



Shropshire
Gateway
Educational Trust

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020



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THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	N Gibbon (appointed 6 August 2020) G Pain E Davies M Dayborn A Gurney (appointed 29 November 2019)
Directors	L Castledine (appointed 1 September 2019) G Gosling (appointed 6 August 2020) A Gurney, Chair D Hill M Home (resigned 21 September 2020) L Latham J Parker (appointed 6 August 2020) D Reynolds, Executive Headteacher and Accounting Officer N Gibbon (resigned 1 April 2020)
Company registered number	09115941
Company name	The Shropshire Gateway Educational Trust
Principal and registered office	Lacon Childe School Love Lane Cleobury Mortimer Shropshire DY14 8PE
Company secretary	Gill Bradley
Chief executive officer	Darren Reynolds
Senior management team	D Reynolds, Trust Executive Headteacher - Lacon Childe School G Bradley, Trust Business Manager C Little, Head Teacher - Clee Hill Community Academy C Mayfield, Head Teacher - Cleobury Mortimer Academy K Jones, Head Teacher - Stottesdon C of E Primary R Croxton-Broome, Deputy Head - Lacon Childe School M Dawes, Deputy Head - Cleobury Mortimer Primary J Hilton, Deputy Head - Clee Hill Community Academy

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditors	WR Partners Chartered Accountants Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG
Bankers	Lloyds Bank Business Centre Wolverhampton West Midlands WV9 5HA
Solicitors	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees report and a Directors' report under company law.

The Multi Academy Trust, "The Trust" operates one secondary and three primary academies in the rural county of Shropshire. Its academies have a combined pupil capacity of 999 and had a roll of 1104 in the school census on October 2020.

The Trust also trades under the name The Shropshire Gateway Educational Trust.

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum of Association is the primary governing documents of the academy trust.

The Directors of The Shropshire Gateway Educational Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Shropshire Gateway Educational Trust (SGET).

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

b. Members' liability

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

c. Method of recruitment and appointment or election of Directors

The management of the Trust is the responsibility of the Directors who are elected and co-opted under the terms of the Articles of Association.

d. Policies adopted for the induction and training of Directors

The Executive Headteacher and Chair are responsible for all training. There is an induction programme for all new directors and access to training delivered by internal and external providers. Where necessary, training will be offered on charity, educational, legal and financial matters. All directors are provided with copies or access to the constitution and policy documents. In addition, they are routinely involved in meetings to scrutinise accounts, reports, budgets and plans to enable them to carry out their roles and responsibilities effectively.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

e. Organisational structure

All directors are involved in decision making. The main governing body and sub committees meet regularly. Directors are responsible for setting general policy, risk management strategy, plans, budgets as well as monitoring the Trust against aims and objectives.

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

Directors are responsible for setting the pay of key management personnel in line with budgets, individual responsibilities and performance.

g. Related parties and other connected charities and organisations

There are no related parties which control or significantly influence the decisions and operational activities of the Trust.

There is no Trust sponsor.

The Trust schools work closely with education staff, professionals, parents and their local communities. The Trust has many school network links which have been established to further the principal activity of the Trust.

h. Trade union facility time

The Trust did not have any employees who were relevant trade union officials during the year ended 31 August 2020.

Objectives and activities

a. Objects and aims

The Trust's object is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and which will include:

Academies other than those designated Church of England, whether with or without designated religious character and, Church of England Academies designated as such which shall be conducted in accordance with the principals, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard and following any directives issued by the Diocesan Board of Education. But in relation to each of the academies to recognise and support their individual ethos, whether or not designated Church of England.

To promote for the benefit of inhabitants of the areas where the academies are established and its surrounding area the provision of facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interest of social welfare and with the object of improving the condition of life for those said individuals.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

b. Objectives, strategies and activities

The purpose of this policy is to set out our aspirational guidelines with which we hope to embed 'outstanding and beyond' teaching and learning across all areas of the academies. It should be used and adapted by departments to inform and develop their own individual policies for teaching and learning. In this way the policy and its practices will enable our learners to make rapid and sustained progress in all areas of the curriculum.

Through this policy we will ensure that there is:

- A high-quality teaching and learning experience for all students.
- A framework by which excellence and challenge are provided for all students.
- A coherent approach with consistency of expectation.
- Raised attainment across all year groups enabling all students to make expected progress between key stage 2 and 4 as a result of teaching which increases student motivation, participation and independence.
- Promote learning behaviours (the Olympic and Paralympic values) self-belief and a 'can do' culture for staff and students at all the academies.
- Give more opportunities for self-reflection and the sharing of good and outstanding practices.
- Provide opportunities for students to develop the skills necessary to become independent lifelong learners.

c. Public benefit

The Directors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charities Commission's revised guidance on public benefit.

Strategic report

Achievements and performance

The Trust continues to flourish and is pleased to be a popular choice for parents with waiting lists for places at the school. Primary transition work continues in many curriculum areas to support pupils as they move through their school career. The Trust schools are all Ofsted rated Good or Outstanding.

