

Members

D Morgan
T Elliott
N Donkin
J Kay
D Bradshaw

Directors and Trustees

T Elliott (Chair)
T Latham
P Gruen
R West
S Slee
A McAvan
C Gorse
J Boucher
S Hall (appointed January 2019)
Sir John Townsley (Chief Executive Officer)

Company Secretary

J Shore

Senior Leadership Team

Sir John Townsley (Chief Executive Officer)
L Griffiths
S McCarthy
F McNally
A M Garnett
J Shore
N Cornfoot
A Ryder
R Taylor
C Walsh
C Stokes
D Holtham
H Townsley
M Fitzpatrick
S Done
A MacKenzie
B Mallinson

Principal and Registered Office

Bruntcliffe Lane
Morley
Leeds
West Yorkshire
LS27 0LZ

Company Registration Number

07465701 (England and Wales)

Independent Auditor

Mazars LLP
5th Floor
Wellington Place
Leeds
LS1 4AP

Bankers

Lloyds Bank
44 Queens St
Morley
Leeds
LS27 9BR

Solicitors

Leeds City Council
Civic Hall
Leeds
LS1 1UR
(Service Level Agreement for general enquiries)

Langleys
Olympic House
Doddington Rd
Lincoln
LN6 3SE

The trustees of The GORSE Academies Trust (who are also the directors for the purposes of the Companies Act 2006) present their annual report together with the audited financial statements and auditor's report of The GORSE Academies Trust for the year to 31 August 2019. This report also represents the trustees' report which is prepared in accordance with the Companies Act 2006.

Structure, Governance and Management

Constitution

The GORSE Academies Trust ("trust") is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association dated 12 February 2015 are the primary governing documents of the Academy Trust.

The GORSE Academies Trust is currently responsible for The Morley Academy (TMA), The Farnley Academy (TFA), The Ruth Gorse Academy (TRGA), The Bruntcliffe Academy (BA), Boston Spa Academy (BSA), The Stephen Longfellow Academy (TSLA) Morley Newlands Academy (MNA), Hillcrest Academy (HA), Ryecroft Academy (RA), Richmond Hill Academy (RHA), Elliott Hudson College (EHC) and the School Centred Initial Teacher Training Centre (SCITT).

The directors act as trustees for the charitable activities of The GORSE Academies Trust for the purposes of company law. The Charitable Company is known as The GORSE Academies Trust.

Details of the directors who served throughout the year are included in the Reference and Administrative details on page 1.

Members' liability

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

Director's and Governor's indemnity provisions are described in Note 11 to the financial statements.

Principal activities

The principal object of The GORSE Academies Trust is to advance for the public benefit education in the United Kingdom, in particular establishing, maintaining, managing and developing schools/academies offering a broad and balanced curriculum.

Directors

The articles of association require the appointment of at least three directors. The directors of the company are also trustees of the charity. Ten directors have been appointed to the Company's board of directors. The term of office for a director is currently four years and any director may be re-appointed.

The Members may appoint by ordinary resolution up to 15 Trustees. The total number of Trustees including the Chief Executive Officer, who are employees of the Academy Trust, shall not exceed one third of the total number of Trustees.

Where necessary, directors have received training on legal and financial matters to enable them to undertake their role as directors.

The directors are responsible for setting the strategic direction of The GORSE Academies Trust, reviewing and agreeing the Company's policies and procedures and making major decisions about the arrangements entered into by The GORSE Academies Trust.

The directors have delegated a number of their functions to the local governing bodies of the academies.

Each Academy has its own Board of Governors (the Local Governing Body). Each Academy Board of Governors has responsibility for setting policy, annual plans and budgets. The day to day operational running of the Academies is delegated by the Local Governing Body to the local Senior Leadership Team (SLT).

Method of recruitment and appointment or election of the local governing body

The Local Governing Body is comprised of Community Governors, Staff Governors and Parent Governors. Governors are appointed to serve a four-year term as agreed by the Local Governing Body. The Community Governors are appointed at a meeting of the Local Governing Body on the basis of nominations received. Parent Governors are elected by parents of the children attending the Academy. Staff Governors are elected by staff of the Academy. The board of the GORSE Academies Trust reserves the right to appoint governors to Local Governing Bodies and the appointment is by the way of board resolution.

Policies and procedures for the induction and training of Directors and Governors

New Governors are inducted into the workings of the Trust, including policies and procedures, at arranged meetings with the Principal and representatives from finance. The training and induction provided for new directors depends on their existing experience. Where necessary, induction provides training on charity and educational, legal and financial matters (with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors). Governors are invited to attend various training sessions covering all matters of governance organised by Leeds City Council. The Local Governing Body have designated Governors for key areas of responsibility, such as Special Educational Needs, Safeguarding, and policy review.

All Governors give their time freely and no remuneration was paid in the year.

Organisational structure

The Board meets as a full body a minimum of four times throughout the year to discuss:

- Strategic matters of the Academy; and
- Significant operational developments.

The Local Governing Bodies meet five times per year to manage and oversee the matters delegated to them. This includes finance, curriculum, safeguarding and all other key elements of the operation of the Academy.

Arrangements for setting pay and remuneration of key leadership personnel.

The Remuneration Committee is responsible for determining the policy for the remuneration of key leadership personnel. This committee consists of three board members, all of whom are independent non-executive directors. In determining such policy, the committee will take into account all factors which it deems necessary, including relevant regulatory requirements. The objective of such policy is to ensure that members of the executive leadership of the Trust are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Trust.

Trade union facilities time

Number of employees who were staff union representatives during for the period 2018-2019	Full-time equivalent employee number
0	0

Percentage of time spent on facilities time

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

No fixed facilities time is given. Reasonable time is allowed as required and agreed by the Principal.

Percentage of Pay bill spent on Facilities Time

Total Cost of Facilities Time	0
Total Pay Bill	£38,2445,26
%of total Pay bill spent on facilities time	0

Paid Trade Union Activities

Time Spent on paid Trade Union as a % of total paid facilities time. 0%	TGAT does not have a Trade union facilities agreement.
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Public benefit

When setting the objectives of the academies for the year, The GORSE Academies Trust's Directors have given careful consideration to the Charity Commission's guidance on public benefit.

Strategic Report

This has been another successful year for the Trust with all our academies continuing to rapidly improve regarding attainment and progress including the performance of disadvantaged pupils.

