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Company Registration Number: 09952066 (England & Wales)

PORTICO ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

PORTICO ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	David Amess MP Robert Hellen Garry Lowen Heather Oram Ian Hay (appointed 25 February 2019)
Trustees	Katherine Baynes, Trustee Robert Hellen, Chair of Trustees Graham Lane, Trustee Steven Levy, Trustee Cheryl Woolf, Accounting Officer Alan Murkin, Trustee Frances Gretton, Trustee Gary Lowen, Trustee (appointed 13 November 2018) Chris Hatton, Trustee (appointed 22 March 2018, resigned 17 September 2019)
Company registered number	09952066
Company name	Portico Academy Trust
Principal and registered office	59 Ronald Hill Grove Westcliff-On-Sea SS9 2JB
Chief executive officer	Cheryl Woolf
Senior management team	Cheryl Woolf, Chief Executive Officer Richard Queenborough, Head of Learning & Teaching Christine Farrell, Headteacher of Hamstel Junior School Lisa Clark, Headteacher of Hamstel Infant School Jonathon Lear, Head of School of West Leigh Junior School Donna Lees, Head of School of Friars Primary School Christopher McClay, Head of School of Porters Grange Primary School Deborah Henley, Head of School of Porters Grange Primary School
Independent auditors	MWS Chartered Accountants Registered Auditors Kingsridge House 601 London Road Westcliff-On-Sea Essex SS0 9PE
Bankers	Lloyds Bank 77 High St Southend-On-Sea Essex SS1 1HT

PORTICO ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates 5 primary Academies serving a catchment area in Southend-on-Sea. The Academies have a combined capacity of 2,492 and had a roll of 2,386 in the January 2019 census.

Structure, governance and management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy.

The Trustees of Portico Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Portico Academy Trust.

The Charitable Company includes the following Academies:

- West Leigh Junior School joined the Trust on 01/04/2016
- Porters Grange Primary School & Nursery converted and joined the Trust on 01/04/2016
- Friars Primary School & Nursery converted and joined the Trust on 01/09/2016
- Hamstel Infant School & Nursery converted and joined the Trust on 01/09/2016
- Hamstel Junior School converted and joined the Trust on 01/09/2016

The operation of The Trust's Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of the Academy budgets and finances, and monitors these through its Finance Committee. Each Academy has appointed Local Governing Committees (LGC) who have delegated authority to administer their Academy within agreed budgets.

Within this Report the term Trustees refers to a member of the Board of Trustees and the term Governor to a member of an LGC.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. 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.

c. Trustees' indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business.

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

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

Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) is an ex officio member of the Board of Trustees. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election.

e. Policies adopted for the induction and training of Trustees

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust links with a number of local training providers. New Trustees and Governors are required to attend a training programme. The induction programme will involve a tour of the relevant Academy, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake.

f. Organisational structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Trustees of Portico Academy Trust are responsible for the strategic direction of the Trust. They are also responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust by the use of those budgets, making major decisions about the direction of the Trust, capital expenditure and senior staff appointments. The Governors within their LGCs are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

The Senior Leadership teams (SLTS) control the Academies at an executive level implementing policies and reporting to their LGC. Each SLT is responsible for the day to day operation of their Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment processes. The Trust's CEO is the Accounting Officer.

g. Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust. Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Academy group size, Individual School Range (ISR), the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board of Trustees.

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

Structure, governance and management (continued)

h. Related parties and other connected charities and organisations

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

The Trust does not have a formal sponsor.

i. Trade union facility time

The Trust had no staff who were relevant union officials during the year.

j. Risk Management

The Trustees regularly undertake a comprehensive assessment of possible risks to the future of the Academy (Risk Register). The chief risks identified include issues relating to academic performance, child welfare and finances. The Academy has developed policies and procedures to mitigate these risks. Where significant financial risk still remains, the school has ensured adequate insurance cover. There are effective systems of internal financial control (explained in more detail in the Governance Statement). The Risk Register is regularly reviewed by the Trustees.

Objectives and activities

a. Objects and aims

The Academy Trust's objects ('the Objects') are specifically restricted to the following:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- To promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

b. Objectives, strategies and activities

The principal object and aim for the Charitable Company is the operation of a number of Academies to provide free education and care for pupils of different abilities within its local community between the ages of 3 and 11.

The main objectives, strategies and activities for the year ended 31st August 2019 were:

- Exploring the third sector for additional funding sources through fundraising and grant applications
- Narrow the gap between all pupils and dis-advantaged pupils
- Improve progress measures in all schools
- Increase the level of good/better/outstanding teaching by 10%
- Share subject leader expertise across the trust through collaboration
- Continue to explore further partnerships with a view to growing the trust.

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

Objectives and activities (continued)

c. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

Achievements and performance

a. Achievements

The outcomes for Summer 2019 were:

Early Years and Year 1

	FRIARS PRIMARY		HAMSTEL INFANTS		PORTERS GRANGE	
	2019	2018	2019	2018	2019	2018
EYFS Good level of development	68% (+1)	69%	75% (+6)	69%	67% (-)	67%
Year 1 phonics screening check	76% (+1)	75%	82% (+6)	76%	73% (-)	73%

End of Key Stage 1

	FRIARS PRIMARY		HAMSTEL INFANTS		PORTERS GRANGE	
	2019	2018	2019	2018	2019	2018
Reading - % of pupils expected standard	70% (+4)	66%	73% (-4)	77%	72% (+2)	70%
Writing - % of pupils expected standard	68% (+9)	59%	57% (-19)	76%	64% (+2)	62%
Maths - % of pupils expected standard	73% (+9)	64%	77% (-10)	87%	77% (+5)	72%