Investment in premises at the Trust schools continues. At Stottesdon accommodation issues were resolved in 19/20 with the completion of our new hall and relandscaping around to create a garden and EYFS outdoor area. The positive impact across all aspects of the school has been fantastic. The school can now celebrate whole school assemblies and sports teaching in the new facility as well as being able to enjoy lunchtime arrangements in a designated area. This project was jointly funded by the Trust and the Diocese of Hereford. Stottesdon C of E Primary continues to be a thriving school which continues to run four classes and a Nursery. The curriculum is exciting and, although a small school, the school provides a huge breadth of opportunity e.g. range of music lessons; sports participation; academic success; wide ranging enrichment; dramatic productions/concerts. Standards continue to be high (in line or above national at all levels) and the school prides itself on supporting and challenging every child.

The school values its place in the community and enjoys strong links with the church with a range of celebrations through the year.

The school coped with high staff turnover as a result of three maternity leaves (all in the early years), two teachers and the Nursery Manager deciding to move on and office staff retiring. This has put pressure on the budget and provision.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Lacon Childe pupils achieved well in their GCSEs despite the impact of the Covid pandemic on them with examinations being withdrawn and teacher assessment replacing them. Pupils in the main achieved the grades they deserved.

The school was also fortunate to have been successful with its CIF applications and plans are well under way to build a new classroom block replacing some of our end of life demountable classrooms and to complete a full upgrade of boiler houses to improve heating efficiencies across the school. Various refurbishments were completed over the summer to enhance and add to the learning environment, these included an additional Art room, science room and other classrooms. We now have a program of investment in IT across the school and Trust. The Astro turf was replaced and we invested in whole site CCTV.

Clebury Mortimer primary school continues to maintain high standards of achievement. and was particularly proud to have its ranking in the top 9% of schools nationally for performance in the Phonics Check recognised by a letter from Nick Gibb, Minister of State for Schools and Standards. In the past academic year, we have also had the excellent standard of music education in our school recognised by the award of the Gold Mark for Music. Our children continue to compete in a wide range of sporting activities both locally and at a county level and this excellence in sporting achievement is recognised by the Gold Mark we have achieved for PE and Sports Education. We are a community school and are proud to have become one of the few primary schools in the West Midlands to have been awarded Dementia Friendly Status working with the Town Council and local providers of care for dementia patients.

Our development plan prioritises continuing to meet children's individual needs with a particular focus on continuing to maintain our high standards; integrating the Nursery into our Early Years Provision and supporting children early with any development needs.

Clebury Mortimer was successful in two CIF bids, for a replacement whole school roof and for a new boiler and heating system. Both will be a great improvement to the building of the school.

At Clee Hill Community Academy, we are continuing to focus on improving reading comprehension and a love of reading. The school has invested time and money into revamping the school library (we now have a reading tree house) and purchasing more books from a range of genre and diversity. Reading and phonic interventions are targeted and focused and - in February 2020 - internal assessment showed a positive picture for reading and phonics across the school.

Clee Hill Community Academy continues to focus on a creative curriculum and offers a wide opportunity of enrichment activities. The school maintained its Gold award for PE and the Music Mark in recognition to providing high quality music education in schools. All pupils in Year 4 and 5 now learn the ukulele or the cornet as part of our commitment to teaching the Arts.

Pupils' attendance was good in February 2020 (96%) and the pupils' attitude to learning remains very positive. The school ethos is very welcoming and friendly and SEND/PPG/LAC pupils are well supported both academically and emotionally.

Impact of COVID-19

It is fair to say that the impact of the Covid-19 pandemic has been a difficult time and one in which guidelines and advice were constantly changing. Through hard work and resilience all schools within the Trust reacted quickly to be able to deal with continuity of education provision during the lockdown period of the Covid 19 pandemic. All four of the trust schools remained open during lockdown to provide education to vulnerable students and children of key workers.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

This program was successful and a great support to parents in our community. In addition we ran programs to help in other ways for example Lacon Childe's D & T department made PPE for use in local care homes and medical establishments. We supported all of our pupils who had an entitlement to free school meals throughout closure and the summer holiday period by issuing vouchers to those families. We also gave support to our local food banks. The Trust community pulled together. Educationally our teachers provided essential support, keeping in touch with pupils and families on a regular basis. Education was delivered online, interactively and via teams. A program of assessment is now in place to identify catchup areas.

At Stottesdon C of E Primary Covid 19 meant that our services (nursery, holiday club and wrap around) ran at a significant loss. Whilst the school was closed (March- May) some staff were furloughed. When we re-opened in June we ran a reduced service under the guidance. The Nursery, holiday club and wrap around are now back up and running fully with good take up. We are running four bubbles with their own toilets, play space and lunch slot. Staffing the provision means we are very stretched and it is very hard to sustain with anyone absent. Staff have assessed where children are upon return and are proactively addressing gaps in learning. We are dealing with issues of mental health and SEND and have outside agencies supporting and assessing where necessary. We are dealing with a significant increase in SEND 1:1 provision which will need to come out of our devolved budget before we can access other funding (e.g. Graduated Support Provision and EHCP). Catch up funding will need to be used but will go very quickly.

At Clee Hill Primary during lockdown, the school remained open to key workers and remote learning was set via Class Dojo. Parents particularly enjoyed the daily podcasts from the headteacher and the thematic based learning. Since reopening to all year groups in June, we have worked hard to overcome the challenges set by regular handwashing, bubbles, staggered starts, finishes, breaks and lunches etc. This has worked due to the dedicated staff who have upped their duties etc in order to make this successful. It has not been easy – but the focus has remained on supporting pupils with their education and mental health whilst continuing to provide broad curriculum.

