

**Global Academy UTC Trust
Limited**

**Annual Report and Financial
Statements**

31 August 2019

Company Limited by Guarantee
Registration Number
08713518 (England and Wales)

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Reference and administrative information

| | |
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| Members | Ashley Tabor Stephen Miron Nigel Carrington |
| Governors | E Bradley N Brett I Buckley W Harding (Chair) D Henley Z Suka-Bill P Quinn S McCreesh L Arnold J Archibald Thomas Anthony Guida (appointed 28 February 2019) Raymond Walsh (co-opted) (appointed 19 March 2019) |
| Senior Management Team | |
| Principal | J Archibald (Accounting Officer) |
| Vice Principal | S Summerson (resigned 19 December 2018) |
| Vice Principal | J Voice |
| Vice Principal | S Martin |
| Finance Director | K Jassal |
| Registered address | 30 Leicester Square London WC2H 7LA |
| Principal address | The Old Vinyl Factory 1 Record Walk Hayes UB3 1DH |
| Company registration number | 08713518 (England and Wales) |
| Auditor | Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG |
| Bankers | Barclays Bank PLC |

Governors' Report Year to 31 August 2019

The Governors (who are also Trustees of the charitable company) present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The Global Academy UTC Trust Ltd ('Academy' or 'Trust') comprises a single academy for pupils aged 14 – 19. The Academy specialises in media with 50% of places being offered to students who live within a five mile radius of the Academy and the remaining 50% to students from anywhere in the UK. The Academy opened in September 2016 has a pupil capacity of 800 and had a roll of 301 in the school census on 4th October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Global Academy UTC Trust Limited is a charitable company limited by guarantee. The Charitable Company's articles of association (the "Articles") are the primary governing document of the academy trust. The trustees of the company are also the governors of the Trust and the directors of the charitable company for the purposes of company and charity law.

Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

Subject to the provisions of the Companies Act 2006 (section 236) every Governor or other officer of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, to which Judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to affairs of the Trust.

Method of recruitment and appointment or election of governors/trustees

As set out in the Articles, the following describes the name of anybody, or person entitled to nominate or appoint one or more governors. The Members may appoint governors through such process as they may determine. The members are Ashley Tabor, Stephen Miron and Nigel Carrington. The Articles provide for the appointment or election of governors as follows:

- Up to ten governors appointed by the Members, provided that in making such appointments the Members shall ensure that nominees of the employer and university sponsors together form a majority of the total number of governors

Governors' Report Year to 31 August 2019

- A minimum of two elected parent governors
- The Principal
- Up to three co-opted governors
- Members may appoint staff governors through such process as they may determine, provided that the total number of governors (including the Principal) who are employees of the Company shall not exceed one third of the total number of governors.

Following the resignation of a Parent Governor in June 2018, the Academy held an election for the appointment of a new Parent Governor during the winter term, which resulted in the appointment of a second parent governor in March 2019.

There was a further Parent Governor resignation in July 2019, with the process to replace this parent governor due to commence in the second half of the Autumn Term 2019/20.

The Academy had no staff governors except for the Principal. The management of the company is the responsibility of the governors who are elected and co-opted under the terms of the Trust deed. The governors may appoint co-opted governors.

Will Harding has continued as Chair of Governors.

Policies and procedures adopted for the induction and training of governors

Training for the governors commenced with The Code of Practice for Governors of the Academy being circulated at the first governing body meeting in September 2016. Further formalisation of policies for induction and training continued through the 2017/18 and 2018/19 academic years. The Academies Financial Handbook was circulated to all governors during the year.

All new governors receive a 'Welcome Pack for Governors' which forms the basis of their induction. This includes the requirement to have an Enhanced DBS and to complete a Governor Self Declaration, Declaration of Personal & Pecuniary Interests and Code of Practice for Governors. In addition, it provides new governors with access to the DFE Governance Handbook, A Competency Framework for Governors, The Academies Financial Handbook and Ofsted Improving Governance. All new Governors also meet with the Chair of Governors and Principal as a minimum as part of their induction.

A 'Training Governor' has been appointed to identify and action any required training needs. An annual skills audit is undertaken to determine the ongoing training needs of both individuals and the governing body as a whole.

Organisational structure

The Global Academy UTC is governed by a board of governors, established since the Academy opened in September 2016 and constituted under the Articles. The board of governors is responsible for ensuring that high standards of corporate governance are maintained.

The board of governors is responsible for setting general policy, adopting an annual plan and budget, monitoring the UTC by the use of budgets and a strategic development plan. The board of governors meets at least tri-annually. The main responsibilities of the board of

Governors' Report Year to 31 August 2019

governors are prescribed in the Funding Agreement between the Trust, the Secretary of State for Education and in the Academies Financial Handbook.

The board of governors exercises its powers and function with a view to fulfilling a largely strategic leadership role in the running of the Academy, addressing such matters as:

- Policy development and strategic development
- Ensuring sound management and administration of the Academy
- Ensuring compliance with legal requirements
- Establishing and maintaining effective internal controls
- The management of all resources
- The monitoring of performance
- Assessing and managing risk

The governors have delegated components of their responsibility to two committees (Teaching & Learning and Finance & Audit). These committees also meet at least tri-annually.

The Teaching & Learning Committee is responsible for matters relating to the curriculum, academics and the provision of education at the Academy through objective setting, approval of the education plan, operational implementation and monitoring/reporting on progress.

The Finance & Audit Committee is responsible for all financial management, ensuring an effective internal control environment and oversight of risk management and audit matters.

The Principal is the Accounting Officer and is responsible for the day-to-day running of the Academy. The Principal is assisted by a Senior Leadership Team ("SLT"). The SLT controls the Academy at an executive level, implementing the policies laid down by the governing body and reporting back to them and providing evidence and analysis to the governing body meetings, enabling effective monitoring by the governors.

Global Academy UTC Trust Limited has a wholly owned subsidiary, Global Academy Trading Limited. Global Academy Trading Limited commenced business on 1 September 2016 and was created for the sale of PE Kits and uniform. Uniform sales has now been outsourced and lettings income is received directly into the Academy account. The transactions within Global Academy Trading Limited are immaterial and therefore consolidated accounts are not prepared.

Arrangements for setting pay and remuneration of key management personnel

The governors set the Principal's salary on appointment, start date April 2018. Subsequent senior leadership remuneration was decided by the Principal in close negotiation with the Chair of Governors' approval. Criteria was based on current salaries, experience and area of responsibilities allocated. During the academic year, the board of governors approved salaries of the Senior Leadership Team.

Trade Union Facility Time

During the year there were 44 full time equivalent employees, one of whom was a relevant union official during the relevant period. In the whole year, 2 hours of the officials time was spent on union business. There were no paid activities for union business.