End of Key Stage 2

Attainment - Reading, Writing and Maths Combined

	FRIARS PRIMARY		PORTERS GRANGE		WEST LEIGH		HAMSTEL JUNIORS		NATIONAL
	2019	2018	2019	2018	2019	2018	2019	2018	2019
% of pupils achieving expected standard	64% (-5)	69%	61% (-5)	66%	79% (-)	79%	56% (-9)	65%	65%

Attainment - Individual Subjects

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

Strategic report (continued)

Achievements and performance (continued)

	FRIARS PRIMARY		PORTERS GRANGE		WEST LEIGH		HAMSTEL JUNIORS		NATIONAL
	2019	2018	2019	2018	2019	2018	2019	2018	2019
Reading - % of pupils expected standard	73% (-5)	78%	64% (-2)	66%	82% (-2)	84%	60% (-14)	74%	73%
Writing - % of pupils expected standard	80% (+2)	78%	81% (-1)	82%	98% (+8)	90%	85% (+3)	82%	78%
Maths - % of pupils expected standard	80% (-)	80%	74% (-12)	86%	90% (+3)	87%	72% (-1)	73%	79%
GPS - % of pupils expected standard	83% (+1)	82%	64% (-13)	77%	92% (+6)	86%	70% (-12)	82%	78%

The Trust continued its mission to ensure that students achieved their potential; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their Academy.

Specific achievements were as follows:

West Leigh Junior School

- End of Key Stage 2 data for 2019 shows that the school continues to perform significantly above the national figures in all areas of statutory assessment including the percentage of children achieving the expected standard in combined reading, writing and mathematics (WLJS 79%; National 65%) and the percentage of pupils achieving a high score/greater depth in combined reading, writing and mathematics (WLJS 30%; National 11%)
- The school once again became National Quiz Club Champions
- In sport the girls' football team were Southend Champions and Essex runners up, the boys' football team were Southend Champions. The Tag Rugby were both Southend and Essex Champions and the Year 3 and Year 4 swimming squad were also Southend Champions
- The school achieved the Emotional Health and Wellbeing Enhanced Healthy School Award

Porters Grange Primary School & Nursery

- In the Summer, the school had a "Good" rating awarded by Ofsted for each of the five individual categories, representing a significant turnaround from the previous "Inadequate" rating from April 2015.
- The school remains thrilled with the report and point to Ofsted's comment highlighting their "outstanding" work to promote pupils' personal development and welfare.
- From a low starting point, the children within the school made good progress in EYFS. The percentage of GLD was in line with last year

Friars Primary School & Nursery

- The school finished the year with a highly successful Ofsted inspection, retaining its category of 'Good'.
- There were considerable improvements in Key Stage 1. Improvements included an 8% rise in the proportion of children passing the phonics check in year 1 and increases in every subject at both the expected standards and at the greater depth standards in year 2. Some of these increases were very large, such as the 13% jump at the expected standard in maths.
- School attendance improved markedly last year and for the first time in five years attendance rose above 96%. The management of pupils' attendance is highly effective.

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

Strategic report (continued)

Achievements and performance (continued)

Hamstel Infant School & Nursery

- The school had an Ofsted Inspection on 4th July 2019 and retained its category of 'Good' with outstanding features and notes that parents are 'overwhelming positive about the school'.
- The school was very proud to have achieved the Inclusion Quality Mark Flagship status. This national award validates the commitment of the school to inclusive education for all.
- Despite very low on-entry starting points in Nursery and Reception children in the Early Years make excellent progress. 74.7% of children achieved a Good Level of Development an increase of 5.4% on previous year.

Hamstel Junior School

- The school had a successful Ofsted Inspection in the Summer. "This school continues to be good. The leadership team has maintained the good quality of education in the school since the previous inspection of your predecessor school." Ofsted report, June 2019
- The school achieved the National Gold Award for school games.

b. Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

c. Key performance indicators

The key performance indicators are used by Portico Academy Trust to monitor progress against the Schools Development Plan, whilst monitoring the net incoming and outgoing resources for the year, prior to any depreciation charge and other recognised gains and losses. Portico Academy Trust complies with all terms and conditions of its Funding Agreement.

The following KPIs were monitored by the Trust for the year ended 31st August 2019:

	2019	2018
GAG as a % of total operational income	74%	76%
Total income per pupil	£5,742	£5,134
Total GAG per pupil	£4,071	£3,914
Staff costs as a % of total expenditure	79%	78%

Financial review

a. Overview and principal source of funding

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that is received from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2019 the Trust received £11,323,711 (2018: £11,183,731) of GAG and other grant funding, as well as £539,092 (2018: £555,503) of self-generated income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education.

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

Strategic report (continued)

Financial review (continued)

During the year the Trust spent £1,076,465 to support capital new build and improvement projects on the various academy sites. The Trust brought forward from 17/18, £249,750 restricted funds and £2,067,584 unrestricted funding. No new academies joined in the year. The carry forward for 18/19 is £336,735 restricted funding and £2,074,590 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £6,403,000 (2018: £4,733,000). This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The deficit has been guaranteed by the Department of Education.

b. Reserves policy

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

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £2,074,590. This has been built up from a mixture of locally raised income and balanced transferred from the predecessor schools.

The Trustees are holding unrestricted funds to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust has budgeted £52,000 for in year contingencies and always plans to have a sufficient carry forward to assist in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £2,411,325

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £2,913,347. A significant proportion of this cash is held against specific projects and is not available for meeting normal recurring expenditure. The Trustee's finance committee monitors cash flow as part of the Finance Director reports to ensure sufficient coverage of short term cash flow variances.

c. Investment policy

There are no investments held beyond cash deposits retained with the major UK banking banks. Speculative investments are not permitted.