A robust Risk assessment for Covid safety is in place and is constantly under review as public health England and Government guidelines are amended.

Financially the Trust has been impacted by a loss of generated income for its transport service and for the sales income generated through school meals provision and nursery/wrap around care. Whilst some of this loss is offset by furloughing staff and operational saving the amount lost is significant. Business and operational processes remained well managed throughout school closure. Governance continued throughout with meeting taking place remotely.

a. Key performance indicators

Ofsted rating of Good achieved for Lacon Childe, Clee Hill Academy and Cleobury Mortimer Primary. Stottesdon C of E primary has not been inspected and therefore retains its outstanding rating.

b. Going concern

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review

The surplus/deficit of the Trust in the year, excluding fixed assets and pension at the end of the accounting period 31st August 2020 was a deficit £156,380, (2019: surplus £224,459).

Despite the impact of COVID, as mentioned the Trust's main sources of funding have continued and expenditure appropriately managed inline of this. A small amount of COVID income (£18,856) was claimed in the year to cover staff costs of those employees unable to work.

a. Reserves policy

Total reserves for the Trust have increased by £1,178,514 during the period. The reserves position at the end of the accounting period shows that the Trust holds the following reserves:

Fixed Asset Fund reserve £18,627,216
Pension Fund reserve (£3,631,000)
Restricted Fund reserves £146,041
Unrestricted Fund reserves £ 20,667

The Directors have approved a reserves policy and investment policy for the Trust which are reviewed annually. Decisions on the use of is made at director level for specific purposes across the trust schools.

In 2019/2020 use of the reserves was approved by directors to support the operating activities of individual schools. The principal source of funding for the trust academies is general annual grant directly from the Education Funding Agency, this funding is used to support the objectives of the academies with opportunities for income generation and external fund raising and grant applications supporting wherever possible. The trust also uses it annual grant funding to meet its obligations for pension deficits on the Local Government pension scheme.

The Trust recognises its main financial risk to be that of cash flow and aims to minimise this risk by contributing each year to a reserve fund set at a level prudent to be able to deal with cash flow and unexpected events.

Lacon Childe School and Stottesdon C of E Primary School are currently showing negative revenue reserves as at 31 August 2020. Both had capital additions in the year. These capital additions were supported by the Trust Directors as essential additions to the schools who have capacity pupil numbers. There is a budgeted and planned contribution from in year future budgets which will return these funds to surplus.

b. Principal risks and uncertainties

The trust reports on strategic, operational, financial and compliance risks and has plans in place to manage and reduce any known or anticipated risk. Its matrix is regularly reviewed and updated and ownership is shared amongst senior leaders and Directors of the Trust. The highest risk that the Trust faced during the financial year was the uncertainties and impact on its educational output, operations and finances when faced with school closures during the Covid 19 pandemic. In response management plans for both education continuity and operational continuity were put in place.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Fundraising

The Trust has a keen approach to fundraising to support its activities in order to enhance its provision of activities for students and its involvement in the local community. Fundraising activities include:

Working with external community groups, professionals and fundraisers to recognised standards and monitoring these activities for impact, levels of participation and achievements whether this be fundraising for a specific reason or for future activities.

It ensures that its fundraising operates in a way that protects the public including those who may be more vulnerable from unreasonably intrusive or persistent fundraising approaches including pressure to donate.

Plans for future periods

The individual schools within the Trust have written and constantly monitor, evaluate and update a school improvement plan which sets out their targets for the following years. This seeks to focus activities towards shared goals and aspirations of the individual school and using funds available to it to achieve these targets. The schools reflect on past activities and the changing educational environment when reviewing this plan.

Disclosure of information to auditors

Insofar as the Directors are aware:

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

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on *17/12/2020* and signed on its behalf by:



Mr A Gurney
Chair of Directors

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the chief executive, 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 Shropshire Gateway Educational Trust and the Secretary of State for Education. They are also 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 Trustees' Report and in the Statement of Trustees' responsibilities. The Board of Directors which also incorporates the Finance and Resource Committee and also fulfills the responsibilities of an audit committee has formally met 2 times during the year.

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

Director	Meetings attended	Out of a possible
L Castledine	2	2
G Gosling	0	0
A Gurney, Chair	2	2
D Hill	2	2
M Home	2	2
L Latham	2	2
J Parker	0	0
D Reynolds, Executive Headteacher and Accounting Officer	2	2
N Gibbon	1	1

The Shropshire Gateway Educational Trust Board of Directors reviews their governance on an annual basis.