This year also saw Boston Spa Academy join the Trust and the transformation of their Post 16 to Elliott Hudson College at Boson Spa which included significant capital investment to improve the Post 16 facilities.

In addition to this in September 2018 The Stephen Longfellow Academy moved into its permanent base at Phoenix house within the White Rose Business Park. This followed major capital investment in the conversion of the building. This coincided with significant increases in pass rate for both English and Mathematics despite the fact that all students are entered compare to only 40.1% of Alternative Provision students being entered nationally according to DfE data.

This year also saw the GORSE School Centered Teacher Training Center move to larger premises based at Bruntcliffe Academy The need for larger premises reflects their continued success in recruiting and training increasing numbers of trainees each year.

The Trust monitors its financial performance throughout the year and appropriate action is taken to ensure that

- Actual expenditure incurred does not exceed planned expenditure in any single financial year
- The Trust has sufficient cash on hand to meet all obligations as they fall due
- Financial forecasts are prepared to ensure that the Trust remains financially viable

For the year to 31 August 2019, all of these objectives have been met.

Achievements and Performance
Attendance and Fixed Term Exclusion Data

	2018-19 Attendance %	2017-18 Attendance %	2018-19 Exclusions (number)	2017-18 Exclusions (number)
The Morley Academy	95.0	94.6	175	145
The Farnley Academy	95.8	94.0	190	200
The Ruth Gorse Academy	94.0	94.9	226	159
The Bruntcliffe Academy	93.4	95.0	178	162
Boston Spa Academy	94.0	-	191	-
Elliott Hudson College	93.6	92.8	1	4
Hillcrest Academy	95.7	95.3	3	1
Ryecroft Academy	95.5	95.2	12	1
Morley Newlands Academy	95.9	95.8	7	4
Richmond Hill Academy	95.1	93.8	205	322
The Stephen Longfellow Academy	73.2	72.5	69	51

The increased levels of fixed term exclusions at The Ruth Gorse Academy reflect the additional cohort of pupils. The attendance at The Stephen Longfellow Academy is significantly higher than the national average for an alternative provision establishment.

Primary Academies

The performance of all primary academies within The GORSE Academies Trust improved significantly during 2018-19 when compared to 2017-18.

At Hillcrest Academy, progress measures at the end of Key Stage 2 were significantly above the national average in reading writing and mathematics. Combined attainment was in-line with the national average at the expected standard and high standard. Improvements at the end of Key Stage 1 were also achieved when compared to 2018.

At Morley Newlands Academy, progress measures at the end of Key Stage 2 were significantly higher than 2018 and were well above national averages in reading, writing and mathematics. Combined attainment was significantly above national at both the expected standard and high standard. Improvements were also seen in Early Years, Year 1 Phonics and Key Stage 1 outcomes when compared to 2018.

At Ryecroft Academy, progress measure at the end of Key Stage 2 were significantly higher than 2018 and higher than national in writing. Progress in reading and mathematics is in-line with national averages which again shows rapid improvement. Combined attainment improved significantly at the expected standard and high standard when compared to 2018. Significant improvements to younger children in Early Years, Year 1 phonics and the end of Key Stage 1 are also evident. Children now leave Early Years broadly in-line with national averages and are above average in phonics at the end of Year 1.

At Richmond Hill Academy, progress measures at the end of Key Stage 2 are in-line with 2018 and are in-line with national averages. Improvements have been made to combined attainment at both the expected and high standard when compared to 2018. Rapid and significant improvements have been made in Early Years, Year 1 Phonics and the end of Key Stage 1 outcomes when compared to 2018.

Secondary Academies

GCSE Results

Progress 8 aims to capture the progress a pupil makes from the end of primary school to the end of secondary school. It is a type of value added measure, which means that pupils' results are compared to the actual achievements of other pupils with the same prior attainment. A school's Progress 8 score is calculated as the average of its pupils' Progress 8 scores. A positive result therefore indicates better performance than other pupils with the same prior attainment.

Progress 8	TMA	TFA	TRGA	BA	BSA
P8 2017	+0.64	+0.12	N/A	+0.05	-0.03
P8 2018	+0.53	+0.26	N/A	+0.24	+0.22
P8 2019	+0.72	+0.61	+0.46	+0.29	+0.51

Progress 8 (Disadvantaged)	TMA	TFA	TRGA	BA	BSA
P8 (Dis) 2017	+0.77	-0.23	N/A	-0.26	-0.59
P8 (Dis) 2018	+0.36	+0.11	N/A	+0.03	+0.06
P8 (Dis) 2019	+0.66	+0.37	+0.44	+0.03	-0.17

Overall performance within 11-16 is exceptionally strong. Of particular note is the strong profile around disadvantaged students. It is worth emphasising that 95% of secondary schools secure a progress score of 0.50 or above; progress scores of 0.72 and 0.61 are most unusual.

Post 16

Elliott Hudson College

Year	Entries	GCSE APS	A*/A	A*-B	A*-E	A Level APS	L3VA Score	Description
2017	282	5.87	19	45	99	33.7	0.29	Above Average
2018	340	5.66	11	33	99	29.1	0.15	Above Average
2019	424	5.87	15	40	98	32.1	0.15	Above Average

The 2019 results for Elliott Hudson College were in several respects similar to previous years. Whilst headline performance improved from 2018 this was in part expected due to the increased prior attainment profile of this cohort. However, in an increasingly challenging environment that the college continues to perform very well and we can be pleased with the outcomes for our young people.

Elliott Hudson College Boston Spa

Year	Entries	GCSE APS	A*/A	A*-B	A*-E	A Level APS	L3VA Score	Description
2017	94	6.11	25	59	99	32.64	0.21	Above Average
2018	86	6.13	32	62	99	33.93	0.27	Above Average
2019	60	6.08	21	58	99	36.36	0.12	Above Average

Elliott Hudson College at Boston Spa continues to produce a very high proportion of high grades, significantly above the national average for A Levels. Progress is in the 'Above Average' category which places the results comfortably within the top 20% of providers nationally for the progress of students.

Alternative Provision

The academy has grown in Year 2 and there has been a significant increase in the size of the Year 11 cohort, from 32 in 2017-18 to 60 in 2018-19. Despite this there has been an increase in the number of students passing GCSE Mathematics (9%) and GCSE Trilogy Science (14%) with a similar pass rate in English Language. Again of note is the profile of disadvantaged students where in Mathematics the difference is negligible and in English Language and Science Pupil Premium students exceed the performance of others.