Connected organisations, including related party relationships

Global Media & Entertainment Ltd

The Trust works with Global Media & Entertainment Ltd, who is a sponsor of the Academy, providing advice and guidance. Global runs some of the UK's best-loved radio stations such as Heart, Capital and Classic FM. Global also has an Out of Home Advertising Division, created in 2019 with the acquisition of three companies operating in this market.

University of the Arts, London

The Trust works with the University of the Arts London, who is a sponsor of the Academy, providing advice and guidance. UAL work alongside the Global Academy to deliver an educational experience that will set students up for long-term success in the creative industries

OBJECTIVES AND ACTIVITIES

Objects and aims

The Academy aims to provide students with the proper technical, business and creative skills they need to work in the broadcast and digital media industry, and to help them connect their core studies with vocational skills in a truly practical and entrepreneurial way in an inspirational environment.

In June 2019 the Academy had its initial Ofsted report published with a judgement of Good in all areas.

The 2019 GCSE results are provisionally 52% 9-4 English and Maths, which is higher than other UTCs that opened in 2016. Year 13 students achieved a 98% pass rate in the UAL Level 3 Diploma in Creative Media Production and Technology, against a national average of 83% pass rate. 25% of Year 13 students received a Distinction grade which is equivalent to gaining three A* A Levels. 84% of the Year 13 cohort left to enter training, higher education or employment within the creative industries. Destinations for our year 13 graduating students has been very strong with every student in employment or further training after leaving the Academy. 69% of them are already working in the media industry including prestigious apprenticeships within businesses like Global, Facebook and Google.

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Global Media & Entertainment ('Global'), the company behind some of the UK's best-loved radio brands and events, are the driving force behind the Academy. Global believes it's crucial to arm students with the proper technical, business and creative skills they need to work in the broadcast and digital media industry, and to help them connect their core studies with vocational skills in a truly practical and entrepreneurial way in an inspirational environment.

The partnership with the University of the Arts, London enables the Academy to offer a rigorous and challenging curriculum. Our students study for GCSEs and A-Levels plus a University of Arts Level 3 qualification in Broadcast & Digital Media (Equivalent to 3 A-Levels)

Objectives, Strategies and Activities

The Academy is committed to creating a shared vision for its development through regular evaluation of lead targets by all stakeholders. The Academy's development plan is focused on:

- The Academy enabling all students to achieve their full potential
- The Academy providing a supportive environment for learning for all
- The technical media facilities at the Academy being world-class
- Students being enabled with the confidence, technical and creative skills to leave the Academy and proceed to further education or move directly into jobs in the creative industries
- Employers across the industry recognising the Academy as a centre of excellence for media

Public Benefit

In setting the Academy's objectives and planning its activities, the Governing Body have considered the Charity Commission's general guidance on public benefit in particular its supplementary guidance on advancing education. The governors have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance by the Charities Commission in defining the strategic direction of the Academy.

In its third academic year, the Academy has continued to develop key relationships with local schools and the council to understand more about and engage in community projects, with a media focus.

The Academy and its students have been working with four local primary schools to develop media activities for younger students, have attended eight local secondary schools to host media workshops and have invited ten local schools into the building for a creative industries workshop day alongside BBC, Global and Apple Music.

Year 10 students also took part in a high profile Hillingdon Council presentation around social issues. Twenty students took part in the prestigious Pride in London march in July 2019.

Students organised a range of fundraising activities for Global's Make Some Noise to help raise funds for disadvantaged children and young people in London and across the UK. The Academy raised over £760 through fundraising days for this charity. The Head of External

Governors' Report Year to 31 August 2019

Relations sits on the local forums for Hayes Town Partnership and community engagement board for the Hayes Art Festival and represents the school in the development of initiatives in the local area to ensure ongoing public benefit.

STRATEGIC REPORT

Achievements and Performance

The 2018/19 academic year is the third in which the Global Academy has operated. At the start of the year the Academy opened with 301 students, a decrease of 39 pupils compared to 2017/18. The 2017/18 academic year was the first year that exams were taken by Years 11 and Years 13. UTCs are judged by the success of destinations; the Academy performed very well here. By the beginning of the current academic year, many Year 13 students had entered into employment, training (apprenticeship) or university, generally within the creative industry. Performance for the first Year 13 cohort at level 3 UAL was strong at the top (Distinction) and there was a 100% pass rate at A level. Year 11 GCSE results showed an improving picture from early predictions and are comparable to other UTCs.

In August 2019 the Academy received its second set of results for GCSE and Level 3 qualifications. At GCSE 52% of students achieved 9-4 in English and Maths, an increase of 2% from previous year. All students at Year 11 take the UAL Level 2 Creative and Digital Media qualification and 95% achieved above a pass compared with the national average of 82%. At sixth form all students complete the UAL Level 3 Creative and Digital Media extended diploma. 96% achieved a pass or better, with 51% achieving a Distinction or Merit. The national pass rate is 88%.

Key Performance Indicators

Having established a permanent senior leadership team in its second year of existence, the Academy has spent the third year consolidating improvements in the quality of teaching and learning whilst continuing to improve attendance.

In terms of student recruitment this may mean student numbers will increase more steadily compared to previous projections. Financially the Academy will close with a deficit this year, but it has a strong base to support better outcomes and enable students to maximize their potential with good strategic leadership and management of teaching and learning in future years. The Good Ofsted judgement should also support the strong base the Academy now has and should have a positive impact on student recruitment.

The current cohort of 315 students is considered a success compared to other similar educational establishments. The plan is to move forward with students who have a keen interest in media so that the teaching and learning environment both for students and staff is a rewarding experience and conducive to achieving the goals that have been set.

With some students travelling considerable distances to attend the Academy, pupil attendance has not been as strong as expected, but has shown very marked improvements since the opening of the Academy. This continues to be a key area of focus going into the 2019/20 academic year.

Going concern

The academy continues to review its financial position in detail with the ESFA and DfE. Financial projections for the next five academic years have been reviewed with the ESFA and ongoing discussions are taking place to ensure the academy focuses its resources in the appropriate places, whilst student numbers continue to increase. The current deficit position has arisen through a need to restructure and enhance the senior leadership and teaching teams in addition to providing more investment into teaching and learning. The DfE has indicated its support in this regard by providing a loan of £322k this year and £285k next year. Investments made in the current and previous academic year have resulted in positive outcomes for students, especially in relation to destinations for those completing their studies and the 'Good' Ofsted judgement. The ESFA has indicated its support to the academy for the foreseeable future.

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

FINANCIAL REVIEW

Financial report for the year

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of the General Annual Grant (GAG); the use of which is restricted for education purposes. The grants received from the ESFA and other government bodies during the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy's GAG for the 2018/19 academic year was based on actual student numbers of 301. A Pupil Number Adjustment (PNA) of £172,803 relating to 2017/18 was repaid to the ESFA in November 2018, a further £69,945 relating to 2017/18 is pending payment in the financial year 2019/20. This will conclude the repayments of prior year PNAs.

