (GAG)	—	7,936	7,936
. Other DfE / ESFA	—	784	784
Teaching Schools Grants	—	17	17
	—	8,737	8,737
<i>Other government grants</i>			
. Local authority grants	—	800	800
Other income from the Academy Trust's educational operations	435	—	435
	435	9,537	9,972

**4 Expenditure**

	<u>Non pay expenditure</u>			<b>2019 Total funds £'000</b>
	Staff costs £'000	Premises £'000	Other costs £'000	
Academy Trust's educational operations:				
.. Direct costs	14,381	873	304	<b>15,558</b>
.. Allocated support costs	2,136	1,378	3,856	<b>7,370</b>
	<u>16,517</u>	<u>2,251</u>	<u>4,160</u>	<u><b>22,928</b></u>

	<u>Non pay expenditure</u>			9 month period to 31 August 2018 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000	
Academy Trust's educational operations:				
.. Direct costs	6,760	411	553	7,724
.. Allocated support costs	764	717	1,232	2,713
	<u>7,524</u>	<u>1,128</u>	<u>1,785</u>	<u>10,437</u>

	2019 £'000	9 month period to 31 August 2018 £'000
<b>Net income (expenditure) for the period includes:</b>		
Operating lease rentals	8	11
Depreciation	872	411
Fees payable to auditor		
. Statutory audit	15	13
. Other services	5	4
	<u>895</u>	<u>439</u>

**5 Charitable activities - Academy trust's educational operations**

	2019 Total funds £'000	9 month period to 31 August 2018 Total funds £'000
Direct costs	15,558	7,313
Support costs	7,370	3,124
	<u>22,928</u>	<u>10,437</u>

**5 Charitable activities - Academy trust's educational operations (continued)**

	2019 Total funds £'000	9 month period to 31 August 2018 Total funds £'000
<b>Analysis of support costs</b>		
Support staff costs	2,136	764
Depreciation	873	411
Technology costs	26	4
Premises costs	1,378	717
Other support costs	2,894	1,208
Governance costs	63	20
<b>Total support costs</b>	<b>7,370</b>	<b>3,124</b>

**6 Staff**

**(a) Staff costs**

Staff costs during the period were:

	2019 Total funds £'000	9 month period to 31 August 2018 Total funds £'000
Wages and salaries	12,286	5,554
Social security costs	1,193	560
Pension costs	2,588	1,097
	<b>16,067</b>	<b>7,211</b>
Supply teacher costs	440	313
Staff restructuring costs	10	—
	<b>16,517</b>	<b>7,524</b>

**(b) Staff numbers**

The average numbers of persons (including senior management team) employed by the Academy Trust during the period was as follows:

	2019 No.	2018 No.
<b>Charitable activities</b>		
Teachers	154	153
Administration and support	294	277
Management	26	30
	<b>474</b>	<b>460</b>

**6 Staff (continued)**

**(c) Higher paid staff**

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

	2019 No.	9 month period to 31 August 2018 No.
<b>Charitable activities</b>		
£60,001 - £70,000	7	—
£70,001 - £80,000	2	1
£90,001 - £100,000	2	—
£100,001 - £110,000	1	—
£180,001 - £190,000	1	—

**(d) Key management personnel**

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the Academy Trust in the period was £704,556 (2018 – £320,552).

**7 Trustees' remuneration and expenses**

The CEO only receives remuneration in respect of services he provides undertaking the role of CEO and Executive Headteacher and not in respect of his services as a Trustee. Trustees not mentioned below did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2019 £'000	9 month period to 31 August 2018 £'000
Shahed Ahmed, CEO, Headteacher and Trustee		
. Remuneration	180-185	70-80
. Employer's pension contributions	25-30	10-15

During the period ended 31 August 2019 no travel and subsistence expenses were reimbursed to Trustees (2018 – none).

**8 Trustees' and Officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost is included in the RPA insurance the Academy has opted into.

## 9 Central Services

The Academy Trust has provided the following central services to its Academies during the period:

- ◆ financial services
- ◆ legal services;
- ◆ educational support services; and
- ◆ health and safety

Central costs were re-charged at a flat rate of 2% (2018 -1.1%) of School Budget Share and LACSEG income. The actual amounts charged during the period were as follows:

	2019 £'000	9 month period to 31 August 2018 £'000
Elmhurst Primary School	82	23
Gallions Primary School	60	14
Nelson Primary School	85	27
Vicarage Primary School	86	24
<b>Total</b>	<b>313</b>	<b>88</b>