GCSE Results

Subject	2018-19		2017-18	
	% Pass	Number	% Pass	Number
English Language	65%	39/60	72%	23/32
English Literature	-	-	100%	4/4
Mathematics	85%	51/60	76%	24/32
English & Mathematics	61%	36/60	66%	22/32
Science	97%	32/33	83%	15/18

Financial Key Performance Indicators

	Budget (£)	Actual (£)	
An unqualified external audit			Met
Maximisation of External Income			
Maximisation of SCITT Income	3,000,650	2,396,588	Not Met
Maximisation of Other External Income	424,274	497,766	Met
Retained Balances	120,000	120,000	Met
Spend per pupil for non-pay expenditure;			
- Secondary	935.80	1022.32	Not Met
- Primary	930.37	968.39	Not Met
Payment of creditors in less than 30 days			Met
Leavers Total	372		
- % within Trust	64		
- %TUPE	3		

Sickness Absence			
Days Lost			
- Teachers	2754		
- Support Staff	4284		
- Mental Health	1610		
Average Days Per Person			
- Teachers	4.33		
- Support Staff	6.84		

Target for SCITT income was down due to an overestimation of subject Knowledge enhancement course length and non pay expenditure was high due to increased repairs, health and safety issues and leasing payments.

Going concern

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

Financial Review

The GORSE Academies Trust has had a successful financial period. Net incoming resources were £10,399k (2018: £6,436k). Net current assets at 31 August 2019 were £4,565k (2018: £2,676k).

The tangible fixed assets additions and transfers on conversion were £15,819k in the year as a result of £13,270k of assets transferred on the Boston Spa Academy on conversions and additions of £2,549k which includes

- Hillcrest Academy outdoor play area £114k;
- Ryecroft Academy outdoor play area £60k, Internal refurbishment £559k;
- Richmond Hill Academy outdoor play area £60k;
- Boston Spa Academy internal refurbishment £403k in relation to Elliott Hudson College at Boston Spa;
- Bruntcliffe Academy part reroofing £87K, external works £44k;
- The Morley Academy internal refurbishments £331k;

As at 31 August 2019 The GORSE Academies Trust had cash reserves of £9,623k (2018: £8,232k).

The GORSE Academies Trust's income is derived in the main from the Department for Education (DFE) and the Local Education Authority (LEA) in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received from the DFE and the LEA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academies also received grants for the acquisition of fixed assets from the DFE. In accordance with the Charities Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed assets fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Related Parties and Other Connected Charities and Organisations

No member of the Trust or related party provided services during this academic year.

Objectives and aims of The GORSE Academies Trust

The Trusts objectives are ambitious and are for young people to be successful learners who enjoy learning, make progress and achieve; are confident individuals who have a sense of self-worth and personal identity; and are responsible citizens who make a positive contribution to society.

The strategic aim is to provide a broadly-based education that improves young peoples' life chances by delivering:

- academic excellence;
- a broad based curriculum;
- a curriculum enriched through sport, music, drama and a wide range of other extra-curricular activities and trips; and
- active engagement with parents and carers.

The GORSE Academies Trust ensures its Academies use combined resources and collective expertise in order to assist each other and so raise standards faster than would be the case if working in isolation.

Reserves policy

The GORSE Academies Trust has 3 categories of reserves: Restricted Funds, which is funding used to carry out the principal objects of the organisation, Fixed Asset Reserve used to finance fixed assets and Unrestricted Reserves which is used under the direction of the board of directors and which has been delegated to the Local Governing Bodies.

The unrestricted reserves of £3,005k (2018: £2,033k) are freely available for general purposes. These will be allocated in line with the strategic objectives of The GORSE Academies Trust.

The restricted funds and fixed asset reserve of £103,197k (2018: £100,097k) include the restricted funds of £166k, 3G Pitch and the related pension liability on conversion of £751k in respect of Boston Spa Academy. The restricted pension fund is in deficit to the value of £14,985k (2018: £5,705) as at 31 August 2019. The Directors will continue to monitor this situation closely.

Free reserves stand at £3,005k. The Directors and Trustees have decided to build up a reserve of up to 2% of ESFA/LEA funding over a gradual period of time.

Investment policy

Currently The GORSE Academies Trust has no significant funds for investment purposes. Short term high interest deposit accounts are used to maximise the return on current balances.

Principal Risks and Uncertainties

The Directors delegate responsibility for identifying risks faced by each Academy of The GORSE Academies Trust. The Local Governing Body is responsible for the management of the risks faced by the Academy and ensuring that employees are aware of these procedures and of the implications of failing to implement them. The directors are satisfied that the system of delegated responsibility and the associated procedures are consistent with guidelines issued by the Charity Commission. Detailed consideration of the risks are reviewed by the Local Governing Body of each Academy assisted by the Senior Leadership Team. Risks are identified and assessed and controls are established on an ongoing basis.

The main risks to Academies as identified in the risk registers are:

- Changes in government legislation, particularly with regard to funding;
- Inadequate budgetary control;
- Failure of ICT including back up procedures and cyber security;

- GDPR breach;
- Lack of data management and scrutiny leading to underperforming academies.

Through the risk management processes established for The GORSE Academies Trust, the board of directors is satisfied that the major risks have been adequately managed where necessary. It is recognised that systems and procedures can only provide reasonable but not absolute assurance that major risks have been adequately managed, including taking reasonable steps for the prevention and detection of fraud and other irregularities.

The key controls used by The GORSE Academies Trust are:

- Formal agendas for the board of directors and each Local Governing Body activity;
- Detailed and comprehensive terms of reference and standing orders for the Local Governing Body;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies, compliant with relevant laws and regulations;
- Clear authorisation and approval levels;
- Vetting and clearance procedures as required by law for the protection of children and young people; and
- ICT disaster recovery policy.

Employee involvement

Each academy encourages the involvement of its employees in its leadership and management through weekly meetings of the SLT, half termly meetings of middle leaders and half termly meetings of department teams. This ensures a sharing of vision and policy and discussion of key issues including the receiving of views of the staff.

Disabled persons

Each academy will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. Through the support and guidance of Occupational Health, employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the academy.

During employment, the academy seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

The number of disabled persons employed by the Trust during the year was 4.