For the year ended 31 August 2019, the charitable company's cash balances generated a return of £4,069 (2018: £1,756)

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

Strategic report (continued)

Financial review (continued)

d. Principal risks and uncertainties

The Trust works with the LGCs in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Board of Trustees with a formal review of the process undertaken on an annual basis. The internal audit control systems and the exposure to identified risks were monitored by an internal audit report commissioned by the Trustees. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by their systems and by internal financial and other controls.

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

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

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

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

- Each Academy within the Trust has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- Failures in governance and/or management – the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputational – the continuing success of the individual Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- Safeguarding and child protection – the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- Staffing – the success of the Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning
- Fraud and mismanagement of funds – The Trust appointed Price Bailey Chartered Accountants to carry out independent and external checks on financial systems and records as required by the Academy Financial handbook. All finance staff receive training to keep up to date with financial practise requirements and develop their skills in this area;
- Financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit, Trustees take these payments into account when setting the annual budget plan.

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

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

Fundraising

Financing of equipment and services from funds outside the Trust's normal revenue budgets is becoming increasingly important in maintaining the quality of education for our students.

Currently the majority of the addition income from fundraising comes from voluntary donations, through PA and other parental contributions for Trips and Clubs, and a small level of Grant fundraising. We currently have not explored sponsorship opportunities.

Fundraising is seen by the Trust as a legitimate means of improving our ability to purchase goods, equipment or services, which are not available within capital or revenue budgets. For the public donating cash or equipment, or actively raising funds is seen as a positive way of supporting schools within the Trust.

The Board of Trustees is responsible for ensuring that:

1. Correct procedures are in place and followed for fundraising procedures
2. Expenditure is properly validated
3. All funds raised are properly accounted for and audited
4. The money is expended in accordance with the objectives agreed with the fundraisers

Plans for future periods

The Trustee's priorities for the next year are

- Continue to explore the third sector for additional funding sources through fundraising and grant applications
- Narrow the gap between all pupils and dis-advantaged pupils
- Improve progress measures in all schools
- Continue to explore further partnerships with a view to growing the trust.

Funds held as custodian on behalf of others

The Trust does not hold, and does not intend to hold, any funds on behalf of others.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy's equal opportunities policy, the Academy has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy's offices.

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

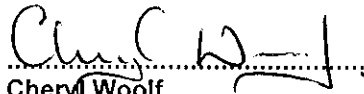
Auditors

The auditors, MWS, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

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



.....
Robert Hellen
Chair of Trustees



.....
Cheryl Woolf
Accounting Officer

PORTICO ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the 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 Portico Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report. The board of Trustees has formally met 10 times during the year.

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

Trustee	Meetings attended	Out of a possible
Katherine Baynes, Trustee	9	10
Robert Hellen, Chair of Trustees	5	10
Graham Lane, Trustee	10	10
Steven Levy, Trustee	5	10
Cheryl Woolf, Accounting Officer	8	10
Alan Murkin, Trustee	9	10
Frances Gretton, Trustee	10	10
Gary Lowen, Trustee	3	8
Chris Hatton, Trustee	3	8

No formal review of the effectiveness of the board has been undertaken in the year. There is currently a skills and effectiveness assessment being carried out with the Trustees, with a view of completion by March 2020.

This will be reviewing the current skills and contributions made by individual trustees over the last year, incorporating all training and development completed by Trustees. The impact of this exercise is to ensure that the work of the Trustees continue to be impactful and offer appropriate challenge to the Trust, as well as identifying any gaps in knowledge that may need to be addressed through training or appointing additional Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

Educational outcome

Educational standard in the academies within the Trust continue to improve, as highlighted within the Trustee's report. Strong use of data has enabled targeted improvement to specific curriculum areas and individual pupils.

Finance governance and oversight

The Trustees, Accounting Officer and Senior Leadership Team maintain a strong oversight of the finance system within the academies. All purchase orders and payments are reviewed prior to authorisation so that budget holders can be challenged on the effectiveness of their spending proposals and that they are in line with budget plans previously submitted. Trustees receive regular management accounts which are discussed and challenged at the finance focused Trustee meetings. Each individual academy also faces further scrutiny from their Local Governing Committee.

Better purchasing

As the Trust is currently 5 academies, schedules of lease's, service level agreements, maintenance & energy contracts, annual safety inspections and licenses required have been collated, making notes of renewal dates and notice periods. We continue to align there where possible to generate some economies of scale across the Trust. We also continue to exercise a stronger buying power over suppliers to secure trust wide discounts to ensure value for money. We will continue to seek central procurement where possible to ensure best value of services for the Trust.

Reviewing controls and managing risks

The Trust has in place a balanced budget and a three year forecast. We will be developing long term asset replacement plans and a building maintenance programme. These will be regularly reviewed by Trustees to ensure the long term viability of the Trust and its objectives.

Regular reports are provided to budget holders, while detailed management accounts are provided for Local Governing Committee meetings to assist in ensuring effective use of resources and minimising waste.

Assets are used effectively to generate additional income, such as hire of premises and movement of surplus funds t interest payment accounts.

The Trust has a risk register in place which is reviewed annually to ensure risks are mitigated effectively.

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 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 Portico Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have engaged Price Bailey to perform a comprehensive internal control review during the year at all academies.

