

Company Registration No. 09451372 (England and Wales)

**TAKELY EDUCATION TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

# TAKELY EDUCATION TRUST

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# TAKELY EDUCATION TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Members</b>	Benfleet Schools Trust T Reynolds P Hillman
<b>Governors (Trustees and Directors)</b>	T A Reynolds K Lay S Cox (Resigned 22/04/2019) D Wright (Appointed 23/04/2019) S F Flack (resigned 14/01/2019) J Fennelly (resigned 24/04/2019) P King Resigned 05/07/2019) T Curtis K Kerridge J Sutton H A Luckman J Haken O George S Rogers
<b>Senior Management team</b>	S Cox (Resigned 22/04/2019) - Head Teacher C Lane-Craig (Resigned 22/04/2019) - Associate Head Teacher D Wright (Appointed Head Teacher 23/04/19- Deputy Head Teacher S Amram - Deputy Head Teacher E Jordan - Assistant Head Teacher S Fowler - Assistant Head Teacher J Newby - Assistant Head Teacher N White - Assistant Head Teacher H Tuna - Assistant Head Teacher J Reynolds - Assistant Head Teacher
<b>Company Secretary</b>	I K Clark (appointed 27/09/2018) A E Wright (resigned 27/09/2018)
<b>Company registration number</b>	09451372 (England and Wales)
<b>Registered office</b>	The Appleton School Croft Road Benfleet Essex SS7 5RN
<b>Independent auditor</b>	Baxter & Co Lynwood House Crofton Road Orpington Kent BR6 8QE
<b>Bankers</b>	Lloyds Bank PLC 10-20 Town Square Basildon Essex SS14 1DU
<b>Solicitors</b>	Ward Hadaway 1A Tower Square Wellington Street Leeds LS1 4DL

# TAKELY EDUCATION TRUST

## GOVERNORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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The governors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2018/19 issued by the ESFA.

The principal activity of the charitable company is the operation of Woodlands School, an academy, providing a state education to boys and girls in the Basildon area, aged 11 to 16. It has a pupil capacity of 1500 and had a roll of 1530 in the school census on Summer 2019.

#### **Structure, governance and management**

##### Constitution

The academy trust was incorporated as a company on 20 February 2015 and the predecessor school Woodlands school converted to academy status on 01 April 2015. The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The governors are the trustees of Takely Education Trust and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

##### Members' liability

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

##### Governors' indemnities

No qualifying third party indemnities have been given by the Charitable Company to any third parties on behalf of its Governors.

##### Method of recruitment and appointment or election of governors

In accordance with the articles, the governors of the charitable company are the trustees and directors of the charitable company. They are appointed as follows:

- a) Up to four initial governors appointed on incorporation;
- b) Up to six governors appointed by the members
- c) Up to two staff governors elected by the staff
- d) A minimum of two parent governors elected by the parents
- e) The Head Teacher, if they agree to become a trustee, serves in an ex-officio capacity

In respect of those appointed by the members, (b), above) when a vacancy arises, the governors seek to make an appointment that would maximise the relevant skills and experience on the board as a whole.

##### Policies and procedures adopted for the induction and training of governors

The training and induction provided for new governors will depend on their existing experience. Where necessary, induction will provide training in charity, educational, legal and financial matters. All governors are provided with the information needed (including policies, minutes, budgets, etc.) to undertake their role as governors.

# TAKELY EDUCATION TRUST

## GOVERNORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

#### Organisational structure

The board of governors, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The Board meets three times a year and has two sub-committees;

- Standards, Staffing and Curriculum Committee
- Finance, Estates and General Purposes Committee

The Finance, Estates and General Purposes Committee also fulfils the functions of an Audit Committee. Both committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members. Governors delegate specific responsibilities to its committees, the activities of which are reported to and discussed at full Governing Body Meetings.

Day to day management of the company is undertaken by the Head Teacher, supported by the Leadership Team. The Head Teacher is the Accounting Officer.

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

The senior leadership team (SLT) are the key management personnel of the trust. Trustees are also senior management although they receive no pay or other remuneration in respect of their role as trustees. Where staff trustees are in place, they receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff. Further details of remuneration paid to staff who are trustees is set out within the notes to the accounts.

The pay of the Head Teacher is set annually by the Pay Committee, having regards to performance against objectives set the previous year. Pay of other SLT members is also set by the Pay Committee again having regard to performance against previously agreed objectives and any recommendations made by the Head Teacher.