The **Finance and General Purposes committee** is a sub-committee at each school of the main board of trustees. Its purpose is to: Challenge and understand information presented in a transparent manner to ensure good value and effective use of the academy resources to fit its policy purposes. During the year the committee has faced the challenge of understanding the improved and more in-depth information given to them and acting on the relevance of this information.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Providing transparent financial information shared appropriately and across all schools. Challenged by Governors and Directors.
- Building up central Trust reserves to reduce financial risk to the Trust.
- Creating areas of expertise in Business functions and core teaching and Learning. Maintaining improvements for transition from primary to secondary phases.
- Maintaining and demonstrating high core value and ethos resulting in oversubscribed admissions and waiting lists.
- Centralising its core financial, payroll and HR functions to achieve specialist knowledge, management and understanding of financial and employment matters and to improve financial and personnel management.
- Centralising its procurement of services and provisions for use at all of its schools to provide efficient and best value use of the funding available to it together with benefitting from bulk buying arrangements and avoidance of duplicated service provisions.
- Centralising responsibilities for premises management to ensure a consistent approach to meeting statutory requirements.
- Creating reserves to facilitate investment in Estates and IT infrastructure.
- Re-organised staffing at each school benefitting from leadership improvements and financial savings.
- Demonstrating excellent leadership during a Covid pandemic situation and continuing to deliver education to all of its pupils.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Shropshire Gateway Educational Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The Board of Directors have considered the need for a specific internal audit function and has opted for a bought-in internal audit service in line with the AFH 2019/2020.

The Board have considered the output from external audit interim visits, and other compliance visits, in conjunction with the Trust's assessment of risk in confirming the scope of the internal audit work.

The internal auditor's role included performing a range of checks on areas of the Trust's finance systems and controls which included:

- the operations of the systems of controls;
- then proper use of public funds;
- systems, procedures and policies in place; and
- reporting on their findings.

In addition to the internal audit, the external auditors reported to the Board the results of the interim visits performed during the year, which comprise part of the statutory year end audit; reporting on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As accounting officer, the Executive Headteacher 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 Trust Business Manager who has responsibility for the development and maintenance of the systems of internal control;
- the work of the external auditors;
- the financial management and governance self-assessment process;

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

Approved by order of the members of the Board of Directors on 17/12/2020 and signed on their behalf by:



A Gurney
Chair of Directors



D Reynolds
Accounting Officer

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Shropshire Gateway Educational Trust I have considered my responsibility to notify the Trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

During the year under review the Board only convened twice, which we are aware is a breach of the Academies Financial Handbook 2019. During our meeting on 25 November 2020 a resolution was passed to formally invoke Board meetings to take place six times a year going forward. Despite the lack of formal convening in the year, informal communications were held with the Trustees, including the Chair of Trustees receiving Trust management accounts monthly.

Notwithstanding the lack of formal Board meetings mentioned above, I confirm that I and the Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

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 Directors and ESFA.



D Reynolds

Accounting Officer

Date: 17/12/2020

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Directors (who are also 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 Academies 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 . 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 of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 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 of Directors on 17/12/2020
and signed on its behalf by:


A Gurney
Chair of Directors

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SHROPSHIRE GATEWAY EDUCATIONAL TRUST**

Opinion

We have audited the financial statements of The Shropshire Gateway Educational Trust (the 'trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SHROPSHIRE GATEWAY EDUCATIONAL TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SHROPSHIRE GATEWAY EDUCATIONAL TRUST (CONTINUED)**

Responsibilities of Directors

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

WR Partners

Chartered Accountants

Statutory Auditors

Shrewsbury Business Park

Shrewsbury

Shropshire

SY2 6LG

Date:

22 December 2020

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
SHROPSHIRE GATEWAY EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 17 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Shropshire Gateway Educational Trust during the year 1 September 2019 to 31 August 2020 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 Shropshire Gateway Educational Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Shropshire Gateway Educational Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Shropshire Gateway Educational Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Shropshire Gateway Educational Trust's accounting officer
and the reporting accountant**

The accounting officer is responsible, under the requirements of The Shropshire Gateway Educational Trust's funding agreement with the Secretary of State for Education dated June 2014 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

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

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

As reported in the Accounting Officer's Statement in Regularity, Propriety and Compliance there has been a lack of formal Board meetings. This is not compliant with the requirements of the ESFA Academy Financial Handbook. We note that a resolution has now been passed to formally invoke Board meetings to take place six times a year going forward.



Andrew Malpass BA FCA (Senior statutory auditor)

WR Partners

Chartered Accountants

Statutory Auditors

Belmont House

Shrewsbury Business Park

Shrewsbury

Shropshire

SY2 6LG

Date:

22/December 2020

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	-	22,297	1,669,835	1,692,132	133,794
Charitable activities	4	16,380	5,720,789	-	5,737,169	5,467,132
Other trading activities	5	-	338,816	-	338,816	470,323
Investments	6	337	-	-	337	321
Total income		16,717	6,081,902	1,669,835	7,768,454	6,071,570
Expenditure on:						
Charitable activities	7,8	-	6,208,076	197,864	6,405,940	6,255,449
Total expenditure		-	6,208,076	197,864	6,405,940	6,255,449
Net income/ (expenditure) carried forward		16,717	(126,174)	1,471,971	1,362,514	(183,879)
Transfers between funds	18	(95,000)	(229,923)	324,923	-	-
Net movement in funds before other recognised gains/(losses)		(78,283)	(356,097)	1,796,894	1,362,514	(183,879)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	25	-	(184,000)	-	(184,000)	(820,000)
Net movement in funds		(78,283)	(540,097)	1,796,894	1,178,514	(1,003,879)

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Reconciliation of funds:						
Total funds brought forward	18	98,950	(2,944,862)	16,830,322	13,984,410	14,988,289
Net movement in funds		(78,283)	(540,097)	1,796,894	1,178,514	(1,003,879)
Total funds carried forward		20,667	(3,484,959)	18,627,216	15,162,924	13,984,410

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 26 to 55 form part of these financial statements.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09115941