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

On an annual basis, the reviewer reports to the board of Trustees through the Finance Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

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 reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

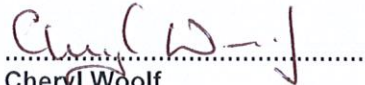
PORTICO ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on 16 December 2019 and signed on their behalf by:



.....
Robert Hellen
Chair of Trustees



.....
Cheryl Woolf
Accounting Officer

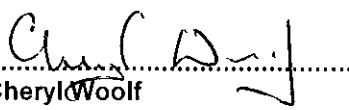
PORTICO ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Portico Academy Trust I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2018.

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


.....
Cheryl Woolf
Accounting Officer
Date: 16 December 2019

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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

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

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

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

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

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

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

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



.....
Robert Hellen
(Chair of Trustees)

PORTICO ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PORTICO ACADEMY TRUST**

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the 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 & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the 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 Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

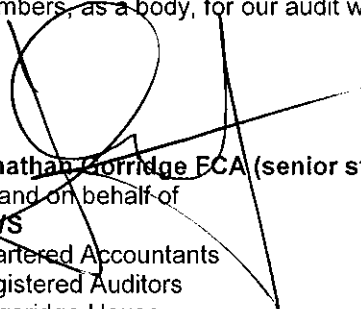
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.


Jonathan Gorridge FCA (senior statutory auditor)

for and on behalf of
MWS
Chartered Accountants
Registered Auditors
Kingsridge House
601 London Road
Westcliff-On-Sea
Essex
SS0 9PE

18 December 2019

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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

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

This report is made solely to Portico Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Portico Academy 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 Portico Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Portico Academy Trust's funding agreement with the Secretary of State for Education dated 24 March 2016 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

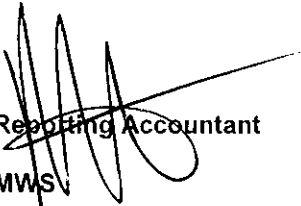
- Assessing the risk of material irregularity in the Academy Trust
- Commissioning a self-assessment review of the Trustees' governance arrangements and consideration of any material non-compliance with the Academies Financial Handbook
- Investigating any areas of significant risk identified
- Consideration of the work performed under our audit engagement and any impact this may have on our regularity conclusion or regularity risk assessment
- A review of the internal controls and internal audit procedures for areas of significant risk and performing further substantive testing where necessary.

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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

Conclusion

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



Reporting Accountant
MWS

Kingsridge House
601 London Road
Westcliff-On-Sea
Essex
SS0 9PE

Date: 18 December 2019

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	200,150	-	970,706	1,170,856	746,203
Charitable activities		-	11,323,711	-	11,323,711	11,183,731
Other trading activities		539,092	-	-	539,092	555,503
Investments	6	4,069	-	-	4,069	1,756
Total income		743,311	11,323,711	970,706	13,037,728	12,487,193
Expenditure on:						
Charitable activities	8	110,354	12,435,887	585,355	13,131,596	12,771,102
Other expenditure	9	9,960	-	-	9,960	7,920
Total expenditure		120,314	12,435,887	585,355	13,141,556	12,779,022
Net income/(expenditure)		622,997	(1,112,176)	385,351	(103,828)	(291,829)
Transfers between funds	19	(615,992)	623,161	(7,169)	-	-
Net movement in funds before other recognised gains/(losses)		7,005	(489,015)	378,182	(103,828)	(291,829)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(1,094,000)	-	(1,094,000)	1,307,000
Net movement in funds		7,005	(1,583,015)	378,182	(1,197,828)	1,015,171
Reconciliation of funds:						
Total funds brought forward		2,067,584	(4,483,250)	20,301,822	17,886,157	16,870,986
Net movement in funds		7,005	(1,583,015)	378,182	(1,197,828)	1,015,171
Total funds carried forward		2,074,589	(6,066,265)	20,680,004	16,688,328	17,886,157

The Statement of financial activities includes all gains and losses recognised in the year.


The notes on pages 26 to 51 form part of these financial statements.

PORTICO ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09952066

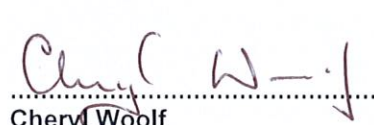
BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	16	20,647,046	20,155,935
		20,647,046	20,155,935
Current assets			
Debtors	17	547,499	365,566
Cash at bank and in hand		2,913,347	3,111,435
		3,460,846	3,477,001
Creditors: amounts falling due within one year	18	(1,016,563)	(1,013,780)
Net current assets		2,444,283	2,463,221
Total assets less current liabilities		23,091,329	22,619,156
Net assets excluding pension liability		23,091,329	22,619,156
Defined benefit pension scheme liability	26	(6,403,000)	(4,733,000)
Total net assets		16,688,329	17,886,156
Funds of the Academy			
Restricted funds:			
Fixed asset funds	19	20,680,004	20,301,822
Restricted income funds	19	336,735	249,750
		21,016,739	20,551,572
Restricted funds excluding pension asset	19	21,016,739	20,551,572
Pension reserve	19	(6,403,000)	(4,733,000)
Total restricted funds	19	14,613,739	15,818,572
Unrestricted income funds	19	2,074,590	2,067,584
Total funds		16,688,329	17,886,156

The financial statements on pages 23 to 51 were approved by the Trustees, and authorised for issue on 16 December 2019 and are signed on their behalf, by:



.....
Robert Hellen
Chair of Trustees



.....
Cheryl Woolf
Accounting Officer

The notes on pages 26 to 51 form part of these financial statements.

PORTICO ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(1,332)	305,434
Cash flows from investing activities	23	(196,756)	(353,395)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(198,088)	(47,961)
Cash and cash equivalents at the beginning of the year		3,111,435	3,159,396
Cash and cash equivalents at the end of the year	24	<u>2,913,347</u>	<u>3,111,435</u>

The notes on pages 26 to 51 form part of these financial statements

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Portico Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

PORTICO ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Taxation

The Academy 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 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.