The total income for the period was £2,533k (2018 - £3,154k) including the General Annual Grant of £1,755k (2018 - £1,965k). The net revenue / expenditure for the period excluding fixed assets and pension transactions was -£402k.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities SORP 2015, such a grant is shown in the statement of financial activities during the period as restricted income within the fixed assets funds. The balance sheet restricted fixed assets fund is reduced by expenditure. The UTC building project is complete with some external finishing touches pending. The total amount of fixed assets capitalized during the year was £45k (2018 - £89k).

At 31 August 2019, the Academy had fund balances of £15,590k (2018 - £17,444k). These comprised £84k (2018 - £87k) of unrestricted funds, -£402k (2018 - £75,000) on restricted general funds which includes the pension deficit of £318k (2018 - £74k) referred to earlier in this report and a balance of £16,226k (2018 - £17,356) on the restricted fixed asset fund. HB to confirm following queries today.

The results for the period are shown on page 25.

Reserves policy

The Global Academy UTC (UTC) holds total funds at 31 August 2019 of £15,590k. The amount of these funds which are restricted and not available for general purposes of the academy trust at 31 August 2019 is £16,226k. The policy of the UTC is to carry forward a prudent level of funds in order to meet any uncertainty with the ESFA remittance and for the furtherance of the UTC's objectives.

Restricted general fund – The ESFA provides regular guaranteed remittances to the Academy Trust and therefore a large proportion of the income and expenditure for any academic year is predictable. The Academy closes with an in year deficit position but with negotiation of an interim cash loan from the ESFA to be repaid at a later date, the Academy will be able to meet its financial commitments. The deficit position arose due to lower than planned student recruitment and the need to invest in additional staffing in order to improve student outcomes and deliver the Academy's vision.

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Restricted funds – The main source of restricted funds in 2018/19 is the sponsor's donation of £180,000 (2018 – £255,000) and a business donation of £25,000 (2018 – £25,000). The sponsor's donation has been used to maintain the appointment of the senior leadership team. The carry forward unrestricted funds of £84k is earmarked for the improvement of external signage and other capital projects.

Restricted pension reserve – The Academy's employees belong to one of two defined benefit pension schemes, The Teachers' Pension Scheme and the Local Government Pension Scheme. The pension scheme costs and liabilities are assessed by independent actuaries and the value of the deficit in the Local Government Pension Scheme is reported in the pension reserve in the UTC's financial statements annually.

The Governors take guidance from the external auditors if there is a need to take further action.

Principal risks and uncertainties

At each meeting of the governing body, the Academy's risk register is reviewed. The risk register prioritises what the leadership team and governing body consider to be main risks to which the Academy is exposed and focuses on how those risks can be mitigated.

During the period the key risks were identified as follows:

- Student recruitment being low and the impact on funding;
- Cash flow issues, which continue to require additional funding by the ESFA, at appropriate times, given the limited income from student numbers; and,
- Recruitment and retention of appropriately skilled teaching staff.

The Academy had planned for a higher level of student numbers in the first, second and third academic years of operation. Fewer pupils than projected have joined the Academy and as a consequence funding has been lower than expected. Although the school managed to close with a financial surplus in Year 1, the effects of creating a more permanent staff base and improving teaching and learning areas meant investment was required in the second and current academic year. The Academy will continue to focus on improvements in teaching and learning and on focusing on recruitment of students with an interest in the media industries to mitigate this risk.

Cash flow is under constant scrutiny by the leadership team and the governing body. Cash forecasts have been prepared and are subject to ongoing discussions with the ESFA. The ESFA has agreed to provide a loan to the Academy to fund a deficit position in the year. In the 2018/19 academic year, this loan amounted to £322k. Financial projections currently include requirements for additional funding from the ESFA for 2019/20, while the Academy continues to focus on increasing student recruitment. The ESFA have indicated their support for the Academy in this regard, but it will continue to be closely monitored. The focus on student recruitment and retention is also important to mitigate this risk given the relationship to funding. Constant scrutiny of the Academy's cash position, monthly review of projected costs and a clear and open communication with the ESFA are other mitigating factors.

Governors' Report Year to 31 August 2019

Following the appointment of the current Senior Leadership Team in spring 2018, a stable teaching staff structure is now in place, with a focus on developing middle leadership. There are no agency teaching staff at present, however there are agency Learning Support Assistants who provide general support for pupils and support students with Educational Health Care Plans. Recruitment and retention of appropriately skilled staff in a growing school, with a limited number of academic year groups has been challenging, often resulting in having to pay very competitive rates.

Fundraising

Global Academy has not made any fundraising appeals to the general public during the year and is unlikely to do so in the future. Fundraising focuses on securing grants and donations from government bodies, registered charities, business links and parents, but not so far from alumni. There has been no outsourced fundraising via professional fundraisers or other third parties, consequently the school is not registered with the fundraising regulator and received no fundraising complaints during the year.

PLANS FOR FUTURE PERIODS

The Academy plans to expand the number of students' in future academic years, focusing on students with an interest in the creative media industries. The Academy believes that this is important to secure the successful delivery of its vision and to maximise student retention.

The governing body and SLT will work to ensure the Academy continues to focus on its objectives and is able to attract more pupils with the appropriate interests. To this end the governing body is supportive in ensuring resources continue to be prioritised into teaching and learning in the media specialisation. Pupil numbers have increased in 2019/20 compared to the previous year.

AUDITOR

Insofar as the governors are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the board of governors', as the company directors, on 16 December 2019 and signed on the board's behalf by:



Will Harding
Chair of Governors

Scope of responsibility

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

The board of governors has delegated the day-to-day responsibility to the principal, 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 Global Academy UTC Trust Limited and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met four times during the year. In addition to the four full governing body meetings the Trust ensures robust governance and effective management arrangements through sub-committee meetings of Finance & Audit and Teaching Learning. The Finance & Audit committee meeting has met on a monthly basis since March 2018. Attendance during the year at meetings of the board of governors was as follows:

| Governor | Meetings attended | Out of a possible |
|--------------------------|--------------------------|--------------------------|
| Will Harding | 3 | 4 |
| Darren Henley | 1 | 4 |
| Ian Buckley | 3 | 4 |
| Emma Bradley | 3 | 4 |
| Raymond Walsh | 2 | 2 |
| Natalie Brett | 2 | 4 |
| Zey Suka-Bill | 3 | 4 |
| Richard Nuttall (Parent) | 2 | 4 |
| Tom Guida (Parent) | 2 | 2 |
| Paul Quinn | 3 | 4 |
| Siobhan McCreesh | 4 | 4 |
| Jonathan Archibald | 4 | 4 |
| Lucy Arnold | 3 | 4 |

During the year, two governors were appointed, Thomas Guida and Raymond Walsh. One parent governor resigned at the end of the academic year, Richard Nuttall.