Fundraising

The Trust has engaged in minimal activities to raise funds from the public during the year. The types of fundraising carried out by the Trust are parental contributions to school trips, concerts and summer fairs. Given the basic nature of fundraising activity, the Trust has not subscribed to any fundraising standards or schemes. The Trust does not engage any third parties to fundraise on its behalf. By its nature, the Trust's fundraising activity does not place pressure on vulnerable people or any other member of the public. No complaints have been received by the Trust in respect of its fundraising activities.

Plans for the Future

The GORSE Academies Trust plans to further develop the School Centred Initial Teacher Training Centre (SCITT). This includes an extension of this work with Bradford and the East Coast. The GORSE Academies Trust aims to provide support to other institutions whose circumstances may be challenging and for whom we may assume a sponsorship/supporting role.

The Trust will continue to work with the Regional Schools Commissioner to support under performing schools in the Leeds area.

Auditor

Mazars LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to the auditor

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Board of Directors at its meeting on 10 December 2019 and signed on its behalf by:



T Elliott
Chair

Scope of Responsibility

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

The board of directors has delegated the day-to-day responsibility to the Chief Executive Officer as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The GORSE Academies Trust and the Secretary of State for Education. The accounting officer and the Local Governing Body are responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors Report and in the Statement of Directors responsibilities. The board has formally met 8 times during the year. Attendance during the year at meetings of the board was as follows:

Director	Meetings attended	Out of a possible
T Elliott	8	8
J Townsley	8	8
T Latham	4	8
P Gruen	6	8
A McAvan	7	8
J Boucher	7	8
S Slee	7	8
C Gorse	4	8
R West	5	8
S Hall	5	5

Governance Review

A full review of director competencies has been undertaken with legal expertise identified as an area to be strengthened. A full review of Local Governing Body structures has been undertaken with a view to creating consistency across the Trust. The induction and training requirements of Governors has been enhanced with new systems due to be implemented in September 2019.

Audit Committee

The audit committee consists of the board members with the exception of Sir John Townsley. Who meet in line with the board meetings, or as required.

Review of Value for Money

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

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

Improving Educational Outcomes

The secondary schools within the Trust achieved excellent results with both The Morley Academy and The Farnley Academy producing outstanding results well above national average. The Boston Spa Academy have made significant improvements on the previous year's results, The Ruth Gorse Academy continues to produce good results with disadvantaged students performing particularly well and Bruntcliffe Academy continues to improve.

The primary academies have also achieved excellent results with progress at Hillcrest Academy being exceptional. The results at Morley Newlands Academy are above national average and both Ryecroft Academy and Richmond Hill Academy are in line with national average and showing significant improvements.

Both Elliott Hudson College and Elliott Hudson College at Boston Spa continue to perform well with significantly positive value added scores.

The Stephen Longfellow Academy Alternative Provision Free School has seen an increase in the number of students passing GCSE Mathematics (9%) and GCSE Trilogy Science (14%) with a similar pass rate in English Language.

The Trust has employed a range of Advanced Skills Teachers to improve the performance of teachers and improve educational outcomes of students. These are deployed across all academies focusing on key areas of concern. Deploying staff across all academies within the Trust ensures best value.

Teaching Assistants work with small groups of students to raise outcomes, including HLTAs working for example, on literacy. There are learning mentors for vulnerable students in all key stages and Home – School mentors.

The Trust operates a centralised system for support services. Finance, ICT, HR, Admissions, Operations Management, Governance, School Improvement and Assessment are all controlled centrally. This represents far better value for money than each organisation entering service level agreements individually.

Budgetary Control

The Trust has tight budgetary control with regular budget meetings being held with the Principals of the academies and the Chief Executive Officer and Executive Principals. Middle Leaders are required to submit fully costed departmental plans which include Pupil Premium expenditure before money is allocated. Budget overspends are not permitted.

Purchasing

Wherever possible all contracts are entered into on a Trust basis to take advantage of economies of scale. In this academic year the Trust has made significant savings on Trust wide contracts for printing and mobile phones. A number of contracts will be reviewed in the new academic year including waste disposal, cleaning and insurance.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Local Governing Bodies have reviewed the key risks to which their Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The directors oversee this risk management framework. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing The GORSE Academies Trust's significant risks and that the process has been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Local Governing Body in respect of each Academy;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- Identification and management of risks.

The board of directors regularly reviews The GORSE Academies Trust's consolidated budgets, forecasts and financial policies and procedures. The board of directors has considered the need for a specific internal audit function and has decided to appoint Frank W Dobby accountants as internal auditors. The Board agrees an annual schedule of work focusing on specific areas for scrutiny that are considered to be high risk: Payroll, Purchases, Income, Accounting System and Transactions with Related Parties. The audit committee is provided with a termly report on the operation of the systems of control and on the discharge of the Local Governing Body's financial responsibilities. The schedule of work has been completed for 2018-19 and no significant issues have been reported.

Review of Effectiveness

The GORSE Academies Trust has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior leaders within the Trust who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors and other review agencies and inspectorates.

The trust insists on regular budget reports being provided to the Local Governing Body (LGB). There is a strict scheme of delegation in place that ensures larger contracts or purchases are reviewed at LGB or Board level.

The Trust has been advised on the implications of the review of the effectiveness of the governance framework by the executive overview and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

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

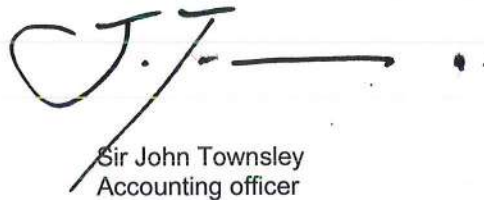
- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the board of directors on 10 Dec 2019 and signed on its behalf by:



Terry Elliott
Chair



Sir John Townsley
Accounting officer

Statement on Regularity, Propriety and Compliance

As accounting officer of The GORSE Academies Trust I have considered my responsibility to notify the board of directors of The GORSE Academies Trust and the Education Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

If any instances are identified after the date of this statement, these will be notified to the board of trustees and the ESFA.