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	17,144,248	16,830,322
		<u>17,144,248</u>	<u>16,830,322</u>
Current assets			
Stocks	15	5,742	-
Debtors	16	1,514,738	226,700
Cash at bank and in hand		581,181	512,894
		<u>2,101,661</u>	<u>739,594</u>
Creditors: amounts falling due within one year	17	(451,985)	(416,506)
Net current assets		<u>1,649,676</u>	<u>323,088</u>
Total assets less current liabilities		<u>18,793,924</u>	<u>17,153,410</u>
Net assets excluding pension liability		<u>18,793,924</u>	<u>17,153,410</u>
Defined benefit pension scheme liability	25	(3,631,000)	(3,169,000)
Total net assets		<u><u>15,162,924</u></u>	<u><u>13,984,410</u></u>

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09115941

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

	Note		2020 £	2019 £
Funds of the Trust				
Restricted funds:				
Fixed asset funds	18	18,627,216	16,830,322	
Restricted income funds	18	146,041	224,138	
Restricted funds excluding pension asset	18	18,773,257	17,054,460	
Pension reserve	18	(3,631,000)	(3,169,000)	
Total restricted funds	18		15,142,257	13,885,460
Unrestricted income funds	18		20,667	98,950
Total funds			15,162,924	13,984,410

The financial statements on pages 21 to 55 were approved by the Directors, and authorised for issue on and are signed on their behalf, by:



17/12/2020

A Gurney
Chair of Directors

The notes on pages 26 to 55 form part of these financial statements.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	20	580,076	204,627
Cash flows from investing activities	21	(511,789)	(49,822)
Change in cash and cash equivalents in the year		68,287	154,805
Cash and cash equivalents at the beginning of the year		512,894	358,089
Cash and cash equivalents at the end of the year	22, 23	581,181	512,894

The notes on pages 26 to 55 form part of these financial statements

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

• **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Trust has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Trust, can be reliably measured.

• **Grants**

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

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income (continued)

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

• **Donations**

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

• **Other income**

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

1.4 Expenditure

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

The 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 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.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	- 125 years straight Line
Furniture and Fixtures	- 5 - 20 years straight Line
Computer equipment	- 3 year straight Line
Motor vehicles	- 5 years reducing balance
Leasehold improvements	- 10 years straight Line

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

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

1.10 Cash at bank and in hand

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.11 Liabilities

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

1.12 Provisions

Provisions are recognised when the 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.

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

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

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

1.14 Operating leases

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.15 Pensions

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

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

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

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

1.16 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations	22,297	-	22,297	43,132
Capital Grants	-	1,482,968	1,482,968	-
Grants	-	186,867	186,867	90,662
	<u>22,297</u>	<u>1,669,835</u>	<u>1,692,132</u>	<u>133,794</u>
<i>Total 2019</i>	<u>43,132</u>	<u>90,662</u>	<u>133,794</u>	

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for the Trust's educational activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,476,409	4,476,409	4,424,419
Other DfE / ESFA Grant Income	-	412,503	412,503	180,710
Pupil Premium	-	222,843	222,843	222,096
	-	5,111,755	5,111,755	4,827,225
Other Government Grants				
Local Authority - SEN	-	174,159	174,159	161,707
Local Authority - Other Grants	-	268,066	268,066	172,048
COVID-19 Government Support	-	18,856	18,856	-
	-	461,081	461,081	333,755
Other Funding				
Income from Other Academies	-	49,842	49,842	60,155
Other Income	16,380	79,706	96,086	207,722
Rates Reclaim	-	18,405	18,405	13,965
Insurance	-	-	-	24,310
	16,380	147,953	164,333	306,152
Total 2020	16,380	5,720,789	5,737,169	5,467,132
<i>Total 2019</i>	-	5,467,132	5,467,132	

In the year the Trust has received COVID-10 support income of £18,856 as part of the Coronavirus job retention scheme.

THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. Income from other trading activities

	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Catering Income	114,286	114,286	154,314
Lettings Income	1,128	1,128	3,195
Insurance Income	13,172	13,172	180
Sale of Goods & Services	210,230	210,230	312,634
Total 2020	<u><u>338,816</u></u>	<u><u>338,816</u></u>	<u><u>470,323</u></u>
<i>Total 2019</i>	<u><u>470,323</u></u>	<u><u>470,323</u></u>	

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Bank interest	337	337	321
<i>Total 2019</i>	<u><u>321</u></u>	<u><u>321</u></u>	

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FOR THE YEAR ENDED 31 AUGUST 2020

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	<i>Total</i> <i>2019</i> £
Educational Activities:					
Direct costs	3,558,612	-	329,401	3,888,013	3,701,911
Allocated support costs	1,477,301	315,827	724,799	2,517,927	2,553,538
	<u>5,035,913</u>	<u>315,827</u>	<u>1,054,200</u>	<u>6,405,940</u>	<u>6,255,449</u>
<i>Total 2019</i>	<u>4,722,245</u>	<u>303,441</u>	<u>1,229,763</u>	<u>6,255,449</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	<i>Total</i> <i>funds</i> <i>2019</i> £
Educational Activities	<u>3,888,013</u>	<u>2,517,927</u>	<u>6,405,940</u>	<u>6,255,449</u>