## 10 Tangible fixed assets

	Freehold land and buildings £'000	Assets under construction £'000	Furniture and equipment £'000	Computer Equipment £'000	Total funds £'000
<b>Cost/valuation</b>					
At 1 September 2018	42,659	—	—	41	42,700
Additions	25	89	21	20	155
At 31 August 2019	42,684	89	21	61	42,855
<b>Depreciation</b>					
At 1 September 2018	409	—	—	2	411
Charge in period	853	—	1	18	872
At 31 August 2019	1,262	—	1	20	1,283
<b>Net book value</b>					
At 31 August 2019	41,422	89	20	41	41,572
At 1 September 2018	42,250	—	—	39	42,289

Notes to the Financial Statements Year ended 31 August 2019

**11 Debtors**

	2019 £'000	2018 £'000
Trade debtors	40	62
VAT recoverable	836	391
Other debtors	22	2,487
Prepayments and accrued income	223	120
	<u>1,121</u>	<u>3,060</u>

**12 Creditors: amounts falling due within one year**

	2019 £'000	2018 £'000
Trade creditors	236	622
Other taxation and social security	325	290
Other creditors	221	249
Accruals and deferred income	654	603
	<u>1,436</u>	<u>1,764</u>

Accruals and deferred income above includes the following deferred income balance:

	Total 2019 £'000	Total 2018 £'000
Deferred income at 1 September 2018	520	—
Released during the year	(520)	—
Resources deferred in the year	563	520
Deferred income at 31 August 2019	<u>563</u>	<u>520</u>

Notes to the Financial Statements Year ended 31 August 2019

**13 Funds**

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Revenue general funds</b>					
. General Annual Grant (GAG)	682	15,835	(15,534)	—	983
. Pupil premium	—	1,039	(1,039)	—	—
. Other restricted grants	—	57	(57)	—	—
. Local authority grants	—	3,582	(3,582)	—	—
. Pension reserve	(5,102)	—	(974)	(1,124)	(7,200)
	<u>(4,420)</u>	<u>20,513</u>	<u>(21,186)</u>	<u>(1,124)</u>	<u>(6,217)</u>
<b>Restricted fixed asset funds</b>					
. Transfer on conversion	42,249	—	(867)	—	41,382
. ESFA capital grants	284	168	(5)	—	447
	<u>42,533</u>	<u>168</u>	<u>(872)</u>	<u>—</u>	<u>41,829</u>
<b>Unrestricted funds</b>					
. General funds	3,739	1,211	(870)	(1,705)	2,375
. Designated funds	—	—	—	1,705	1,705
<b>Total unrestricted funds</b>	<u>3,739</u>	<u>1,211</u>	<u>(870)</u>	<u>—</u>	<u>4,080</u>
<b>Total funds</b>	<u>41,852</u>	<u>21,892</u>	<u>(22,928)</u>	<u>(1,124)</u>	<u>39,692</u>

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Revenue general funds</b>					
. General Annual Grant (GAG)	—	7,936	(7,254)	—	682
. Pupil premium	—	429	(429)	—	—
. Other restricted grants	—	397	(397)	—	—
. Local authority grants	—	817	(817)	—	—
. Pension reserve	—	(5,206)	(330)	434	(5,102)
	<u>—</u>	<u>4,373</u>	<u>(9,227)</u>	<u>434</u>	<u>(4,420)</u>
<b>Restricted fixed asset funds</b>					
. Transfer on conversion	—	42,659	(410)	—	42,249
. ESFA capital grants	—	284	—	—	284
	<u>—</u>	<u>42,943</u>	<u>(410)</u>	<u>—</u>	<u>42,533</u>
<b>Unrestricted funds</b>					
. General funds	—	4,539	(800)	—	3,739
<b>Total unrestricted funds</b>	<u>—</u>	<u>4,539</u>	<u>(800)</u>	<u>—</u>	<u>3,739</u>
<b>Total funds</b>	<u>—</u>	<u>51,855</u>	<u>(10,437)</u>	<u>434</u>	<u>41,852</u>

13 Funds (continued)

	2019 £'000	2018 £'000
Analysis of fund balance by academy		
Fund balances at 31 August 2019 were allocated as follows:		
. Elmhurst Primary School	2,627	2,039
. Gallions Primary School	722	794
. Nelson Primary School	614	1,058
. Vicarage Primary School	947	714
. Central Trust	153	(184)
<b>Total before fixed assets and pension reserve</b>	<b>5,063</b>	<b>4,421</b>
Restricted fixed asset fund	41,829	42,533
Pension liability	(7,200)	(5,102)
	<b>39,692</b>	<b>41,852</b>

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

**ESFA revenue grant fund and other restricted funds**

*General Annual Grant (GAG)*

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

**Fixed asset fund**

The fixed assets fund was set up to recognise the tangible fixed assets gifted to the Academy Trust upon conversion by the local authority. Depreciation charged on those inherited assets is charged to the fund.

**Designated funds**

Designated funds have been set aside by the Trustees for a capital project to develop a performance theatre at Elmhurst Primary School.