#### **Trade Union Facility Time**

##### **Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
Zero	186

##### **Percentage of time spent on facility time**

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

##### **Percentage of pay bill spent on facility time**

Total Cost of facility time	£0
Total Pay bill	£0
Percentage of the total pay bill spent on facility time	0%

##### **Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours.	0
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#### Related Parties and other Connected Charities and Organisations

As part of the school's Academy conversion in April 2015, the school has a formal partnership with the Appleton School, Benfleet (lead of Benfleet Schools Trust) but is not in the MAT. Benfleet Schools Trust is a member of Takely Education Trust.

# TAKELY EDUCATION TRUST

## GOVERNORS' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Objectives and activities**

#### Objects and aims

The principal object of the company is the advancement of the education in the United Kingdom. It achieves this object through the operation of Woodlands School, the aim being to provide the highest possible standard of pastoral care, maximising the life-chances of its students. A further object is the promotion of recreational facilities to the local community.

#### Objectives, strategies and activities

All of the school priorities are listed in the 3 year School Development plan which is agreed by governors annually in September.

#### Public benefit

In setting the objectives and planning the associated activities, governors have given careful consideration to the Charity Commission's general guidance on public benefit.

### **Strategic report**

#### Achievements and performance

Unvalidated results 2019  
A\* - C English and Maths 59% combined  
31.77% achieved 9/A\*/A  
Achievement 8 – 4.29

#### Key Performance Indicators

Teaching staff 60% of total revenue expenditure  
Total staff costing 70% of total revenue expenditure

There will be a carry forward from last year's budget.

#### Other Key Performance Indicators

An OFSTED inspection took place in March 2018.  
The school achieved Good with Outstanding Leadership.

#### Going concern

After making appropriate enquiries, the board of governors 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.

# TAKELY EDUCATION TRUST

## GOVERNORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Financial review

We receive our income from a number of different sources. The majority of our income comes from central government via the Education and Skills Funding Agency who provide us with grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant - GAG). The ESFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as Other government grants. Such income is collectively referred to as "Restricted Funds".

Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries.

The following balances held were held at 31 August:

<b>Fund</b>	<b>Category</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
GAG	Restricted General Funds	(69)	-
Other DfE/ESFA Grants	Restricted General Funds	-	-
Other government grants	Restricted General Funds	-	-
Other Income	Restricted General Funds	-	252
	<b>Sub-total General Restricted Funds</b>	<b>(69)</b>	<b>252</b>
Unspent Capital Grants	Restricted Fixed Asset Fund	-	-
Other Income	Unrestricted General Fund	-	3
	<b>Sub-Total Spendable Funds</b>	<b>(69)</b>	<b>255</b>
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	27,234	27,867
Share of LGPS Deficit	Restricted Pension Reserve	(3,549)	(2,654)
	<b>Total All Funds</b>	<b><u>23,616</u></b>	<b><u>25,468</u></b>

During the year under review, there was a surplus / (deficit) of £(321)k (2018: £3k) on general restricted funds, a surplus / (deficit) of £(3)k (2018: £(976)k) on unrestricted funds and after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall surplus / (deficit) of £(1,852)k (2018: (2,007)k).

# TAKELY EDUCATION TRUST

## GOVERNORS' REPORT

### *FOR THE YEAR ENDED 31 AUGUST 2019*

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#### Reserves policy

Reserve levels are regularly monitored by Directors and Management to ensure that sufficient reserves are maintained to meet anticipated future needs while avoiding long term accumulation of excessive sums. A Reserves Policy of 5% of the annual General Income Grant has been approved by the Directors and will be reviewed annually.

#### Investment policy and powers

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

#### Principal risks and uncertainties

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to academic performance/finances/child welfare/admissions. The governors have implemented a number of systems to assess risks that the Academy faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), governors consider the associated risk in this area to be minimal. The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

The risk management process has been codified in a risk register implemented by the Senior Management Team and overseen by the Board of Governors.

Governors keep spendable reserves under constant review to ensure that they have sufficient income to run the Academy on an efficient basis without affecting the quality of teaching and learning.

#### **Our fundraising practices**

The trust organise fundraising events and appeals and co-ordinate the activities of our supporters both in the academy and in the wider community on behalf of the trust.

The trust does not use professional fundraisers or involve commercial participators.

There have been no complaints about fundraising activity this year.

The trust complies with the Fundraising Regulator's Code of Fundraising Practice.

All fundraising is undertaken by the trust in a manner that seeks to ensure that it is not unreasonably intrusive or persistent. Contact is made through email, academy newsletters, our websites and via students. All fundraising material contains clear instructions on how a person can be removed from mailing lists.