Sir John Townsley
Accounting officer

10 Dec 2019

Statement of Directors Responsibilities

The directors (who act as trustees for the charitable activities of The GORSE Academies Trust as well as being the directors of the Charitable Company for the purposes of company law) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board on 10 Dec 2019 and signed on its behalf by:



Terry Elliott
Chair

Independent Auditor's report to the Members of The Gorse Academies Trust

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Annual Report, other than the financial statements and our auditors' reports thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's report to the Members of The Gorse Academies Trust

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in Directors' Annual Report including the incorporated strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Annual Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Annual Report including the incorporated 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors'

As explained more fully in the Directors' responsibilities statement set out on page 18, the Directors (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

**Independent Auditor's report to the Members of The Gorse
Academies Trust**

Use of the audit report

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



Shaun Mullins, (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP

17 December 2019

**Independent Reporting Accountant's Assurance Report on
the Regularity to The Gorse Academies Trust and The
Educational and Skills Funding Agency**

**Independent Reporting Accountant's Assurance Report on Regularity to The GORSE Academies Trust and
the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 10 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The GORSE Academies Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The GORSE Academies Trust's Accounting Officer and the reporting
accountant**

The Accounting Officer is responsible, under the requirements of The GORSE Academies Trust's funding agreement with the Secretary of State for Education dated 30 December 2014 and the Academies Financial Handbook 2018, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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.

**Independent Reporting Accountant's Assurance Report on
the Regularity to The Gorse Academies Trust and The
Educational and Skills Funding Agency**

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

The work undertaken to raw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

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

Mazars LLP

Reporting Accountant

Mazars LLP

Date *17 December 2019*

**Statement of Financial Activities for the year ended 31
August 2019 (including Income and Expenditure Account)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Income from:						
Donations and capital grants	2	-	-	2,332	2,332	2,601
Transfer from LA/ESFA on conversion	22	(741)	(751)	13,270	11,778	7,399
Charitable activities:						
Teaching Schools						
Funding for the academy trust's educational operations	26 3	- 4,375	4,735 43,543	- -	4,735 47,918	2,967 38,024
Other trading activities	4	431	-	-	431	1,345
Investments	5	30	-	-	30	24
Total		4,095	47,527	15,602	67,224	52,360
Expenditure on:						
Charitable activities:						
Teaching Schools	26	-	4,727	-	4,727	2,993
Academy trust educational operations	6	2,334	45,848	3,916	52,098	42,931
Total		2,334	50,575	3,916	56,825	45,924
Net income / (expenditure)		1,761	(3,048)	11,686	10,399	6,436
Transfers between funds	15	(789)	97	692	-	-
Other recognised gains :						
Actuarial (losses) / gains on defined benefit pension schemes	23	-	(6,319)	-	(6,319)	1,882
Net movement in funds		972	(9,270)	12,378	4,080	8,318
Reconciliation of funds						
Total funds brought forward		2,033	(5,549)	105,638	102,122	93,804
Total funds carried forward		3,005	(14,819)	118,016	106,202	102,122

Statement of Financial Activities for the year ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000
Income from:					
Donations and capital grants	2	-	-	2,601	2,601
Transfer from LA/EFA on conversion	22	-	(831)	8,230	7,399
Charitable activities:					-
Funding for the academy trust's educational operations	3	2,277	38,714	-	40,991
Other trading activities	4	1,345	-	-	1,345
Investments	5	24	-	-	24
					-
Total		3,646	37,883	10,831	52,360
Expenditure on:					
Charitable activities:					
Academy trust educational operations	6	1,483	41,209	3,232	45,924
Total		1,483	41,209	3,232	45,924
Net income / (expenditure)		2,163	(3,326)	7,599	6,436
Transfers between funds	16	(2,087)	1,354	733	-
Other recognised (losses)/gains:					
Actuarial (losses) / gains on defined benefit pension schemes	16	-	1,882	-	1,882
Net movement in funds		76	(90)	8,332	8,318
Reconciliation of funds					
Total funds brought forward		1,957	(5,459)	97,306	93,804
Total funds carried forward		2,033	(5,549)	105,638	102,122

The Gorse Academies Trust Balance sheet as at 31 August
2019. Company Number 07465701

	Note	Total 2019 £000	Total 2019 £000	Total 2018 £000	Total 2018 £000
Fixed assets					
Tangible assets	12		117,054		105,151
Current assets					
Debtors	13	1,191		1,216	
Cash at bank and in hand	20	<u>9,623</u>		<u>8,232</u>	
		10,814		9,448	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(6,249)</u>		<u>(6,772)</u>	
Net current assets			<u>4,565</u>		<u>2,676</u>
Total assets less current liabilities			121,619		107,827
Creditors: Amounts falling due after more than one year	14		<u>(432)</u>		-
Net assets excluding pension liability			<u>121,187</u>		<u>107,827</u>
Defined benefit pension scheme liability	15		<u>(14,985)</u>		<u>(5,705)</u>
Total net assets			<u>106,202</u>		<u>102,122</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	15	118,016		105,638	
. Restricted income fund	15	166		156	
. Pension reserve	15	<u>(14,985)</u>		<u>(5,705)</u>	
Total restricted funds			103,197		100,089
Unrestricted income funds	15		<u>3,005</u>		<u>2,033</u>
Total funds			<u>106,202</u>		<u>102,122</u>

The financial statements on pages 24-49 were approved by the trustees, and authorised for issue on 10 December 2019 and are signed on their behalf by:



T Elliott
Chair

Statement of Cash Flows for the year ended 31 August 2019

	Notes	Total 2019 £000	Total 2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	1,577	1,887
Cash flows from investing activities			
	19	(186)	(818)
Change in cash and cash equivalents in the reporting period		<u>1,391</u>	<u>1,069</u>
Cash and cash equivalents at 1 September 2018		8,232	7,163
Cash and cash equivalents at the 31 August 2019	20	<u>9,623</u>	<u>8,232</u>

1 Statement of Accounting Policies: Basis of preparation

Basis of Preparation

The Financial statements of the academy trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting 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 (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

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

Income

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

- **Grants**

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

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

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

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and Services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

Transfers on Conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to net the assets received.

Expenditure

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Exceptions to this are periodic payments in respect of insurance, water and telephone charges and other annual premiums where amounts have not been accrued. However the financial statements do include the equivalent of a full years expenditure in respect of these items. 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.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- | | |
|------------------------------------|----------------------|
| • Freehold buildings | 2-10% straight line |
| • Long leasehold buildings | 2-10% straight line |
| • Fixtures, fittings and equipment | 10-25% straight line |
| • ICT hardware | 25% straight line |
| • Motor Vehicles | 12.5% straight line |

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

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

Donated or Assets transferred at nil value are accounted for at the fair (open market) value. That is the price that the academy trust estimates it would pay in the open market for them.