**Analysis of academies by cost**

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

	Teaching and Educational Support Staff costs £'000	Other Support Staff costs £'000	Educational Supplies £'000	Other Costs (Excluding Depreciation) £'000	Total 2019 £'000
Elmhurst Primary School	3,494	278	376	1,478	5,626
Gallions Primary School	2,632	366	312	795	4,105
Nelson Primary School	3,740	721	285	1,004	5,750
Vicarage Primary School	3,929	340	191	852	5,312
Central Trust	145	874	12	231	1,262
	<b>13,940</b>	<b>2,579</b>	<b>1,176</b>	<b>4,360</b>	<b>22,055</b>



13 Funds (continued)

Analysis of academies by cost (continued)

	Teaching and Educational Support Staff costs £'000	Other Support Staff costs £'000	Educational Supplies £'000	Other Costs (Excluding Depreciation) £'000	9 month period to 31 August 2018 £'000
Elmhurst Primary School	1,690	137	170	616	2,613
Gallions Primary School	1,144	149	130	390	1,813
Nelson Primary School	1,751	386	77	391	2,605
Vicarage Primary School	1,864	145	177	456	2,642
Central Trust	—	261	—	101	362
	<b>6,449</b>	<b>1,078</b>	<b>554</b>	<b>1,954</b>	<b>10,035</b>

14 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2019 £'000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	—	—	41,572	41,572
Current assets	4,080	2,419	257	6,756
Current liabilities	—	(1,436)	—	(1,436)
Pension scheme liability	—	(7,200)	—	(7,200)
<b>Total net assets</b>	<b>4,080</b>	<b>(6,217)</b>	<b>41,829</b>	<b>39,692</b>

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2018 £'000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	—	—	42,289	42,289
Current assets	3,739	2,446	244	6,429
Current liabilities	—	(1,764)	—	(1,764)
Pension scheme liability	—	(5,102)	—	(5,102)
<b>Total net assets</b>	<b>3,739</b>	<b>(4,420)</b>	<b>42,533</b>	<b>41,852</b>

**15 Capital commitments**

	2019 £'000	2018 £'000
Contracted for, but not provided in the financial statements	1,705	—

**16 Commitments under operating leases**

***Operating leases***

At 31 August 2019, the total of the Trust's future minimum lease payments under non-cancellable operating leases was as follows:

	2019 £'000	2018 £'000
Amounts due within one year	19	8
Amounts due between one and five years	61	21
	<u>80</u>	<u>29</u>

**17 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.

**18 Pension and similar obligations**

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

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

Contributions amounting to £215,020 were payable to the schemes at 31 August 2019 (2018 – £245,020) and are included within creditors.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

**18 Pension and similar obligations (continued)**

***Teachers' Pension Scheme***

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Academy Trust has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Academy Trust has set out above the information available on the plan and the implications for the Academy Trust in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the period amounted to £1,082,000 (2018 – £507,000).

**18 Pension and similar obligations (continued)**

**Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the period ended 31 August 2019 was £856,000 (2018 – £326,000), of which employer's contributions totalled £661,000 (2018 – £252,000) and employees' contributions totalled £195,000 (2018 – £74,000). The agreed contribution rates for future years are 20% from employers and up to 11.7% for employees.

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

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.7%	3.8%
Rate of increase for pensions in payment / inflation	2.2%	2.3%
Discount rate for scheme liabilities	1.9%	2.7%
Inflation assumption (CPI)	2.2%	2.3%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	21.7	22.7
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.3	24.9
Females	25.8	27.5

Sensitivity analysis – the approximate increase in the defined benefit liability given the below changes in actuarial assumption is as follows:

	At 31 August 2019 £'000	At 31 August 2018 £'000
Discount rate +0.1%	(356)	(265)
Discount rate -0.1%	366	273
Mortality assumption – 1 year increase	459	309
Mortality assumption – 1 year decrease	(443)	(299)
Inflation assumption (CPI) +0.1%	54	45
Inflation assumption (CPI) -0.1%	(54)	(45)

**18 Pension and similar obligations (continued)**

**Local Government Pension Scheme (LGPS) (continued)**

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equities	3,239	2,721
Gifts	212	156
Bonds	574	438
Property	565	445
Cash	448	332
Alternative Assets	677	494
<b>Total market value of assets</b>	<b>5,715</b>	<b>4,586</b>
<b>Present value of scheme liabilities</b>		
· Funded	(12,915)	(9,688)
<b>Deficit in the scheme</b>	<b>(7,200)</b>	<b>(5,102)</b>

	2019 £'000	2018 £'000
<b>Amounts recognised in statement of financial activities</b>		
Current service cost	(1,318)	(513)
Past service cost	(188)	—
Interest income	132	—
Interest cost	(258)	(122)
Admin expenses	(3)	(2)
<b>Total amount recognised in the SOFA</b>	<b>(1,635)</b>	<b>(637)</b>