1.6 Tangible fixed assets

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

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

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

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long-term leasehold property	- Straight line 50 years for buildings, land is depreciated over the life of the lease.
Fixtures and fittings	- Straight line 5 years
Plant and machinery	- Straight line 5 years
Computer equipment	- Straight line 3 years

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

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.11 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.12 Pensions

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

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

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

1.13 Fund accounting

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

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

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

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

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FOR THE YEAR ENDED 31 AUGUST 2019**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations and educational trips	200,150	-	200,150	169,980
ESFA capital grants	-	970,706	970,706	576,223
	<u>200,150</u>	<u>970,706</u>	<u>1,170,856</u>	<u>746,203</u>
<i>Total 2018</i>	<u>169,980</u>	<u>576,223</u>	<u>746,203</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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4. Funding for the Academy's educational operations

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	9,185,920	9,185,920	9,081,248
Other DfE/ESFA grants	1,415,311	1,415,311	1,346,089
	<hr/> 10,601,231	<hr/> 10,601,231	<hr/> 10,427,337
Other government grants			
Local authority grants	704,350	704,350	695,432
	<hr/> 704,350	<hr/> 704,350	<hr/> 695,432
Other funding			
Other non-government grants	18,130	18,130	60,962
	<hr/> 18,130	<hr/> 18,130	<hr/> 60,962
	<hr/> 11,323,711	<hr/> 11,323,711	<hr/> <i>11,183,731</i>

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Hire of facilities	121,658	121,658	106,557
Catering income	178,132	178,132	207,632
Services provided	202,445	202,445	209,017
School sales	15,690	15,690	11,861
Fundraising	16,835	16,835	20,436
Training income	4,332	4,332	-
	<hr/> 539,092	<hr/> 539,092	<hr/> 555,503

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

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Interest receivable	4,069	4,069	1,756

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	<i>Total 2018 £</i>
Educational Operations:					
Direct costs	7,601,316	-	447,885	8,049,201	7,925,177
Allocated support costs	2,683,795	1,411,047	987,553	5,082,395	4,845,925
Other expenditure	-	-	9,960	9,960	7,920
	<u>10,285,111</u>	<u>1,411,047</u>	<u>1,445,398</u>	<u>13,141,556</u>	<u>12,779,022</u>
<i>Total 2018</i>	<u>10,004,605</u>	<u>1,263,580</u>	<u>1,510,837</u>	<u>12,779,022</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Educational Operations	110,354	13,021,242	13,131,596	12,771,102
<i>Total 2018</i>	<u>89,182</u>	<u>12,681,920</u>	<u>12,771,102</u>	

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

9. Other expenditure

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
School sales	9,960	9,960	7,920

10. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Educational Operations	8,049,201	5,082,395	13,131,596	12,771,102
<i>Total 2018</i>	<i>7,925,177</i>	<i>4,845,925</i>	<i>12,771,102</i>	

Analysis of direct costs

	Educational Operations 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	7,601,316	7,601,316	7,478,338
Technology costs	52,532	52,532	44,615
Educational supplies	281,854	281,854	260,797
Staff development	29,813	29,813	75,123
Educational consultancy	44,798	44,798	30,975
Other direct costs	38,888	38,888	35,329
	8,049,201	8,049,201	7,925,177

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FOR THE YEAR ENDED 31 AUGUST 2019**

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Operations 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Pension income	118,000	118,000	<i>134,000</i>
Staff costs	2,683,795	2,683,795	<i>2,526,267</i>
Depreciation	585,355	585,355	<i>538,503</i>
Technology costs	23,561	23,561	<i>28,018</i>
Maintenance of premises	299,805	299,805	<i>227,056</i>
Cleaning	195,941	195,941	<i>277,366</i>
Rent and rates	101,481	101,481	<i>71,864</i>
Energy costs	166,311	166,311	<i>148,791</i>
Insurance	56,155	56,155	<i>67,139</i>
Security and transport	42,723	42,723	<i>34,401</i>
Catering	404,782	404,782	<i>405,185</i>
Bank interest and charges	5,443	5,443	<i>4,754</i>
Indirect staff costs	9,566	9,566	<i>19,425</i>
Legal and professional fees	214,211	214,211	<i>242,746</i>
Other support costs	175,266	175,266	<i>120,410</i>
	<u>5,082,395</u>	<u>5,082,395</u>	<u><i>4,845,925</i></u>

During the year ended 31 August 2019, the Academy Trust incurred the following governance costs:

£15,000 (2018: £15,000)

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	<i>2018 £</i>
Operating lease rentals	6,397	<i>3,868</i>
Depreciation of tangible fixed assets	591,354	<i>538,503</i>
Fees paid to auditors for:		
- audit	15,000	<i>15,000</i>
	<u>612,751</u>	<u><i>567,371</i></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	7,801,097	7,618,291
Social security costs	672,106	648,378
Pension costs	1,732,089	1,661,002
	<hr/>	<hr/>
	10,205,292	9,927,671
Agency staff costs	79,819	76,934
	<hr/>	<hr/>
	10,285,111	10,004,605
	<hr/> <hr/>	<hr/> <hr/>

b. Staff numbers

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

	2019	2018
	No.	No.
Teachers	138	134
Administration and educational support (including part time)	230	232
Management	8	9
	<hr/>	<hr/>
	376	375
	<hr/> <hr/>	<hr/> <hr/>

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

12. Staff costs (continued)

c. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	4	6
In the band £70,001 - £80,000	4	3
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	1
	4	<i>11</i>

9 (2018: 11) of the above employees participated in either the Teachers Pension Scheme or the LGPS. During the year ended 31 August 2019, pension contributions for these staff amounted to £97,254.

d. Key management personnel

The key management personnel of the academy trust comprises the trustees and the senior management team as listed on page 1. The total amount of employees benefits (including employee pension contributions) received by key management personnel for their services to the academy trust was £753,555 (2018: £744,647).