The board's composition ensures a wide range of stakeholder views, including representatives from the sponsors, parent governors, and secondary education sector. The

Governance statement 31 August 2019

structure of the governing body has adapted during the academic year to ensure it maintains and develops this wide representation.

Governance (continued)

In the 2017/18 academic year, the governing body commissioned an external review of governance to complement the self-governance review undertaken during the 2016/17 academic year. The external review was undertaken by a National Leader of Governance, focusing on the operation of the Board of Governors and its ability to fulfill its strategic role. The resultant Action Plan forms the focus of governor training. With the changes in governors over the last academic year, a skills audit was repeated during the summer term to ensure the Board of Governors continues to have the skills to be able to fulfil its strategic role. This will be the focus for identifying training needs during the 2019/20 academic year.

The vision of the Global Academy is clearly articulated by the Board of Governors which well represents the sponsors, Global and UAL. The board's understanding of the Academy's vision ensures decision and policy-making in line with this vision.

The Board of Governors is also familiar with the Academies Financial Handbook and is confident that the UTC's financial systems are robust.

The Finance and Audit Committee is a committee of the main Board of Governors. During the year the committee formally met seven times. Its purpose is to consider and advise the Board of Governors in matters relating to finance and audit, including but not limited to:

- ensuring compliance with the Academies Financial Handbook;
- considering the Academy's funding and the implications for the Trust; and,
- to monitor and challenge expenditure

The **Finance & Audit Committee** also acts as the audit committee for the Academy. With this responsibility the purpose of the committee is to achieve internal scrutiny and provide assurance to the governors that risks are being appropriately assessed and managed. During the year, the committee worked with the Academy to produce a five year forecast for the ESFA to successfully ensure ongoing additional funding was secured from the ESFA

Tom Guida joined the committee after the third meeting of the academic year. Richard Nuttall attended two meetings, prior to resigning in the summer term after the fifth meeting of the academic year. Attendance at meetings in the year was as follows:

| Governor | Meetings attended | Out of a possible |
|--------------------------------|-------------------|-------------------|
| Ian Buckley (Chair) | 6 | 7 |
| Darren Henley | 2 | 7 |
| Will Harding | 7 | 7 |
| Paul Quinn | 3 | 7 |
| Jonathan Archibald (Principal) | 6 | 7 |
| Richard Nuttall | 2 | 5 |
| Tom Guida | 4 | 4 |

Governance (continued)

The **Teaching & Learning committee** is also a committee of the main Board of Governors. During the year the committee formally met four times. Its purpose is to consider and advise the Board of Governors on matters relating to the curriculum. A significant focus of this committee during the year was making sure the Academy was prepared for the Ofsted visit, which successfully resulted in a 'Good' outcome.

During the year Raymond Walsh joined the committee after the second meeting of the academic year had taken place. Attendance at meetings in the year was as follows:

| Governor | Meetings attended | Out of a possible |
|--------------------------------|--------------------------|--------------------------|
| Jonathan Archibald (Principal) | 4 | 4 |
| Natalie Brett | 4 | 4 |
| Emma Bradley | 4 | 4 |
| Zey Suka-Bill | 4 | 4 |
| Raymond Walsh | 2 | 2 |
| Siobhan McCreesh | 2 | 4 |
| Lucy Arnold | 1 | 4 |

Review of value for money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of governors where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Trust has delivered improved value for money during the year by making sure the payment controls in the academy remained strong and through implementing a benchmarking exercise, which targeted lower levels of agency staff, a more efficient staffing structure and a review of contracts. The ESFA had deployed a Schools Resource Management Advisor ("SRMA") to review all its income and expenditure to further assist the school to obtain value for money.

Following this benchmarking exercise and SRMA review, comparing expenditure levels to other academies and specifically UTCs, the Academy has carried out a full reorganisation of the support staff structure to reduce expenditure. It has also reviewed and retendered its catering facility to a contractor which offers better value for money than the previous supplier. The Academy has also made a number of other changes to reduce expenditure. These changes have resulted in expenditure savings for this and future academic years. The review of expenditure and benchmarking of costs continues throughout the year.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Academy for the period 01 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors 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 01 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process will be regularly reviewed by the board of governors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors
- regular reviews by the finance and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs
- 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 governors has considered the need for a specific internal audit function and appointed an internal auditor who completed an audit in August 2019. The audit reviewed the following areas: governance and minutes, budget setting and monitoring, banking and reconciliations, grant funding and other income, payroll, procurement, use of debit/credit card, staff expenses claims and assets and security. All recommendations by the internal auditor have been reviewed and prioritised for implementation as appropriate. The governors have appointed Haysmcintyre LLP, the external auditor, to perform additional checks. As part of the external audit a high-level review of the systems and controls in place at Global Academy was undertaken.

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The external auditor may be asked to perform specific additional internal audit checks on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities, focusing on any key risk areas identified and reporting thereon to the Board of Governors through the Finance & Audit committee.

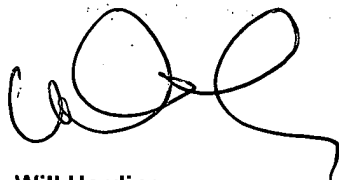
Review of effectiveness

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

- the work of the internal auditor
- a peer review of the purchasing process
- the work of the external auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of governors on 16 December 2019 and signed on its behalf by:



Will Harding
Chair of Governors



Jonathan Archibald
Accounting Officer

Statement on regularity, propriety and compliance 31 August 2019

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

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

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



Jonathan Archibald
Accounting Officer

Date: 16 December 2019

Statement of Governors' Responsibilities Year to 31 August 2019

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

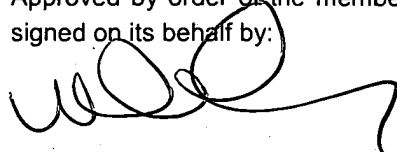
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the members of the board of governors on 16 December 2019 and signed on its behalf by:



Will Harding

Chair of Governors

Independent auditor's report Year to 31 August 2019

Independent auditor's report on the financial statements to the members of Global Academy UTC Trust

We have audited the financial statements of Global Academy UTC Trust for the year ended 31 August 2019 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis of opinion

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

Conclusions relating to going concern

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

- ◆ the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Conclusions relating to going concern (continued)

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

Other information

The Governors 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 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Governors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- ◆ the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Governors' Responsibilities, the Governors 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 Governors 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 Governors are responsible for assessing the academy'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 Governors either intend to liquidate the academy's 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. The description forms part of our Auditor's report.