	2019 £'000	2018 £'000
<b>Analysis of pension finance costs</b>		
Expected return on pension scheme assets	132	55
Interest on pension liabilities	(258)	(122)
<b>Pension finance costs</b>	<b>(126)</b>	<b>(67)</b>

	2019 £'000	2018 £'000
<b>Changes in the present value of defined benefit obligations were as follows:</b>		
At 1 September 2018	(9,688)	—
Inherited on conversion at 1 March 2018	—	(9,253)
Current service cost	(1,318)	(513)
Interest cost	(258)	(122)
Employee contributions	(195)	(74)
Actuarial (loss) gain	(1,344)	274
Benefits paid	76	—
Past service cost	(188)	—
<b>At 31 August 2019</b>	<b>(12,915)</b>	<b>(9,688)</b>

**18 Pension and similar obligations (continued)**

***Local Government Pension Scheme (LGPS) (continued)***

Changes in the fair value of the Academy Trust's share of scheme assets:	2019 £'000	2018 £'000
At 1 September 2018	4,586	—
Inherited on conversion at 1 March 2018	—	4,047
Administration expenses	(3)	(2)
Actuarial gain	220	160
Expected return on assets	132	55
Employer contributions	661	252
Employee contributions	195	74
Benefits paid	(76)	—
<b>At 31 August 2019</b>	<b>5,715</b>	<b>4,586</b>

**19 Related party transactions**

Owing to the nature of the Academy'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 a member of the Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The brother of Sukwinder Samra (Headteacher of Elmhurst Primary School), provided the Trust with drama workshop services in the year at a total cost of £6,225 (2018 - £6,225).

In 2018, the son-in-law of Shahed Ahmed (CEO and Trustee) was employed by the Trust as a supply teacher. The total cost in 2018/19 was £2,783. There were no transactions with the related party in the current year.

The Academy Trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, and with their financial regulations and procurement procedures.

There were no other related party transactions, other than those disclosed in note 7.

Notes to the Financial Statements Year ended 31 August 2019

<b>20 Teaching School trading account</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Direct income</b>				
Teaching schools grants	<u>68</u>		<u>17</u>	
<b>Total income</b>		<b>68</b>		<b>17</b>
<b>Expenditure</b>				
Direct costs	2		8	
Staff costs	17		10	
Staff development	<u>5</u>		<u>—</u>	
<b>Total direct costs</b>	<b>(24)</b>		<b>(18)</b>	
<b>Other support costs</b>				
Support staff costs	4		5	
Other support costs	<u>4</u>		<u>—</u>	
<b>Total other costs</b>	<b>(8)</b>		<b>(5)</b>	
<b>Total expenditure</b>		<b>(32)</b>		<b>(23)</b>
Surplus (deficit) from all sources		<b>36</b>		<b>(6)</b>
<b>Balance brought forward</b>		<b>(6)</b>		<b>—</b>
<b>Teaching schools balances at 31 August 2019</b>		<b>30</b>		<b>(6)</b>

**21 Comparative statement of financial activities for the 9 month period to 31 August 2018**

	Notes	Unrestricted general funds £'000	Restricted funds		2018 Total funds £'000
			General funds £'000	Fixed assets funds £'000	
<b>Income from:</b>					
Donations and capital grants	1	—	—	284	284
. Transfer from Local Authority on conversion	1	4,088	(5,206)	42,659	41,541
Charitable activities					
. Funding for the Academy Trust's educational operations	3	435	9,520	—	9,955
. Teaching Schools	3, 20	—	17	—	17
Other trading activities	2	16	42	—	58
<b>Total income</b>		<b>4,539</b>	<b>4,373</b>	<b>42,943</b>	<b>51,855</b>
<b>Expenditure on:</b>					
Charitable activities					
. Academy's educational operations	5	800	9,204	410	10,414
. Teaching Schools	5, 20	—	23	—	23
<b>Total expenditure</b>	4	<b>800</b>	<b>9,227</b>	<b>410</b>	<b>10,437</b>
<b>Net income (expenditure) before transfers</b>		<b>3,739</b>	<b>(4,854)</b>	<b>42,533</b>	<b>41,418</b>
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension scheme	18	—	434	—	434
<b>Net movement in funds</b>		<b>3,739</b>	<b>(4,420)</b>	<b>42,533</b>	<b>41,852</b>
<b>Reconciliation of funds</b>					
Total fund balances brought forward at 28 November 2017		—	—	—	—
<b>Total fund balances carried forward at 31 August 2018</b>		<b>3,739</b>	<b>(4,420)</b>	<b>42,533</b>	<b>41,852</b>