Liabilities

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

Provisions

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

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

Leased Assets

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows: Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment. Cash at bank – is classified as a basic financial instrument and is measured at face value. None are included in this model but if relevant the suggested disclosure could be as follows, with valuation in line with the SORP [paragraphs 10.44 to 10.49] 42 Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

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

Pension Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pensions 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.

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Donations and capital grants	-	2,332	2,332	2,601
	-	2,332	2,332	2,601

The income from donations and capital grants was £2,332k (2018 £2,601) of which £nil was unrestricted (2018 £nil), £nil restricted (2018 £nil) and £2,332k restricted fixed assets (2018 £2,601)

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE / ESFA grants				
. General Annual Grant (GAG)	-	41,484	41,484	31,785
. Start Up Grants	-	282	282	388
. Other DfE/Group grants	-	4,226	4,226	4,625
	-	45,992	45,992	36,798
Other Government grants				
. Local authority grants	-	1,208	1,208	1,192
	-	1,208	1,208	1,192
Other income from the academy trust's educational operations	4,375	1,078	5,453	3,001
	4,375	48,278	52,653	40,991

The income from funding for the academies trusts educational operations £52,653k (2018 £40,991k) of which £4,375k was unrestricted (2018 £2,277k), £48,278k restricted (2018 £38,714k) and £nil restricted fixed assets (2018 £nil)

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Hire of facilities	96	-	96	116
Catering	301	-	301	1,186
Uniform	13	-	13	25
Music	21	-	21	18
	431	-	431	1,345

The income from funding for other traded services was £431k (2018 £1,345k), of which £431k was unrestricted (2017 £1,354k), £nil restricted (2018 £nil) and £nil restricted fixed assets (2018 £nil)

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	30	-	30	24
	30	-	30	24

The income from investments was £30k (2018 £24k), of which £30k was unrestricted (2018 £24k), £nil restricted (2018 £nil) and £nil restricted fixed assets (2018 £nil)

6 Expenditure

	Staff Costs	Non Pay Expenditure		Total 2019	Total 2018
	£000	Premises £000	Other £000	£000	£000
Academy's educational operations:					
. Direct costs	32,611	3,720	2,334	38,665	31,736
. Allocated support costs	7,756	3,289	2,389	13,434	11,195
. Teaching Schools	440	11	4,275	4,726	2,993
	<u>40,807</u>	<u>7,020</u>	<u>8,998</u>	<u>56,825</u>	<u>45,924</u>

Net income/(expenditure) for the period includes:

	Total 2019	Total 2018
	£000	£000
Operating lease rentals	243	238
Depreciation	3,916	3,232
Fees payable to auditor for:		
- audit	27	25
- other services	21	14

7 Charitable activities

	Total 2019	Total 2018
	£000	£000
Direct costs – educational operations	38,665	31,736
Support costs – educational operations	13,434	11,195
Teaching Schools	4,726	2,993
	<u>56,825</u>	<u>45,924</u>

	Educational operations	Total 2019	Total 2018
	£000	£000	£000
7a Support staff costs	7,756	7,756	6,161
Depreciation	196	196	162
Premises costs	3,093	3,093	2,227
Other support costs	2,313	2,313	3,340
Governance costs	76	76	86
Total support costs	<u>13,434</u>	<u>13,434</u>	<u>11,976</u>

8 Staff

a. Staff costs

Staff costs during the period were:	Total 2019	Total 2018
	£000	£000
Wages and salaries	30,880	26,078
Social security costs	2,918	2,570
Pension costs	6,506	4,819
	40,304	33,467
Supply staff costs	264	277
Staff restructuring costs	239	220
	40,807	33,964
Staff restructuring costs comprise:		
Redundancy payments	54	115
Severance payments	185	105
	239	220

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £153,122 (2018 £76,665). Individually, the payments were: £29,776, £24,967, £16,229, £13,000, £8,800, £8,114, £7,675, £7,500, £6,056, £6,000, £6,000, £4,797, £3,505 and £3,200

c. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	2019	2018
	No.	No.
Teachers	542	511
Administration and support	638	636
Management	17	18
	1,197	1,165

d Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	11	11
£70,001 - £80,000	3	3
£80,001 - £90,000	3	2
£90,001 - £100,000	4	3
£100,001 - £110,000	5	1
£110,001 - £120,000	1	2
£120,001 - £130,000	2	-
£190,001 - £199,000	1	1
	30	23

e Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £2,132,365 (2018: £1,893,541).

9 Central Services

The GORSE Academies Trust provided the following services to its academies during the period

- Budgeting support and advice
- HR support and advice
- Educational support services
- Financial management
- Operational management
- Admissions and governance
- ICT services
- Health and safety

The Trust policy is to charge the constituent academies a percentage of their forecast funding from the Education and Skills Funding Agency (ESFA) and the Local Authority and specific centrally incurred charges. The actual amounts charged during the year were as follows:

	Total 2019	Total 2018
	£000	£000
Hillcrest Academy	118	139
Morley Newlands Academy	136	144
Richmond Hill Academy	217	178
Ryecroft Academy	86	107
Boston Spa Academy	-	-
Bruntcliffe Academy	219	252
The Farnley Academy	318	307
The Morley Academy	196	130
The Ruth Gorse Academy	347	286
Elliott Hudson College	227	227
Stephen Longfellow Academy	179	140
	2,043	1,910

10 Related Party Transactions – Trustees' Remuneration and Expenses

One trustee has been paid remuneration or has received other benefits from an employment with the academy trust. The principal only receives remuneration in respect of services they provide undertaking the role of principal under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Chief Executive Officer

- . Remuneration £190,000 - £199,000 (2018: £210,000 - £220,000)
- . Employer's pension contributions paid £30,000 - £35,000 (2018: £30,000 - £35,000)

11 Directors' and Governors' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was included in the overall policy costs (2018: £1,643). The cost of this insurance is included in the total insurance cost for the year.