Use of our report

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



Thomas Wilson (Senior Statutory Auditor)
for and behalf of

Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Date: 18/12/19

Independent reporting accountant's assurance report on regularity to Global Academy UTC Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 24th October 2019 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 Global Academy UTC Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Global Academy UTC Trust's accounting officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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:

- ◆ Walkthrough testing of controls to ensure operational effectiveness;
- ◆ Substantive testing on a sample of expenditure items, ensuring expenditure is in accordance with the funding agreement and appropriately authorised;
- ◆ Detailed testing on a selection of credit card statements and expense claims;
- ◆ Review of minutes, bank certificates and related party declarations provided by Governors and senior management.

Conclusion

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

Haysmacintyre LLP

Haysmacintyre LLP
Reporting accountant
10 Queen Street Place
London
EC4R 1AG

Date: 18/12/19

Statement of Financial Activities
Year Ended 31 August 2019

| | | Restricted funds | | | | |
|---|-------|---|---------------------------|-----------------------------------|---------------------------------|---------------------------------|
| | | Unrestricted general funds £'000 | General funds £'000 | Fixed assets funds £'000 | 2019 total funds £'000 | 2018 total funds £'000 |
| | Notes | | | | | |
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 25 | 180 | 45 | 250 | 681 |
| Charitable activities: | | | | | | |
| Funding for the academy trust's educational operations | 3 | - | 2,267 | - | 2,267 | 2,473 |
| Other trading activities | 4 | 16 | - | - | 16 | - |
| Total | | 41 | 2,447 | 45 | 2,533 | 3,154 |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| Academy trust educational operations | 7 | 14 | 3,029 | 1,175 | 4,218 | 4,171 |
| Total | | 14 | 3,029 | 1,175 | 4,218 | 4,171 |
| Net income / (expenditure) | | 27 | (582) | (1,130) | (1,685) | (1,017) |
| Transfers between funds | 17 | (30) | 30 | | - | - |
| Other recognised gains / (losses) | | | | | | |
| Actuarial gains (losses) on defined benefit pension schemes | 20 | - | (169) | - | (169) | 47 |
| Net movement in funds | | (3) | (721) | (1,130) | (1,854) | (970) |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 87 | 1 | 17,356 | 17,444 | 18,414 |
| Total funds carried forward | | 84 | (720) | 16,226 | 15,590 | 17,444 |

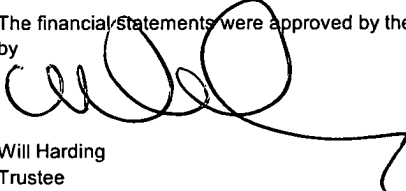
All of the Academy's activities derived from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses are included in the Statement of Financial Activities.

Balance Sheet
Year Ended 31 August 2019
Registered number: 08713518

| | Notes | 2019 £'000 | 2019 £'000 | 2018 £'000 | 2018 £'000 |
|--|-------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Intangible assets | 13 | | 7 | | 7 |
| Tangible assets | 14 | | 16,219 | | 17,349 |
| Current assets | | | | | |
| Debtors | 15 | 79 | | 118 | |
| Cash at bank and in hand | | 329 | | 559 | |
| | | 408 | | 677 | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 16 | (404) | | (515) | |
| Net current assets | | | | | |
| | | | 4 | | 162 |
| Creditors: amounts falling due after one year | | | | | |
| | | | (322) | | - |
| Total assets less current liabilities | | | | | |
| | | | 16,230 | | 17,518 |
| Net assets excluding pension scheme liability | | | | | |
| | | | 15,908 | | 17,518 |
| Defined benefit pension scheme liability | | | | | |
| | 20 | | (318) | | (74) |
| Total net assets | | | | | |
| | | | 15,590 | | 17,444 |
| Restricted funds | | | | | |
| Fixed asset fund | 17 | | 16,226 | | 17,356 |
| Restricted income fund | 17 | | (402) | | 75 |
| Pension reserve | 17 | | (318) | | (74) |
| Total restricted funds | | | | | |
| | | | 15,506 | | 17,357 |
| Unrestricted income funds | | | | | |
| General fund | 17 | | 84 | | 87 |
| Total funds | | | | | |
| | | | 15,590 | | 17,444 |

The financial statements were approved by the trustees and authorised for issue on and are signed on their behalf by



Will Harding
Trustee

16/12/19

Global Academy UTC Trust Limited
Registration number: 07813518

Statement of Cash Flows
Year Ended 31 August 2019

| | Notes | 2019 £'000 | 2018 £'000 |
|--|-------|---------------|---------------|
| Net cash inflow from operating activities | | | |
| Net cash used in operating activities | A | (552) | (3,665) |
| Cash flows from investing activities | C | - | 308 |
| Cash flows from financing activities | B | 322 | - |
| | | (230) | (3,357) |
| Change in cash and cash equivalents in the year | | | |
| Reconciliation of net cash flow to movement in net funds: | | | |
| Cash and cash equivalents at 1 September 2018 | | 559 | 3,916 |
| Cash and cash equivalents at the end of the year | D | 329 | 559 |
| A Reconciliation of net income/(expenditure) to net cash flow from operating activities | | | |
| | | 2019 £'000 | 2018 £'000 |
| Net expenditure for the reporting period (as per the statement of financial activities) | | (1,685) | (1,017) |
| Adjusted for: | | | |
| Amortisation | | - | 1 |
| Depreciation charges | | 1,175 | 1,163 |
| Capital grants from DfE and other capital income | | (45) | (401) |
| Defined benefit pension scheme cost less contributions payable | | 74 | 87 |
| Decrease in debtors | | 40 | 88 |
| Increase / (decrease) in creditors | | (111) | (3,586) |
| Net cash used in Operating Activities | | (552) | (3,665) |
| B Cash flows from financing activities | | | |
| | | 2019 £'000 | 2018 £'000 |
| Cash inflows from new borrowing | | 322 | - |
| Net cash provided by / (used in) Financing Activities | | 322 | - |
| C Cash flows from investing activities | | | |
| | | 2019 £'000 | 2018 £'000 |
| Purchase of tangible fixed assets | | (45) | (93) |
| Capital grants from DfE/EFA | | 45 | 401 |
| Net cash provided by / (used in) Operating Activities | | - | 308 |
| D Analysis of cash and cash equivalents | | | |
| | | 2019 £'000 | 2018 £'000 |
| Cash in hand and at bank | | 329 | 559 |
| Total cash and cash equivalents | | 329 | 559 |

1 Statement of accounting policies

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Global Academy UTC Trust Limited meets the definition of a public benefit entity under FRS 102.

Basis of Consolidation

Global Academy UTC Trust Limited has a wholly owned subsidiary, Global Academy Trading Limited. Global Academy Trading Limited commenced business on 1 September 2016 and was created for the sale of PE kits and uniform. The transactions within Global Academy Trading Limited are immaterial and therefore consolidated accounts have not been prepared.