13. Central services

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

- Leadership staff
- Administration supplies
- Legal and professional fees
- Central support staff

The Academy charges for these services on the following basis:

5% of General Annual Grant (GAG) income

The actual amounts charged during the year were as follows:

	2019	<i>2018</i>
	£	<i>£</i>
West Leigh Junior School	89,805	89,757
Porters Grange Primary School and Nursery	81,632	86,022
Hamstel Infant School and Nursery	89,651	89,893
Hamstel Junior School	109,091	102,118
Friars Primary School and Nursery	87,521	86,272
Total	457,700	<i>454,062</i>

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

14. Trustees' remuneration and expenses

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

		2019	2018
		£	£
Cheryl Woolf, Accounting Officer	Remuneration	90,000 -	<i>90,000 -</i>
		95,000	<i>95,000</i>
	Pension contributions paid	15,000 -	<i>15,000 -</i>
		20,000	<i>20,000</i>

During the year, retirement benefits were accruing to 1 Trustees (*2018 - 1*) in respect of defined benefit pension schemes.

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

15. Trustees' and Officers' insurance

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

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Tangible fixed assets	Long-term leasehold property £	Assets under construction £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2018	20,410,809	161,507	293,479	16,739	339,781	21,222,315
Additions	106,561	880,728	5,459	2,173	81,544	1,076,465
Transfers between classes	268,797	(268,797)	-	-	-	-
At 31 August 2019	<u>20,786,167</u>	<u>773,438</u>	<u>298,938</u>	<u>18,912</u>	<u>421,325</u>	<u>22,298,780</u>
Depreciation						
At 1 September 2018	787,690	-	110,208	3,106	165,374	1,066,378
Charge for the year	408,010	-	58,910	3,492	114,943	585,355
At 31 August 2019	<u>1,195,700</u>	<u>-</u>	<u>169,118</u>	<u>6,598</u>	<u>280,317</u>	<u>1,651,733</u>
Net book value						
At 31 August 2019	<u>19,590,467</u>	<u>773,438</u>	<u>129,820</u>	<u>12,314</u>	<u>141,008</u>	<u>20,647,047</u>
At 31 August 2018	<u>19,623,118</u>	<u>161,507</u>	<u>183,271</u>	<u>13,632</u>	<u>174,407</u>	<u>20,155,935</u>

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17. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	440	415
VAT repayable	204,643	114,551
Prepayments and accrued income	342,416	250,600
	547,499	365,566
	547,499	365,566

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	5,261	56,358
Other creditors	369,107	640,487
Accruals and deferred income	642,195	316,935
	1,016,563	1,013,780
	1,016,563	1,013,780

	2019 £	2018 £
Deferred income at 1 September 2018	214,173	221,901
Resources deferred during the year	157,749	214,173
Amounts released from previous periods	(214,173)	(221,901)
	157,749	214,173
	157,749	214,173

Deferred income includes amounts received as follows:

Universal Infant Free School Meals received in advance of entitlement £112,032 (2018: £127,995)
 Growth Funding received in advance of entitlement £Nil (2018: £53,183)
 Rates relief received in advance of entitlement £10,886 (2018: £4,487)
 Amounts received in advance for school trips, meals and other contributions £34,831 (2018: 28,508)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	2,066,892	743,312	(120,314)	(615,992)	-	2,073,898
Central funds	692	-	-	-	-	692
	<u>2,067,584</u>	<u>743,312</u>	<u>(120,314)</u>	<u>(615,992)</u>	<u>-</u>	<u>2,074,590</u>
Restricted general funds						
Central funds	191,717	-	(476,915)	457,700	-	172,502
General Annual Grant (GAG)	58,033	9,167,440	(9,390,934)	165,461	-	-
Other DfE/ESFA grants	-	1,433,791	(1,269,558)	-	-	164,233
Local Authority grants	-	704,350	(704,350)	-	-	-
Other grants	-	18,130	(18,130)	-	-	-
Pension reserve	(4,733,000)	-	(576,000)	-	(1,094,000)	(6,403,000)
	<u>(4,483,250)</u>	<u>11,323,711</u>	<u>(12,435,887)</u>	<u>623,161</u>	<u>(1,094,000)</u>	<u>(6,066,265)</u>
Restricted fixed asset funds						
Assets inherited on conversion	18,102,436	-	(431,046)	-	-	17,671,390
DfE/ESFA grants	167,556	970,706	-	(1,105,305)	-	32,957
Assets purchased from grants and other funds	2,031,830	-	(154,309)	1,098,136	-	2,975,657
	<u>20,301,822</u>	<u>970,706</u>	<u>(585,355)</u>	<u>(7,169)</u>	<u>-</u>	<u>20,680,004</u>
Total Restricted funds	<u>15,818,572</u>	<u>12,294,417</u>	<u>(13,021,242)</u>	<u>615,992</u>	<u>(1,094,000)</u>	<u>14,613,739</u>
Total funds	<u><u>17,886,156</u></u>	<u><u>13,037,729</u></u>	<u><u>(13,141,556)</u></u>	<u><u>-</u></u>	<u><u>(1,094,000)</u></u>	<u><u>16,688,329</u></u>

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

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19. Statement of funds (continued)

Restricted general funds

These funds relate to the Academy's development and operational activities.