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8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational Activities 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	3,558,612	3,558,612	3,259,181
Educational Supplies	81,639	81,639	93,988
Examination Fees	39,574	39,574	44,852
Technology Costs	141,701	141,701	114,953
Educational Consultancy	16,768	16,768	54,771
Other costs	49,719	49,719	134,166
Total 2020	<u>3,888,013</u>	<u>3,888,013</u>	<u>3,701,911</u>
<i>Total 2019</i>	<u>3,701,911</u>	<u>3,701,911</u>	

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Activities 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Pension finance costs	54,000	54,000	55,000
Staff costs	1,477,301	1,477,301	1,463,064
Depreciation	197,864	197,864	167,160
Educational Supplies	4,069	4,069	-
Other Staff Costs	29,734	29,734	30,197
Other costs	124,665	124,665	91,719
Rates	15,017	15,017	15,675
Energy	100,506	100,506	98,776
Risk Protection Arrangement Fees	18,887	18,887	21,808
Maintenance of Premises	35,147	35,147	60,701
Cleaning and Caretaking	96,576	96,576	58,440
Transport	68,249	68,249	119,189
Catering	201,382	201,382	264,736
Other Premises Costs	49,694	49,694	49,514
Legal and Professional	23,424	23,424	26,542
Auditor Costs and Governance	21,412	21,412	31,017
Total 2020	2,517,927	2,517,927	2,553,538
<i>Total 2019</i>	<i>2,553,538</i>	<i>2,553,538</i>	

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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	63,372	16,044
Depreciation of tangible fixed assets	197,864	167,160
Fees paid to auditors for:		
- audit	9,800	12,475
- other services	3,900	2,000
	5,027,096	4,691,697

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	3,666,890	3,539,002
Social security costs	318,720	305,499
Pension costs	1,041,486	847,196
	5,027,096	4,691,697
Agency staff costs	5,523	28,186
Apprenticeship Levy	3,294	2,362
	5,035,913	4,722,245

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff (continued)

b. Staff numbers

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

	2020	2019
	No.	No.
Teachers	60	56
Administration and support	104	106
Management	8	9
	172	171

The average headcount expressed as full-time equivalents was:

	2020	2019
	No.	No.
Total	132	131

c. Higher paid staff

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	2	-
In the band £80,001 - £90,000	1	1

d. Key management personnel

The key management personnel of the Trust comprise the Directors 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 Trust was £618,679 (2019 £514,237).

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NOTES TO THE FINANCIAL STATEMENTS
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11. Central services

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

- Chief Executive, Business Manager and Site Manager Resource
- Caretaking Services
- IT Supply and Support
- Central Finance Function
- Central Administration

The Trust charges for these services based on the individual usage incurred by each school on a percentage basis for each service provided as appropriate:

The actual amounts charged during the year were as follows:

	2020	2019
	£	£
Lacon Child School	73,169	176,966
Clee Hill Community Academy	39,045	38,137
Cleobury Mortimer Primary School	67,627	61,447
Stottesdon C of E Primary School	34,236	35,663
Total	214,077	312,213

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12. Directors' remuneration and expenses

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

		2020	2019
		£	£
D Reynolds (chief executive)	Remuneration	80,000 -	75,000 -
		85,000	80,000
	Pension contributions paid	20,000 -	10,000 -
		25,000	15,000

During the year ended 31 August 2020, no Director expenses have been incurred (2019 - £NIL).

13. Directors' and Officers' insurance

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Leasehold improvements £	Total £
Cost or valuation						
At 1 September 2019	17,410,307	82,398	210,231	15,663	-	17,718,599
Additions	312,279	64,149	25,334	-	110,027	511,789
At 31 August 2020	<u>17,722,586</u>	<u>146,547</u>	<u>235,565</u>	<u>15,663</u>	<u>110,027</u>	<u>18,230,388</u>
Depreciation						
At 1 September 2019	675,020	17,264	190,830	5,163	-	888,277
Charge for the year	141,780	23,683	18,697	2,700	11,003	197,863
At 31 August 2020	<u>816,800</u>	<u>40,947</u>	<u>209,527</u>	<u>7,863</u>	<u>11,003</u>	<u>1,086,140</u>
Net book value						
At 31 August 2020	<u>16,905,786</u>	<u>105,600</u>	<u>26,038</u>	<u>7,800</u>	<u>99,024</u>	<u>17,144,248</u>
At 31 August 2019	<u>16,735,287</u>	<u>65,134</u>	<u>19,401</u>	<u>10,500</u>	<u>-</u>	<u>16,830,322</u>

15. Stocks

	2020 £	2019 £
Stock	<u>5,742</u>	<u>-</u>

Included in the above stock is oil stored at two of the schools.

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16. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	18,290	72,320
Other debtors	1,342,606	32,945
Prepayments and accrued income	153,842	121,435
	1,514,738	226,700

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	62,862	197,469
Other taxation and social security	78,153	71,704
Other creditors	2,101	8,032
Accruals and deferred income	308,869	139,301
	451,985	416,506

	2020 £	2019 £
Deferred Income		
Deferred income at 1 September 2019	38,599	62,055
Resources deferred during the year	44,667	38,599
Amounts released from previous periods	(38,599)	(62,055)
	44,667	38,599

Deferred income relates to trip fees received in advance and income received to fund specific items relating to the 2020/2021 year end.