Going Concern

The academy continues to review its financial position in detail with the ESFA and DfE. Financial projections for the next five academic years have been reviewed with the ESFA and ongoing discussions are taking place to ensure the academy focuses its resources in the appropriate places, whilst student numbers continue to increase. The current deficit position has arisen through a need to restructure and enhance the senior leadership and teaching teams in addition to providing more investment into teaching and learning. The DfE has indicated its support in this regard by providing a loan of £322k this year and £285k next year. Investments made in the current and previous academic year have resulted in positive outcomes for students, especially in relation to destinations for those completing their studies and the 'Good' Ofsted report. The ESFA has indicated its support to the academy for the foreseeable future.

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

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.

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

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

1 Statement of accounting policies (continued)

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.

Expenditure

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

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software 20% p.a.

Tangible Fixed Assets

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

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

Depreciation is provided on all tangible fixed assets at the following rates:

Long leasehold buildings 5% p.a.

Fixtures, fittings and equipment 20% p.a.

Computer hardware 20% p.a.

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

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

1 Statement of accounting policies (continued)

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 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

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

1 Statement of accounting policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, 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.

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.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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.

Notes to the Financial Statements
Year Ended 31 August 2019

2 Donations and capital grants

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted Fixed assets funds £'000 | 2019 Total funds £'000 | 2018 Total funds £'000 |
|-----------------|--------------------------------|---|---|---------------------------------|---------------------------------|
| Capital grants | - | - | 45 | 45 | 401 |
| Other donations | 25 | 180 | - | 205 | 280 |
| | 25 | 180 | 45 | 250 | 681 |

In 2018, of the total income from donations and capital grants, £25,000 was to unrestricted funds, £255,000 was to restricted funds and £401,000 was to restricted fixed assets funds.

3 Funding for the Academy Trust's educational operations

| | Unrestricted funds £'000 | Restricted general funds £'000 | 2019 Total funds £'000 | 2018 Total funds £'000 |
|---|--------------------------------|---|---------------------------------|---------------------------------|
| DfE / EFA grants | | | | |
| General Annual Grant (GAG) | - | 1,755 | 1,755 | 1,965 |
| Other DfE / EFA grants | - | 445 | 445 | 490 |
| | - | 2,200 | 2,200 | 2,455 |
| Other Government grants | | | | |
| Local authority grants | - | 48 | 48 | 15 |
| Special educational projects | - | - | - | 2 |
| | - | 48 | 48 | 17 |
| Other income from the academy trust's educational operations | - | 19 | 19 | 1 |
| | - | 2,267 | 2,267 | 2,473 |

In 2018, of the total income from charitable activities, £3,000 was to unrestricted funds and £2,470,000 was to restricted general funds.

4 Other trading activities

| | Unrestricted funds £'000 | Restricted funds £'000 | 2019 Total funds £'000 | 2018 Total funds £'000 |
|---|--------------------------------|------------------------------|---------------------------------|---------------------------------|
| Hire of facilities/ lettings income | 15 | - | 15 | - |
| Income from other ancillary trading activities | 1 | - | 1 | - |
| | 16 | - | 16 | - |

In 2018, of the total income from other trading activities, £nil was to unrestricted funds and £nil was to restricted funds.

Notes to the Financial Statements
Year Ended 31 August 2019

| | | | | | | |
|---|---|----------------------|-------------------|----------------|----------------------|----------------------|
| 5 | Expenditure (2019) | Non Pay Expenditure | | | 2019 | 2018 |
| | | Staff costs £'000 | Premises £'000 | Other £'000 | Total funds £'000 | Total funds £'000 |
| | Academy's educational operations: | | | | | |
| | Direct costs | 1,831 | - | 273 | 2,104 | 2,334 |
| | Allocated support costs | 483 | 1,440 | 191 | 2,114 | 1,837 |
| | | <u>2,314</u> | <u>1,440</u> | <u>464</u> | <u>4,218</u> | <u>4,171</u> |
| | Expenditure (2018) | Non Pay Expenditure | | | 2018 | 2017 |
| | | Staff costs £'000 | Premises £'000 | Other £'000 | Total funds £'000 | Total funds £'000 |
| | Academy's educational operations: | | | | | |
| | Direct costs | 2,150 | - | 184 | 2,334 | 1,076 |
| | Allocated support costs | 135 | 1,432 | 270 | 1,837 | 1,446 |
| | | <u>2,285</u> | <u>1,432</u> | <u>454</u> | <u>4,171</u> | <u>2,522</u> |
| 6 | Net income / (expenditure) for the year includes: | | | | 2019 | 2018 |
| | | | | | £'000 | £'000 |
| | Depreciation | | | | 1,175 | 1,163 |
| | Amortisation of intangible fixed assets | | | | - | 1 |
| | Fees payable to auditor for | | | | | |
| | Audit | | | | 11 | 10 |
| | Other services | | | | <u>3</u> | <u>3</u> |
| 7 | Charitable activities | | | | 2019 | 2018 |
| | | | | | Total funds £'000 | Total funds £'000 |
| | Direct costs - educational operations | | | | 2,104 | 2,334 |
| | Support costs - educational operations | | | | <u>2,114</u> | <u>1,837</u> |
| | | | | | <u>4,218</u> | <u>4,171</u> |
| | Analysis of support costs | | | | 2019 | 2018 |
| | | | | | Total funds £'000 | Total funds £'000 |
| | Support staff costs | | | | 483 | 135 |
| | Depreciation | | | | 1,175 | 1,163 |
| | Technology costs | | | | 83 | 57 |
| | Premises costs | | | | 265 | 269 |
| | Other support costs | | | | 88 | 197 |
| | Governance costs | | | | 20 | 16 |
| | Total support costs | | | | <u>2,114</u> | <u>1,837</u> |

In 2018, of the total charitable activity expenditure, £182,000 was to unrestricted funds, £2,826,000 was to restricted funds and £1,163,000 to restricted fixed asset funds.

8 Staff

(a) Staff costs

Staff costs during the period were:

| | 2019 Total funds £'000 | 2018 Total funds £'000 |
|--|---------------------------------|---------------------------------|
| Wages and salaries | 1,683 | 1,399 |
| Social security costs | 177 | 153 |
| Operating costs of defined benefit pension schemes | 306 | 273 |
| | 2,166 | 1,825 |
| Agency staff costs | 79 | 428 |
| Staff restructuring costs | 69 | 32 |
| | 2,314 | 2,285 |
| Staff restructuring costs comprise: | | |
| Termination payments | 69 | 32 |
| | 69 | 32 |

(b) Non statutory/ non-contractual staff severance payments

Included in staff restructuring costs are contractual severance payments totalling £68,870 (2018: £32,377).