#### **Plans for future periods**

The school development plan incorporates all the school's plans for the next 3 years (2017 - 2020) that have been agreed and set by the Governing body.

#### **Funds held as custodian trustee on behalf of others**

The trust does not hold any funds on behalf of other organisations.



# TAKELY EDUCATION TRUST

## GOVERNORS' REPORT

*FOR THE YEAR ENDED 31 AUGUST 2019*

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### Auditor

In so far as the Governors are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 10 December 2019 and signed on its behalf by.

.....  
T Reynolds  
**Chair of Governors**

# TAKELY EDUCATION TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Scope of responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Takely Education 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 Governors has delegated the day-to-day responsibility to the Head Teacher, 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 Takely Education Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 4 times during the year.

Attendance during the year at meetings of the Board of Governors was as follows:

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
T A Reynolds	4	4
K Lay	4	4
S Cox	3	3
D Wright	1	1
S F Flack	0	2
J Fennelly	4	4
P King	4	4
T Curtis	3	4
K Kerridge	4	4
O George	4	4
H Luckman	4	4
S Rogers	4	4
J Haken	3	4
J Sutton	2	4

There are 2 different committees, as well as Full Governors. They are; Standard, Staffing and Curriculum and Finance, Estates and General Purposes. These groups were decided and confirmed.

The Finance, Estates and General Purposes Committee is a sub-committee of the Local Governing Body of The Appleton School to which the main board of trustees has delegated responsibility. Its purpose is:

- Regular monitoring of actual income and expenditure
- Review and recommendation of the annual budget
- Review the reports of the auditors on the effectiveness of the financial procedures and controls

Attendance during the year at meetings of the Finance, Estates and General Purposes Committee was as follows:

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
T A Reynolds	2	3
S Cox	2	2
D Wright	1	1
J Fennelly	3	3
P King	3	3
H Luckman	2	3
J Haken	3	3

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# TAKELY EDUCATION TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Review of Value for Money

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

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

- Staff efficiencies, associate staff posts not being replaced and weeks per year have been reduced. More staff bringing in extra revenue via outside agencies and sponsorship.
- Sourcing extra funding from outside agencies to provide wellbeing and counselling services to pupils and staff.
- Extra reductions on communication costs by using a free to use communication app with the need to no longer print letters.

### The purpose of the system of internal control

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

### Capacity to handle risk

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

### The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the Finance, Estates and General Purpose 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 governors has appointed its external auditors to perform a supplementary programme of work on internal controls. The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. Visits are undertaken on a termly basis, following which reports are presented to the Board of Governors for review. No material control weaknesses have been advised. Governors are satisfied that the function has been delivered effectively.

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# TAKELY EDUCATION TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Review of effectiveness

As accounting officer the 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 external auditor;
- the financial management and governance self-assessment process
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Governors on 10 December 2019 and signed on its behalf by:

.....  
T Reynolds  
**Chair of Governors**

.....  
D Wright  
**Accounting Officer**

# TAKELY EDUCATION TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

***FOR THE YEAR ENDED 31 AUGUST 2019***

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

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

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

D Wright  
**Accounting Officer**

10 December 2019

# TAKELY EDUCATION TRUST

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Governors (who act as Trustees for Takely Education Trust and are also the Directors of Takely Education Trust for the purposes of company law) are responsible for preparing the Governors' Report and the Financial Statements in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these Financial Statements, the Governors are required to:

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

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

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

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

Approved by order of the members of the Board of Governors on 10 December 2019 and signed on its behalf by:

T Reynolds  
**Chair of Governors**

# TAKELY EDUCATION TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAKELY EDUCATION TRUST

*FOR THE YEAR ENDED 31 AUGUST 2019*

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### **Opinion**

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

In our opinion the Financial Statements:

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

### **Basis for opinion**

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

### **Material uncertainty related to going concern**

Attention is drawn to the disclosure within note 24 regarding the academy's status as a going concern. These disclosures indicate that a material uncertainty exists which may cast significant doubt on the academy's ability to continue as a going concern. In forming our opinion above, which is not modified, we have considered the adequacy of those disclosures.

### **Conclusions relating to going concern**

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

- the Governors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Governors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Academy 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.

# TAKELY EDUCATION TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAKELY EDUCATION TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Other information**

The Governors are responsible for the other information, which comprises the information included in the annual report other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the Governors' Report including the incorporated Strategic Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Governors' Report including the incorporated 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 the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report, including the incorporated Strategic Report.

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

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

### **Responsibilities of Governors**

As explained more fully in the statement of Governors' responsibilities, the Governors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Governors are responsible for assessing the Academy 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 Governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.