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Designated funds						
Lacon Childe School - Sinking fund	58,950	14,880	-	(55,000)	-	18,830
Stottesdon C of E Primary - Hall Project	29,000	-	-	(29,000)	-	-
Stottesdon C of E Primary - Lottery Grant	10,000	-	-	(10,000)	-	-
Stottesdon C of E Primary - Tesco Grant	1,000	-	-	(1,000)	-	-
Cleobury Mortimer	-	500	-	-	-	500
Clee Hill	-	1,000	-	-	-	1,000
	<u>98,950</u>	<u>16,380</u>	<u>-</u>	<u>(95,000)</u>	<u>-</u>	<u>20,330</u>
General funds						
General Funds - all funds	-	337	-	-	-	337
Total Unrestricted funds	<u>98,950</u>	<u>16,717</u>	<u>-</u>	<u>(95,000)</u>	<u>-</u>	<u>20,667</u>
Restricted general funds						
General Annual Grant	-	4,476,409	(4,476,409)	-	-	-
Pupil Premium	-	222,843	(222,843)	-	-	-
Other Grants	224,138	1,382,650	(1,230,824)	(229,923)	-	146,041
Pension reserve	(3,169,000)	-	(278,000)	-	(184,000)	(3,631,000)
	<u>(2,944,862)</u>	<u>6,081,902</u>	<u>(6,208,076)</u>	<u>(229,923)</u>	<u>(184,000)</u>	<u>(3,484,959)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Restricted fixed asset funds						
Restricted Funds	16,830,322	186,867	(197,864)	324,923	-	17,144,248
Unspent capital monies	-	1,482,968	-	-	-	1,482,968
	<u>16,830,322</u>	<u>1,669,835</u>	<u>(197,864)</u>	<u>324,923</u>	<u>-</u>	<u>18,627,216</u>
Total Restricted funds	<u>13,885,460</u>	<u>7,751,737</u>	<u>(6,405,940)</u>	<u>95,000</u>	<u>(184,000)</u>	<u>15,142,257</u>
Total funds	<u>13,984,410</u>	<u>7,768,454</u>	<u>(6,405,940)</u>	<u>-</u>	<u>(184,000)</u>	<u>15,162,924</u>

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18. Statement of funds (continued)

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

Restricted general funds have been utilised for the Academy's educational operation.

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

The purpose of the sinking fund is the Lacon School's contribution to replacing the Astro Turf.

The Stottesdon C of E Primary Lottery grant and Tesco grant both will contribute to their hall project.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

Total funds analysis by school

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Lacon Childe School	(156,375)	(19,630)
Clee Hill Community Academy	37,266	13,503
Cleobury Mortimer Primary School	160,471	125,190
Stottesdon C of E Primary School	(160,112)	22,489
Multi Academy Trust	285,458	181,536
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	166,708	323,088
Restricted fixed asset fund	18,627,216	16,830,322
Pension reserve	(3,631,000)	(3,169,000)
	<hr/>	<hr/>
Total	15,162,924	13,984,410

During the year the individual schools made a contribution to MAT funds of 2% of their annual GAG income.

Lacon Childe School and Stottesdon C of E Primary School are currently showing negative revenue reserves as at 31 August 2020. Both had capital additions in the year. These capital additions were supported by the Trust Directors as essential additions to the schools who have capacity pupil numbers. There is a budgeted and planned contribution from in year future budgets which will return these funds to surplus.

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18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Lacon Childe School	2,102,071	686,669	44,040	661,365	3,494,145	3,442,681
Clee Hill Community Academy	416,057	192,810	14,029	125,345	748,241	739,559
Cleobury Mortimer Primary School	682,773	376,505	14,507	164,081	1,237,866	1,304,355
Stottesdon C of E Primary School	365,711	198,598	8,952	112,704	685,965	694,976
Multi Academy Trust	-	-	111	41,748	41,859	(93,282)
Trust	3,566,612	1,454,582	81,639	1,105,243	6,208,076	6,088,289

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

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Designated funds						
Lacon Childe School - Sinking fund	50,000	-	-	8,950	-	58,950
Stottesdon C of E Primary - Hall Project	29,000	-	-	-	-	29,000
Stottesdon C of E Primary - Lottery Grant	10,000	-	-	-	-	10,000
Stottesdon C of E Primary - Tesco Grant	1,000	-	-	-	-	1,000
	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>8,950</u>	<u>-</u>	<u>98,950</u>
General funds						
General Funds - all funds	8,629	321	-	(8,950)	-	-
	<u>98,629</u>	<u>321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,950</u>
Total Unrestricted funds						
	<u>98,629</u>	<u>321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,950</u>
Restricted general funds						
General Annual Grant	-	4,424,419	(4,424,419)	-	-	-
Pupil Premium	-	222,096	(222,096)	-	-	-
Other Grants	-	1,334,072	(1,150,774)	40,840	-	224,138
Pension reserve	(2,058,000)	-	(291,000)	-	(820,000)	(3,169,000)
	<u>(2,058,000)</u>	<u>5,980,587</u>	<u>(6,088,289)</u>	<u>40,840</u>	<u>(820,000)</u>	<u>(2,944,862)</u>

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18. Statement of funds (continued)