(c) Staff numbers

The average numbers of persons employed by the Academy during the period was as follows:

| | 2019 No. | 2018 No. |
|----------------------------|-------------|-------------|
| Teachers | 22 | 25 |
| Administration and support | 19 | 17 |
| Management | 4 | 4 |
| | 45 | 46 |

The average numbers of persons employed by the Academy expressed as a full time equivalent during the period was as follows:

| | 2019 No. | 2018 No. |
|----------------------------|-------------|-------------|
| Teachers | 22 | 25 |
| Administration and support | 18 | 16 |
| Management | 4 | 4 |
| | 44 | 45 |

(d) Higher paid staff

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

| | 2019 No. | 2018 No. |
|---------------------|-------------|-------------|
| £60,001 - £70,000 | 1 | 1 |
| £70,001 - £80,000 | 2 | - |
| £100,001 - £110,000 | 1 | 1 |

(e) Key management personnel

There were 5 Senior Leadership Team members at the start of the financial year. A principal, 3 Vice Principals and a Finance Director. One Vice Principal resigned on 31/12/18 and was not replaced. The sponsors donation of £180k (2018: £255k) has been used to maintain the appointment of the senior leadership team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £447,935 (2018: £384,930 excluding the cost of the interim leadership team of £164,709).

9 Related Party Transactions - Governors' remuneration and expenses

No Governors were paid remuneration from an employment with the Academy. The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Simon Collins, Principal and Staff Trustee | | |
| Remuneration | 5-10 | 95-100 |
| Employer's pension contributions paid | 0-5 | 15-20 |
| Jonty Archibald, Principal and Staff Trustee | | |
| Remuneration | 115-120 | 40-45 |
| Employer's pension contributions paid | 15-20 | 5-10 |

During the period ended 31 August 2019, travel and subsistence expenses totalling £514 were reimbursed or paid directly to the Principal (2018: £203).

10 Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors 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 and the cost for the period ended 31 August 2019 was £6,020 (2018: £7,536). The cost of this insurance is included in the total insurance cost

11 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.

12 Related party transactions

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

At the year end Global Academy Trading Limited (company number: 10355359) owed Global Academy UTC Trust Limited £Nil at the year end (2018: £9,724). There were no other related party transactions during the year.

Notes to the Financial Statements
Year Ended 31 August 2019

13 Intangible fixed assets

| | Computer Software £'000 | 2019 £'000 |
|------------------------|-------------------------------|---------------|
| Cost/valuation | 8 | 8 |
| At 1 September 2018 | - | - |
| At 31 August 2019 | <u>8</u> | <u>8</u> |
| Amortisation | | |
| At 1 September 2018 | 1 | 1 |
| Charge in year | - | - |
| At 31 August 2019 | <u>1</u> | <u>1</u> |
| Carrying amount | | |
| At 31 August 2019 | <u>7</u> | <u>7</u> |
| At 31 August 2018 | <u>7</u> | <u>7</u> |

14 Tangible fixed assets

| | Leasehold land and buildings £'000 | Fixtures & Fittings £'000 | Computer equipment £'000 | Total funds £'000 |
|-----------------------|---|------------------------------|--------------------------------|-------------------------|
| Cost/valuation | | | | |
| At 1 September 2018 | 17,130 | 844 | 1,524 | 19,498 |
| Additions | 1 | - | 44 | 45 |
| At 31 August 2019 | <u>17,131</u> | <u>844</u> | <u>1,568</u> | <u>19,543</u> |
| Depreciation | | | | |
| At 1 September 2018 | 1,362 | 269 | 518 | 2,149 |
| Charge in year | 729 | 134 | 312 | 1,175 |
| At 31 August 2019 | <u>2,091</u> | <u>403</u> | <u>830</u> | <u>3,324</u> |
| Net book value | | | | |
| At 31 August 2019 | <u>15,040</u> | <u>441</u> | <u>738</u> | <u>16,219</u> |
| At 31 August 2018 | <u>15,768</u> | <u>575</u> | <u>1,006</u> | <u>17,349</u> |

15 Debtors

| | 2019 £'000 | 2018 £'000 |
|--------------------------------|---------------|---------------|
| VAT recoverable | 46 | 66 |
| Other debtors | 5 | 12 |
| Prepayments and accrued income | 28 | 40 |
| | <u>79</u> | <u>118</u> |

16 Creditors: amounts falling due within one year

| | 2019 £'000 | 2018 £'000 |
|---------------------------------|---------------|---------------|
| Trade creditors | 18 | 66 |
| Taxation and social security | 45 | 49 |
| ESFA creditor: abatement of GAG | 70 | 248 |
| Other creditors | 61 | 32 |
| Accruals and deferred income | 210 | 120 |
| | <u>404</u> | <u>515</u> |

Creditors: amounts falling due after one year

| | 2019 £'000 | 2018 £'000 |
|-------|---------------|---------------|
| Loans | 322 | - |
| | <u>322</u> | <u>-</u> |

On 30 April 2019, the Academy secured up to £350,000 in recoverable deficit funding from ESFA, of which £322,000 was drawn down at 31 August 2019. The loan is subject to conditions based on the delivery of financial information and repayment will begin in 2024. No interest is charged on the loan.

Deferred income

| | | |
|-------------------------------------|-----------|-----------|
| Deferred income at 1 September 2018 | 26 | 36 |
| Released during the year | (26) | (36) |
| Resources deferred in the year | 50 | 26 |
| Deferred income at 31 August 2019 | <u>50</u> | <u>26</u> |

At the balance sheet date the academy trust was holding funds received in advance for educational purposes.

Notes to the Financial Statements
Year Ended 31 August 2019

17 Funds

| | Balance at 1 September 2018 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2019 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 75 | 1,757 | (2,201) | | (369) |
| Pupil Premium | - | 48 | (48) | - | - |
| Other ESFA grants | - | 414 | (414) | - | - |
| Pension reserve | (74) | - | (75) | (169) | (318) |
| | <u>1</u> | <u>2,219</u> | <u>(2,738)</u> | <u>(169)</u> | <u>(687)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | - | - | - | - | - |
| DfE/EFA capital grants | 17,356 | 45 | (1,175) | - | 16,226 |
| | <u>17,356</u> | <u>45</u> | <u>(1,175)</u> | <u>-</u> | <u>16,226</u> |
| Other restricted funds | | | | | |
| Local authority grants | - | 48 | (36) | - | 12 |
| Other restricted funds | - | 180 | (255) | 30 | (45) |
| | <u>-</u> | <u>228</u> | <u>(291)</u> | <u>30</u> | <u>(33)</u> |
| Total restricted funds | <u>17,357</u> | <u>2,492</u> | <u>(4,204)</u> | <u>(139)</u> | <u>15,506</u> |
| Unrestricted funds | | | | | |
| General funds | 87 | 41 | (14) | (30) | 84 |
| Total unrestricted funds | <u>87</u> | <u>41</u> | <u>(14)</u> | <u>(30)</u> | <u>84</u> |
| Total funds | <u>17,444</u> | <u>2,533</u> | <u>(4,218)</u> | <u>(169)</u> | <u>15,590</u> |