# TAKELY EDUCATION TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAKELY EDUCATION TRUST (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2019*

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### **Auditor's responsibilities for the audit of the Financial Statements**

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

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

### **Use of our report**

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

for and on behalf of Baxter & Co

.....

**Chartered Certified Accountants  
Statutory Auditor**

Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

# TAKELY EDUCATION TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TAKELY EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

**FOR THE YEAR ENDED 31 AUGUST 2019**

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In accordance with the terms of our engagement letter dated 17 April 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Takely Education Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Takely Education Trust's Accounting Officer and the Reporting Accountant**

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

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

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the Academy Trust in order to comply with its obligations under 2.9.6 of the Academies Financial Handbook 2018, issued by the ESFA.

# TAKELY EDUCATION TRUST

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

*FOR THE YEAR ENDED 31 AUGUST 2019*

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### **Conclusion**

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

### **Reporting Accountant**

Baxter & Co  
Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

Dated: .....

# TAKELY EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000	Total 2018 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	17	103	120	67
Charitable activities:						
- Funding for educational operations	4	527	9,781	-	10,308	9,805
Other trading activities	5	133	-	-	133	141
Investments	6	-	-	-	-	1
<b>Total</b>		<u>660</u>	<u>9,798</u>	<u>103</u>	<u>10,561</u>	<u>10,014</u>
<b>Expenditure on:</b>						
Raising funds	7	113	-	-	113	89
Charitable activities:						
- Educational operations	8	550	10,512	736	11,798	11,932
<b>Total</b>	7	<u>663</u>	<u>10,512</u>	<u>736</u>	<u>11,911</u>	<u>12,021</u>
<b>Net expenditure</b>		(3)	(714)	(633)	(1,350)	(2,007)
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(502)	-	(502)	647
<b>Net movement in funds</b>		(3)	(1,216)	(633)	(1,852)	(1,360)
<b>Reconciliation of funds</b>						
Total funds brought forward		3	(2,402)	27,867	25,468	26,828
Total funds carried forward		-	(3,618)	27,234	23,616	25,468

# TAKELY EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

**SUPPLEMENTARY NOTE:  
COMPARATIVE INFORMATION FOR THE  
YEAR ENDED 31 AUGUST 2018**

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	-	38	29	67
Charitable activities:					
- Funding for educational operations	4	63	9,742	-	9,805
Other trading activities	5	141	-	-	141
Investments	6	1	-	-	1
<b>Total</b>		<u>205</u>	<u>9,780</u>	<u>29</u>	<u>10,014</u>
<b>Expenditure on:</b>					
Raising funds	7	89	-	-	89
Charitable activities:					
- Educational operations	8	1,092	10,178	662	11,932
<b>Total</b>	7	<u>1,181</u>	<u>10,178</u>	<u>662</u>	<u>12,021</u>
<b>Net expenditure</b>		(976)	(398)	(633)	(2,007)
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	19	-	647	-	647
<b>Net movement in funds</b>		(976)	249	(633)	(1,360)
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>979</u>	<u>(2,651)</u>	<u>28,500</u>	<u>26,828</u>
Total funds carried forward		<u>3</u>	<u>(2,402)</u>	<u>27,867</u>	<u>25,468</u>

# TAKELY EDUCATION TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		27,234		27,867
<b>Current assets</b>					
Stocks	13	59		61	
Debtors	14	208		273	
Cash at bank and in hand		313		319	
		<u>580</u>		<u>653</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(649)		(398)	
		<u>(649)</u>		<u>(398)</u>	
<b>Net current (liabilities)/assets</b>			(69)		255
<b>Net assets excluding pension liability</b>			<u>27,165</u>		<u>28,122</u>
Defined benefit pension scheme liability	19		(3,549)		(2,654)
			<u>(3,549)</u>		<u>(2,654)</u>
<b>Total net assets</b>			<u>23,616</u>		<u>25,468</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			27,234		27,867
- Restricted income funds			(69)		252
- Pension reserve			(3,549)		(2,654)
			<u>23,616</u>		<u>25,465</u>
<b>Total restricted funds</b>			23,616		25,465
<b>Unrestricted income funds</b>	17		-		3
			<u>-</u>		<u>3</u>
<b>Total funds</b>			<u>23,616</u>		<u>25,468</u>

The Financial Statements on pages 18 to 42 were approved by the Governors and authorised for issue on 10 December 2019 and are signed on their behalf by:

T Reynolds  
Chair of Governors

Company Number 09451372

# TAKELY EDUCATION TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

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		2019		2018	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	20		(109)		(973)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		-		1	
Capital grants from DfE Group		103		29	
		<u>103</u>		<u>29</u>	
<b>Net cash provided by investing activities</b>			<u>103</u>		<u>30</u>
<b>Net decrease in cash and cash equivalents in the reporting period</b>			(6)		(943)
Cash and cash equivalents at beginning of the year			<u>319</u>		<u>1,262</u>
<b>Cash and cash equivalents at end of the year</b>			<u>313</u>		<u>319</u>

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

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

##### 1.1 Basis of preparation

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

Takely Education Trust meets the definition of a public benefit entity under FRS 102.