	<i>Balance at 1 September 2018</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2019</i>
	£	£	£	£	£	£
Restricted fixed asset funds						
Restricted Funds	16,947,660	90,662	(167,160)	(40,840)	-	16,830,322
Total Restricted funds	<u>14,889,660</u>	<u>6,071,249</u>	<u>(6,255,449)</u>	<u>-</u>	<u>(820,000)</u>	<u>13,885,460</u>
Total funds	<u><u>14,988,289</u></u>	<u><u>6,071,570</u></u>	<u><u>(6,255,449)</u></u>	<u><u>-</u></u>	<u><u>(820,000)</u></u>	<u><u>13,984,410</u></u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020	Restricted funds 2020	Restricted fixed asset funds 2020	Total funds 2020
	£	£	£	£
Tangible fixed assets	-	-	17,144,248	17,144,248
Current assets	20,667	598,026	1,482,968	2,101,661
Creditors due within one year	-	(451,985)	-	(451,985)
Provisions for liabilities and charges	-	(3,631,000)	-	(3,631,000)
Total	<u>20,667</u>	<u>(3,484,959)</u>	<u>18,627,216</u>	<u>15,162,924</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	16,830,322	16,830,322
Current assets	98,950	640,644	-	739,594
Creditors due within one year	-	(416,506)	-	(416,506)
Provisions for liabilities and charges	-	(3,169,000)	-	(3,169,000)
Total	98,950	(2,944,862)	16,830,322	13,984,410

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

	2020 £	2019 £
Net income/(expenditure) for the period (as per Statement of financial activities)	1,362,514	(183,879)
Adjustments for:		
Depreciation	197,863	167,160
Defined benefit pension scheme finance cost	278,000	291,000
(Increase)/decrease in stocks	(5,742)	-
Increase in debtors	(1,288,038)	(20,445)
Increase/(decrease) in creditors	35,479	(49,209)
Net cash provided by operating activities	580,076	204,627

21. Cash flows from investing activities

	2020 £	2019 £
Purchase of tangible fixed assets	(511,789)	(49,822)
Net cash used in investing activities	(511,789)	(49,822)

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	581,181	512,894
Total cash and cash equivalents	581,181	512,894

23. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	512,894	68,287	581,181
	512,894	68,287	581,181

24. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	-	92,745
	-	92,745

At 31 August 2019 Stottesdon C of E Primary School were part way through capital works. The contract amount outstanding is included in capital commitments above.

25. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

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

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25. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £543,388 (2019 - £361,786).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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25. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £292,000 (2019 - £283,000), of which employer's contributions totalled £230,000 (2019 - £222,000) and employees' contributions totalled £ 62,000 (2019 - £61,000). The agreed contribution rates for future years are 14.3 - 16.8 per cent for employers and 13 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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

	2020	2019
	%	%
Rate of increase in salaries	3.65	3.60
Rate of increase for pensions in payment/inflation	2.50	2.20
Discount rate for scheme liabilities	1.80	1.80
Inflation assumption (CPI)	2.40	2.10

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	22.9	23.2
Females	25	26.4
<i>Retiring in 20 years</i>		
Males	24.2	25.4
Females	26.6	28.7

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25. Pension commitments (continued)

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	3,522	3,074
Mortality assumption - 1 year increase	3,785	3,251
CPI rate +0.1%	3,743	3,267
Pay growth +0.1%	3,643	3,183

Share of scheme assets

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

	2020	2019
	£	£
Equities	827,000	673,000
Other bonds	377,000	280,000
Other	412,000	306,000
Property	72,000	64,000
Cash and other liquid assets	30,000	24,000
Total market value of assets	1,718,000	1,347,000

The actual return on scheme assets was £17,000 (2019 - £48,000).

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

	2020	2019
	£	£
Current service cost	(464,000)	(334,000)
Past service cost	(8,000)	(125,000)
Interest income	27,000	33,000
Interest cost	(81,000)	(88,000)
Employers contributions	255,000	230,000
Administrative expenses	(7,000)	(7,000)
Total amount recognised in the Statement of Financial Activities	(278,000)	(291,000)

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25. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	4,516,000	3,140,000
Current service cost	464,000	334,000
Interest cost	81,000	88,000
Employee contributions	63,000	62,000
Actuarial losses	281,000	830,000
Benefits paid	(64,000)	(63,000)
Past service costs	8,000	125,000
At 31 August	5,349,000	4,516,000

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

	2020 £	2019 £
At 1 September	1,347,000	1,082,000
Interest income	27,000	33,000
Actuarial gains	97,000	10,000
Employer contributions	255,000	230,000
Employee contributions	63,000	62,000
Benefits paid	(64,000)	(63,000)
Administration expenses	(7,000)	(7,000)
At 31 August	1,718,000	1,347,000

26. Operating lease commitments

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	44,641	44,518
Later than 1 year and not later than 5 years	28,849	48,071
	73,490	92,589

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27. Members' liability

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

28. Related party transactions

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

During the year the Son of the Trust Business Manager and Company Secretary was remunerated £35,453 (2019: £26,245) for employment within the Trust. No amounts were outstanding at the year end.

During the year the Spouse of the Trust Executive Officer and Accounting Officer was remunerated £8,931 (£9,599) for employment within the Trust. No amounts were outstanding at year end.

Both transactions were paid at standard rate. The transactions have been conducted in accordance with the requirements of the Academies Financial Handbook, financial regulations and procurement procedures.