12 Tangible Fixed Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Furniture and Equipment	Computer Hardware	Motor Vehicles	Total 2019
	£000	£000	£000	£000	£000	£000
Cost						
At 1 September 2018	56,779	54,550	1,557	4,361	33	117,280
Additions	362	1,497	224	466	-	2,549
Transfers	-	-	-	-	-	-
Transfer on Conversion	-	13,270	-	-	-	13,270
Disposal	-	-	-	-	-	-
At 31 August 2019	57,141	69,317	1,781	4,827	33	133,099
Depreciation						
At 1 September 2018	2,074	6,695	772	2,561	27	12,129
Charged in year	1,232	1,755	268	659	2	3,916
At 31 August 2019	3,306	8,450	1,040	3,220	29	16,045
Net book values						
At 31 August 2018	54,705	47,855	785	1,800	6	105,151
At 31 August 2019	53,835	60,867	741	1,607	4	117,054

A charge exists with the Secretary of State for Education on Elliott Hudson College and The Ruth Gorse Academy land and buildings.

Notes to the Financial Statements for the period ended 31 August 2019 (continued)

13 Debtors	2019	2018
	£000	£000
Trade debtors	808	799
VAT recoverable	362	372
Prepayments and accrued income	21	45
	<u>1,191</u>	<u>1,216</u>

The deferred income relates to the overfunding of the Elliott Hudson College in 2015-2016 of £489k was to be recovered over a three year period from 2016-2017 to 2018-2019.

14 Creditors: Amounts falling due within one year	2019	2018
	£000	£000
Trade creditors	1,484	1,824
Other creditors	205	172
Accruals and deferred income	4,560	4,776
	<u>6,249</u>	<u>6,772</u>

Deferred Income	2019	2018
	£000	£000
Deferred income as at 31st August 2018	239	-
Resources released in year	(239)	-
Deferred income	266	239
Deferred income as at 31st August 2019	<u>266</u>	<u>239</u>

Creditors: Amounts falling due in greater than one year	2019	2018
	£000	£000
Accruals and deferred income	432	-

Deferred Income	2019	2018
	£000	£000
Deferred income as at 31st August 2018	163	326
Resources released in year	(163)	(163)
Deferred income as at 31st August 2019	<u>-</u>	<u>163</u>

Within the creditors accruals and deferred income is £116k for Universal Infant Free School Meals and £150k rates income received for the period Sept 19 to March 20

15 Funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	-	41,483	(41,581)	98	-
Start Up Grant	-	282	(282)	-	-
Other ESFA/DfE grants	-	4,226	(4,226)	-	-
Other LEA Grants	-	1,208	(1,208)	-	-
Other Income	-	1,030	(1,030)	-	-
Other restricted income 3G pitch	156	48	(38)	-	166
Transfer on Conversion	-	-	-	-	-
Pension reserve	(5,705)	(751)	(2,210)	(6,319)	(14,985)
	(5,549)	47,526	(50,575)	(6,221)	(14,819)
Restricted fixed asset funds					
Transfer on conversion	72,417	13,270	-	-	85,687
ESFA/DfE capital grants	33,221	2,333	(3,916)	691	32,329
	105,638	15,603	(3,916)	691	118,016
Total restricted funds	100,089	63,129	(54,491)	(5,530)	103,197
Total unrestricted funds	2,033	4,095	(2,334)	(789)	3,005
Total funds	102,122	67,224	(56,825)	(6,319)	106,202

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

Restricted general funds have been spent in line with the terms of the Master Funding Agreement.

Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of The GORSE Academies Trust.

A total of £789k of unrestricted funds have been transferred to restricted funds £98k and restricted fixed assets £691k. The restricted pension fund is in deficit to the value of £14,985k (2018: £5,705k). The increase is due to the increase in the actuarial costs. Directors will continue to monitor the situation.

Comparative information in respect of the preceding period is as follows

	Balance at 1 September 2017	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	-	31,785	(33,139)	1,354	-
Start Up Grant	-	388	(388)	-	-
Other ESFA/DfE grants	-	4,625	(4,625)	-	-
Other LEA Grants	-	1,192	(1,192)	-	-
Other Income	-	656	(656)	-	-
Other restricted income 3G pitch	92	68	(4)	-	156
Transfer on Conversion	-	-	-	-	-
Pension reserve	(5,551)	(831)	(1,205)	1,882	(5,705)
	<u>(5,459)</u>	<u>37,883</u>	<u>(41,209)</u>	<u>3,236</u>	<u>(5,549)</u>
Restricted fixed asset funds					
Transfer on conversion	64,187	8,230	-	-	72,417
ESFA/DfE capital grants	33,119	2,601	(3,232)	733	33,221
	<u>97,306</u>	<u>10,831</u>	<u>(3,232)</u>	<u>733</u>	<u>105,638</u>
Total restricted funds	91,847	48,714	(44,441)	3,969	100,089
Total unrestricted funds	1,957	3,646	(1,483)	(2,087)	2,033
Total funds	93,804	52,360	(45,924)	1,882	102,122

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £000	Total 2018 £000
1 Hillcrest Academy	404	215
2 Morley Newlands Academy	156	81
3 Richmond Hill Academy	357	6
4 Ryecroft Academy	88	95
5 Boston Spa Academy	52	-
6 The Bruntcliffe Academy	232	537
7 Bruntcliffe 3G Pitch	166	155
8 The Farnley Academy	97	73
9 The Morley Academy	447	414
10 The Ruth Gorse Academy	350	223
11 Elliott Hudson College	109	(163)
12 Stephen Longfellow Academy	177	11
13 GORSE SCITT	13	6
14 The GORSE Academies Trust	523	536
Total before fixed assets and pension reserve	3,171	2,189
Restricted fixed asset fund	118,016	105,638
Pension reserve	(14,985)	(5,705)
Total	106,202	102,122

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2019 £000	Total 2018 £000
Hillcrest Academy	1,264	178	128	270	1,840	2,094
Morley Newlands Academy	1,698	210	161	350	2,419	2,405
Richmond Hill Academy	2,128	208	185	617	3,138	2,856
Ryecroft Academy	1,021	183	155	251	1,610	1,592
Boston Spa Academy	3,264	660	432	840	5,196	0
Bruntcliffe Academy	2,677	418	291	902	4,288	4,498
The Farnley Academy	4,151	958	427	1,195	6,731	6,656
The Morley Academy	5,479	736	567	1,212	7,994	7,949
The Ruth Gorse Academy	3,966	510	420	1,021	5,917	4,977
Elliott Hudson College	3,128	353	226	708	4,415	4,107
Stephen Longfellow Academy	1,795	311	133	417	2,656	2,341
GORSE SCITT	305	136	77	618	1,136	705
The GORSE Academies Trust	2,037	3,015	81	436	5,569	2,511
	32,913	7,876	3,283	8,837	52,909	42,691