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

| | Balance at 1 September 2017 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2018 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 68 | 1,965 | (1,958) | - | 75 |
| Pupil Premium | - | 64 | (64) | - | - |
| Other ESFA grants | - | 426 | (426) | - | - |
| Pension reserve | (34) | - | (87) | 47 | (74) |
| | <u>34</u> | <u>2,455</u> | <u>(2,535)</u> | <u>47</u> | <u>1</u> |
| Restricted fixed asset funds | | | | | |
| DfE/EFA capital grants | 18,059 | 401 | (1,163) | 59 | 17,356 |
| | <u>18,059</u> | <u>401</u> | <u>(1,163)</u> | <u>59</u> | <u>17,356</u> |
| Other restricted funds | | | | | |
| Local authority grants | 21 | 15 | (36) | - | - |
| Other restricted funds | - | 255 | (255) | - | - |
| | <u>21</u> | <u>270</u> | <u>(291)</u> | <u>-</u> | <u>-</u> |
| Total restricted funds | <u>18,114</u> | <u>3,126</u> | <u>(3,989)</u> | <u>106</u> | <u>17,357</u> |
| Unrestricted funds | | | | | |
| General funds | 300 | 28 | (182) | (59) | 87 |
| Total unrestricted funds | <u>300</u> | <u>28</u> | <u>(182)</u> | <u>(59)</u> | <u>87</u> |
| Total funds | <u>18,414</u> | <u>3,154</u> | <u>(4,171)</u> | <u>47</u> | <u>17,444</u> |

Notes to the Financial Statements
Year Ended 31 August 2019

15 Funds (continued)

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

The General Annual Grant is funding from the DfE for the Academy's operating costs.

DfE/ESFA capital grants were to fund the purchase of fixed assets.

Pupil premium is additional government funding to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers.

Local government grants is used to support pupils with SEND and those with low attainment on entry.

The pension reserve relates to the School's Local Government Pension Scheme liability for support staff.

Other grants were to support the Academy's operating costs.

18 Analysis of net assets between funds

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total funds £'000 |
|--|--------------------------------|---|---|-------------------------|
| Fund balances at 31 August 2019 are represented by: | | | | |
| Intangible fixed assets | - | - | 7 | 7 |
| Tangible fixed assets | - | - | 16,219 | 16,219 |
| Current assets | 84 | 324 | - | 408 |
| Current liabilities | - | (404) | - | (404) |
| Non-current liabilities | - | (322) | - | (322) |
| Pension scheme liability | - | (318) | - | (318) |
| Total net assets | 84 | (720) | 16,226 | 15,590 |

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

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total funds £'000 |
|--|--------------------------------|---|---|-------------------------|
| Fund balances at 31 August 2018 are represented by: | | | | |
| Intangible fixed assets | - | - | 7 | 7 |
| Tangible fixed assets | - | - | 17,349 | 17,349 |
| Current assets | 87 | 590 | - | 677 |
| Current liabilities | - | (515) | - | (515) |
| Pension scheme liability | - | (74) | - | (74) |
| Total net assets | 87 | 1 | 17,356 | 17,444 |

20 Pensions 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. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

20 Pensions and similar obligations (continued)

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS.

The employer's pension costs paid to TPS in the period amounted to £138,863 (2018: £125,517).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £129,000 (2018: £103,000), of which employer's contributions totalled £92,000 (2018: £74,000) and employees' contributions totalled £37,000 (2018: £29,000). The agreed contribution rates for future years are 23.9% for employers and 5.5 - 12.5% for employees.

20 Pensions and similar obligations (continued)

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

Principal actuarial assumptions

| | At 31 August 2019 | At 31 August 2018 |
|--|--------------------------|--------------------------|
| Rate of increase of salaries | 2.7% | 2.7% |
| Rate of increase for pensions in payment/inflation | 2.3% | 2.3% |
| Discount rate for scheme liabilities | 1.9% | 2.8% |
| Inflation assumption (CPI) | 2.3% | 2.3% |

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

Current mortality rates

| | At 31 August 2019 | At 31 August 2018 |
|-----------------------------|--------------------------|--------------------------|
| <i>Retiring today</i> | | |
| Males | 21.7 | 22.6 |
| Females | 23.7 | 24.6 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.4 | 24.0 |
| Females | 25.0 | 26.5 |

Sensitivity analysis

| | At 31 August 2019 £'000 | At 31 August 2018 £'000 |
|--|------------------------------------|------------------------------------|
| Discount rate +0.1% | (148) | (58) |
| Discount rate -0.1% | 148 | 58 |
| Mortality assumption – 1 year increase | - | - |
| Mortality assumption – 1 year decrease | - | - |
| CPI rate +0.1% | 147 | 58 |
| CPI rate -0.1% | (147) | (58) |

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

| | Fair value at 31 August 2019 £'000 | Fair value at 31 August 2018 £'000 |
|-------------------------------------|---|---|
| Equities | 151 | 87 |
| Corporate bonds | 113 | 50 |
| Property | 35 | 21 |
| Cash and other liquid assets | 23 | 19 |
| Derivatives | | |
| Total market value of assets | 322 | 177 |

20 Pensions and similar obligations (continued)

Amount recognised in the statement of financial activities

| | 2019 | 2018 |
|---|---------------|---------------|
| | £'000s | £'000s |
| Current and past service cost (net of employee contributions) | 76 | 131 |
| Interest cost | 3 | (6) |
| Admin expenses | - | 9 |
| Total amount recognised in the SOFA | 79 | 134 |

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

| | 2019 | 2018 |
|---|---------------|---------------|
| | £'000s | £'000s |
| Scheme obligations as at 1 September 2018 | 251 | 103 |
| Current service cost | 164 | 159 |
| Past service cost | 4 | - |
| Interest cost | 10 | 5 |
| Employee contributions | 37 | 29 |
| Actuarial (gain)/loss | 174 | (45) |
| At 31 August 2019 | 640 | 251 |

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

| | 2019 | 2018 |
|---|---------------|---------------|
| | £'000s | £'000s |
| Fair value of scheme assets at 1 September 2018 | 177 | 69 |
| Interest income | 7 | 3 |
| Actuarial gain/(loss) | 9 | 2 |
| Employer contributions | 92 | 74 |
| Employee contributions | 37 | 29 |
| At 31 August 2019 | 322 | 177 |