Restricted pension funds

These funds represent the LGPS obligation to the employees of the Academy Trust.

Restricted fixed asset fund

These funds relate to long term assets held by the Academy Trust and grants to purchase or maintain these assets.

Unrestricted funds

These funds relate to amounts generated or acquired with no restricted covenants attached to them other than for use within the charitable objects of the Academy.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
West Leigh Junior School	446,872	447,649
Porters Grange Primary School and Nursery	418,279	440,156
Hamstel Infant School and Nursery	558,739	459,365
Hamstel Junior School	210,046	179,927
Friars Primary School and Nursery	603,860	597,828
Central funds	173,529	192,409
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,411,325	2,317,334
Restricted fixed asset fund	20,680,004	20,301,822
Pension reserve	(6,403,000)	(4,733,000)
	<hr/>	<hr/>
Total	16,688,329	17,886,156
	<hr/> <hr/>	<hr/> <hr/>

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

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
West Leigh Junior School	1,436,878	353,462	104,184	432,716	2,327,240	2,214,074
Porters Grange Primary School and Nursery	1,450,456	312,688	43,281	375,983	2,182,408	2,224,366
Hamstel Infant School and Nursery	1,517,689	501,204	16,579	513,242	2,548,714	2,559,301
Hamstel Junior School	1,854,005	467,744	82,966	364,143	2,768,858	2,669,407
Friars Primary School and Nursery	1,070,941	843,130	34,848	303,147	2,252,066	2,158,766
Central funds	271,347	205,568	-	-	476,915	414,605
Academy	7,601,316	2,683,796	281,858	1,989,231	12,556,201	12,240,519

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19. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General Funds	1,953,657	727,070	(170,445)	(443,390)	-	2,066,892
Central funds	524	168	-	-	-	692
	<u>1,954,181</u>	<u>727,238</u>	<u>(170,445)</u>	<u>(443,390)</u>	<u>-</u>	<u>2,067,584</u>
Restricted general funds						
Central funds	183,267	-	(414,605)	423,055	-	191,717
General Annual Grant (GAG)	274,791	9,081,248	(8,937,981)	(360,025)	-	58,033
Other DfE/ESFA grants	-	1,346,089	(1,346,089)	-	-	-
Local Authority grants	-	695,432	(695,432)	-	-	-
Other grants	-	60,962	(60,962)	-	-	-
Pension reserve	(5,425,000)	-	(615,000)	-	1,307,000	(4,733,000)
	<u>(4,966,942)</u>	<u>11,183,731</u>	<u>(12,070,069)</u>	<u>63,030</u>	<u>1,307,000</u>	<u>(4,483,250)</u>
Restricted fixed asset funds						
Assets inherited on conversion	18,547,194	-	(444,758)	-	-	18,102,436
DfE/ESFA grants	299,363	576,223	-	(708,030)	-	167,556
Assets purchased	1,037,185	-	(93,745)	1,088,390	-	2,031,830
	<u>19,883,742</u>	<u>576,223</u>	<u>(538,503)</u>	<u>380,360</u>	<u>-</u>	<u>20,301,822</u>
Total Restricted funds	<u>14,916,800</u>	<u>11,759,954</u>	<u>(12,608,572)</u>	<u>443,390</u>	<u>1,307,000</u>	<u>15,818,572</u>
Total funds	<u>16,870,981</u>	<u>12,487,192</u>	<u>(12,779,017)</u>	<u>-</u>	<u>1,307,000</u>	<u>17,886,156</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Transfers between funds

£457,700 has been transferred out of restricted funds General Annual Grant (GAG) to central funds representing contributions to central funds.

£7,169 has been transferred out of restricted fixed asset funds to restricted funds General Annual Grant (GAG) in relation to creditors.

£615,992 has been transferred from unrestricted funds to restricted funds General Annual Grant (GAG) to cover a deficit in the GAG fund.

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	20,647,045	20,647,045
Current assets	2,074,590	1,353,298	32,959	3,460,847
Creditors due within one year	-	(1,016,563)	-	(1,016,563)
Provisions for liabilities and charges	-	(6,403,000)	-	(6,403,000)
Total	2,074,590	(6,066,265)	20,680,004	16,688,329

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	20,155,935	20,155,935
Current assets	2,093,576	1,146,019	237,406	3,477,001
Creditors due within one year	(25,992)	(896,273)	(91,519)	(1,013,784)
Provisions for liabilities and charges	-	(4,733,000)	-	(4,733,000)
Total	2,067,584	(4,483,254)	20,301,822	17,886,152

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per statement of financial activities)	(103,828)	(291,829)
Adjustments for:		
Depreciation	585,354	538,503
Capital grants from DfE and other capital income	(875,640)	(576,223)
Interest receivable	(4,069)	(1,756)
Defined benefit pension scheme cost less contributions payable	458,000	481,000
Defined benefit pension scheme finance cost	118,000	134,000
(Increase)/decrease in debtors	(181,932)	137,299
Increase/(decrease) in creditors	2,783	(115,560)
Net cash (used in)/provided by operating activities	(1,332)	305,434

23. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	4,069	1,756
Purchase of tangible fixed assets	(1,076,465)	(931,374)
Capital grants from DfE Group	875,640	576,223
Net cash used in investing activities	(196,756)	(353,395)

24. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	2,913,347	3,111,435
Total cash and cash equivalents	2,913,347	3,111,435

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25. Capital commitments

At 31 August 2019 the Academy Trust had capital commitments as follows

	2019 £	2018 £
Contracted for but not provided in these financial statements	<u>724,052</u>	<u>145,887</u>