16 Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2019 £000
Tangible fixed assets			117,054	117,054
Current assets	3,005	6,847	962	10,814
Total liabilities	-	(6,681)	-	(6,681)
Pension scheme liability	-	(14,985)	-	(14,985)
Total net assets	3,005	(14,819)	118,016	106,202

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2018 £000
Tangible fixed assets	-	-	105,151	105,151
Current assets	2,033	6,928	487	9,448
Current liabilities	-	(6,772)	-	(6,772)
Pension scheme liability	-	(5,705)	-	(5,705)
Total net assets	2,033	(5,549)	105,638	102,122

Commitments under operating leases

17 Operating leases

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

	2019 £000	2018 £000
Amounts due within one year	240	174
Amounts due between one and five years	375	156
	615	330

18 Reconciliation of net income/(expenditure) to net cash flow from operating activities	2019	2018
	£000	£000
Net income for the reporting period (as per the statement of financial activities)	10,399	6,136
Depreciation charges (note 12)	3,916	3,232
Capital grants from DfE/ESFA and other capital income	(2,332)	(2,601)
Interest receivable (note 5)	(30)	(24)
Defined benefit pension scheme obligation inherited	751	831
Defined benefit pension scheme cost less contributions payable (note 23)	2,057	1,025
Defined benefit pension scheme finance cost (note 23)	153	180
Decrease in stocks	-	-
Decrease in debtors	24	402
Increase in creditors	(91)	636
Transfer on conversion	(13,270)	(8,230)
Net cash used in operating activities	1,577	1,887
19 Cash Flows from investing activities	2019	2018
	£000	£000
Dividends, interest and rents from investments	30	24
Purchase of tangible fixed assets	(2,548)	(3,443)
Capital grants from DfE/ESFA	2,332	2,601
Net cash provided (used in) activities	(186)	(818)
20 Analysis cash and cash equivalents	2019	2018
	£000	£000
Cash in hand and at bank	9,623	8,232
Total cash and cash equivalents	9,623	8,232
21 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.

22 Conversion to an Academy

On the 1 September 2018 Boston Spa Academy converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The GORSE Academies Trust from Leeds City Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial activities as assets transferred from predecessor school.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Boston Spa Academy				
Leasehold Land and Buildings	-	-	13,270	13,270
School Budget Share	(741)	-	-	(741)
LGPS pension deficit	-	(751)	-	(751)
Total	(741)	(751)	13,270	11,778

Boston Spa Academy transferred from Leeds LA on the 1 September 2018 with a deficit of £741k. A debt recovery plan was agreed with the ESFA reducing the GAG funding Boston Spa would receive by £20k per month starting in June 2019 and ending in May 2022. The GORSE Academies Trust agreed to make good the deficit, and as such have included a creditor in The GORSE Academies Trust of £741k less the £62k repaid making a net creditor of £679k. In 2019-2020 and 2020-2021, £247k will be repaid with a final repayment in 2021-2022 of £185k

23 Pension and Similar Obligations

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers pension budgeting and valuation account

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

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

Valuation of the Teachers' pension scheme

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

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

Scheme changes

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

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

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

23 Pension and Similar Obligations (continued)
Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate administered funds.

The total contribution made for the year ended 31 August 2019 are £1,844,000 (2018: £1,564,000), of which employer's contributions totalled £1,293,000 (2018: £1,111,000) and employees' contributions totalled £551,000 (2018: £453,000) The agreed contribution rates for future years are 14.3% per cent for employers and 5.5% to 12.5% per cent for employees depending on salary level.

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

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.25%	3.25%
Rate of increase for pensions in payment/inflation	2.00%	2.00%
Discount rate for scheme liabilities	1.90%	2.80%
Inflation assumption (CPI)	2.00%	2.00%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22	22
Females	25	25
<i>Retiring in 20 years</i>		
Males	23	23
Females	27	27

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

	Fair value at 31 August 2019	Fair value at 31 August 2018
	£000	£000
Equities	15,614	11,294
Government Bonds	2,113	1,635
Corporate Bonds	906	530
Property	885	636
Cash	382	333
Other	221	711
Total market value of assets	20,121	15,139

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost (net of employee contributions)	1,048	1,025
Past Service Costs	1,009	45
Net interest cost	153	90
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	2,210	1,160

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

	2019 £'000	2018 £'000
At 1 September	20,844	17,296
Upon conversion	2,443	2,090
Current service cost	2,341	2,136
Interest cost	627	462
Employee contributions	551	453
Actuarial gain	7,219	(1,469)
Benefits paid	72	(169)
Past service costs	1,009	45
At 31 August	35,106	20,844

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

	2019	2018
At 1 September	15,139	11,745
Upon conversion	1,692	1,259
Interest income	474	327
Return on plan assets (excluding net interest on the net defined pension liability)	900	413
Actuarial gain	-	-
Employer contributions	1,293	1,111
Employee contributions	551	453
Benefits paid	72	(169)
At 31 August	20,121	15,139

24 Related Party Transactions

There are no related party transactions (2018: none)

25 Agency arrangements

The GORSE Academies Trust administers the disbursement of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the Education and Skills Funding Agency (ESFA). In the year it received and distributed £114,881. (2018 : £94,343)

In addition the Trust is a School Centred Initial Teacher Training (SCITT) centre and administers the disbursements of bursary funding, on behalf of the National College of Teaching and Learning (NCTL). In the year it received £2,325,300. (2018 : £1,582,000)

26 Teaching School trading account

	2019	2019	2019	2018	2018	2018
Income						
Direct Income						
Other Income		4,735			2,959	
Other income						
Fundraising and other trading activities		-			8	
Total Income			4,735			2,967
Expenditure						
Direct costs						
Direct staff costs	305			208		
Staff development	2			1		
Other direct costs	-			7		
Total direct costs		307			216	
Other costs						
Support staff costs	150			68		
Depreciation	-			0		
Technology costs	20			1		
Recruitment and support	2			0		
Security and support	-			0		
Other support costs	4,249			2,709		
Share of governance costs	-			(1)		
Total other costs		4,421			2,777	
Total Expenditure			-4,728			-2,993
Transfer between funds excluding depreciation						
Deficit/surplus from all sources			7			(26)
Teaching school balances at 1 September 2018			6			32
Teaching school balances at 31 August 2019			13			6