26. Pension commitments

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

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

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

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

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26. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the year amounted to £724,000 (2018 - £704,000).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 £755,000 (2018 - £708,000), of which employer's contributions totalled £605,000 (2018 - £564,000) and employees' contributions totalled £ 150,000 (2018 - £131,000). The agreed contribution rates for future years are 24.5 per cent and 25 per cent for employers and 5.5 per cent to 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.88	2.66
Inflation assumption (CPI)	2.20	2.30
Commutation of pensions to lump sums	50.00	50.00
Inflation assumption (RPI)	3.20	3.30

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.3	22.3
Females	23.6	24.8
<i>Retiring in 20 years</i>		
Males	23.0	24.5
Females	25.4	27.1

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26. Pension commitments (continued)

Sensitivity analysis

	2019	<i>2018</i>
	£000	<i>£000</i>
Discount rate +0.1%	11,602	<i>6,545</i>
Discount rate -0.1%	12,223	<i>6,907</i>
Mortality assumption - 1 year increase	12,362	<i>6,941</i>
Mortality assumption - 1 year decrease	11,472	<i>6,512</i>
Salary increase +0.1%	11,945	<i>6,748</i>
Salary increase -0.1%	11,871	<i>6,698</i>

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

	At 31 August 2019	<i>At 31 August 2018</i>
	£	<i>£</i>
Equities	3,470,000	<i>2,851,000</i>
Gilts	303,000	<i>239,000</i>
Corporate bonds	310,000	<i>263,000</i>
Property	440,000	<i>399,000</i>
Cash and other liquid assets	130,000	<i>153,000</i>
Alternative assets and other managed funds	822,000	<i>573,000</i>
Total market value of assets	<u>5,475,000</u>	<i><u>4,478,000</u></i>

The actual return on scheme assets was £397,000 (2018 - £243,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019	<i>2018</i>
	£	<i>£</i>
Current service cost	(1,063,000)	<i>(1,045,000)</i>
Interest income	128,000	<i>101,000</i>
Interest cost	(246,000)	<i>(235,000)</i>
Total amount recognised in the Statement of financial activities	<u>(1,181,000)</u>	<i><u>(1,179,000)</u></i>

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26. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	9,211,000	9,054,000
Current service cost	937,000	1,045,000
Interest cost	246,000	235,000
Employee contributions	150,000	144,000
Actuarial losses/(gains)	1,363,000	(1,165,000)
Benefits paid	(125,000)	(102,000)
Past service costs	126,000	-
At 31 August	11,908,000	9,211,000

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

	2019 £	2018 £
At 1 September	4,478,000	3,629,000
Interest income	128,000	101,000
Actuarial gains	269,000	142,000
Employer contributions	605,000	564,000
Employee contributions	150,000	144,000
Benefits paid	(125,000)	(102,000)
At 31 August	5,505,000	4,478,000

Impact of the McCloud/Sargeant judgement on the Local Government Pension Scheme

An allowance has been made for the recent Court of Appeal judgement in relation to the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS.

The estimated impact on the total liabilities at 31 August 2019 has been allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 August 2019.

This adjustment is an estimate of the potential impact on the Trust's defined benefit obligation as provided by the scheme's actuary. The Actuary's assessment is based on analysis carried out by the Government Actuary's Department (GAD) and the Trust's liability profile.

The GAD assessment is based on a "worst-case" scenario whereby this case impacts on all active members in the scheme as at 31 March 2019. It is the view of the Trustees and their actuary that this is not a realistic estimate. The actuary has therefore adjusted their estimate to only include members who were active at 31 March 2012.

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Reconciliation of pension scheme liability

	2019	2018
	£	£
Defined benefit obligation	(11,908,000)	(9,211,000)
Share of scheme assets	5,505,000	4,478,000
	<u>(6,403,000)</u>	<u>(4,733,000)</u>

27. Members' liability

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

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NOTES TO THE FINANCIAL STATEMENTS
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28. Related party transactions

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

G Lowen

The step-daughter of G Lowen was employed by the Academy Trust as a teacher during the year; remuneration of £35,368 (2018: £28,772) was paid in respect of this employment.

She was an employee of West Leigh Junior School prior to conversion and her contract was transferred under Transfer of Undertakings (Protection of Employment) regulations.

G Lowen has not participated in any discussions regarding her employment or remuneration.

West Leigh Swim School

West Leigh Swim School Limited a registered charity of which C J Woolf is a Director and Trustee leased a swimming pool from the Academy Trust during the reporting period. The rental charged is considered a fair market rent for the use of the swimming pool.

Rent charged during the accounting period amounted to £52,000 (2018: £56,000) and £12,000 (2018: £20,000) was outstanding at the end of the reporting period.

Legra Academy Trust

Legra Academy Trust is a registered charity of which C J Woolf is a Director and Trustee. For the year ending 31 August 2019 the Trust procured goods and services totalling £Nil (2018: £1,131) from the above company. The Trust also provided goods and services totalling £Nil (2018: £180).

There were no amounts outstanding at the year end.

The transactions were conducted at arms' length. In entering into these transactions the trust has complied with the requirements of ESFA's Academies Financial Handbook.

South East Community Academy Trust

Southend East Community Academy Trust is a registered charity of which G Lane was a Director and Trustee during the year until 5th June. For the year ending 31 August 2019 the Trust procured goods and services totalling £8,155 (2018: £14,201) from the above company. The Trust also provided goods and services totalling £Nil (2018: £270).

There were no amounts outstanding at the year end.

The transactions were conducted at arms' length. In entering into these transactions the trust has complied with the requirements of ESFA's Academies Financial Handbook.

29. Controlling party

There is no ultimate controlling party