##### 1.2 Going concern

The Governors 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 charitable company to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the Financial Statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

##### 1.3 Income

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

###### Grants

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

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

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

###### Sponsorship income

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

###### Donations

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



# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

##### Other income

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

##### Donated goods, facilities and services

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

##### Donated fixed assets

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

#### 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

Assets costing £5,000 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 that require 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.

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

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

Leasehold land and buildings	2% straight line
Computer equipment	20% straight line
Plant & equipment	10% straight line
Motor vehicles	10% 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.

#### 1.6 Liabilities

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

#### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. 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.

#### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

##### 1.10 Taxation

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

##### 1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The 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 are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy 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.

##### 1.12 Fund accounting

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

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

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

#### 2 Critical accounting estimates and areas of judgement

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

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 2 Critical accounting estimates and areas of judgement

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### Critical areas of judgement

In preparing these Financial Statements, the Governors have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

#### 3 Donations and capital grants

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Capital grants	-	103	103	29
Other donations	-	17	17	38
	<hr/>	<hr/>	<hr/>	<hr/>
	-	120	120	67
	<hr/>	<hr/>	<hr/>	<hr/>

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	8,638	8,638	8,397
Other DfE group grants	-	785	785	693
	-	9,423	9,423	9,090
<b>Other government grants</b>				
Local authority grants	-	235	235	235
<b>Other funding</b>				
Trip income	-	123	123	97
Catering income	347	-	347	311
Other incoming resources	180	-	180	72
	527	123	650	480
<b>Total funding</b>	527	9,781	10,308	9,805

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	73	-	73	82
Other income	60	-	60	59
	133	-	133	141

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	-	-	-	1

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Expenditure on raising funds					
- Direct costs	-	-	113	113	89
Academy's educational operations					
- Direct costs	7,011	506	893	8,410	8,596
- Allocated support costs	1,175	413	1,800	3,388	3,336
	<u>8,186</u>	<u>919</u>	<u>2,806</u>	<u>11,911</u>	<u>12,021</u>

#### Net income/(expenditure) for the year includes:

	2019 £'000	2018 £'000
Fees payable to auditor for:		
- Audit	9	8
- Other services	8	8
Operating lease rentals	23	24
Depreciation of tangible fixed assets	633	633
Net interest on defined benefit pension liability	66	72
	<u>        </u>	<u>        </u>

Included within expenditure are the following transactions:

	2019 £
Gifts made by the Academy Trust - total	<u>163</u>

Clarification - Whilst the majority of disclosure in these accounts are rounded to £'000, disclosure of gifts are not. The value of gifts for the period was £163 (and not £163k).

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Direct costs</b>				
Educational operations	200	8,210	8,410	8,596
<b>Support costs</b>				
Educational operations	350	3,038	3,388	3,336
	<u>550</u>	<u>11,248</u>	<u>11,798</u>	<u>11,932</u>

### Analysis of costs

	2019 £'000	2018 £'000
<b>Direct costs</b>		
Teaching and educational support staff costs	7,011	6,868
Staff development	19	38
Depreciation	506	506
Technology costs	79	101
Educational supplies and services	550	780
Examination fees	122	179
Educational consultancy	-	27
Other direct costs	123	97
	<u>8,410</u>	<u>8,596</u>
<b>Support costs</b>		
Support staff costs	848	805
Defined benefit pension scheme - staff costs (FRS102 adjustment)	327	329
Depreciation	127	127
Technology costs	2	19
Maintenance of premises and equipment	63	107
Energy costs	116	124
Rent, rates and other occupancy costs	75	77
Insurance	32	37
Security and transport	38	30
Catering	232	204
Defined benefit pension scheme - finance costs (FRS102 adjustment)	66	72
Contributions to PFI	1,249	1,176
Other support costs	169	161
Governance costs	44	68
	<u>3,388</u>	<u>3,336</u>

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Staff

#### Staff costs

Staff costs during the year were:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,224	6,063
Social security costs	608	595
Pension costs	1,008	978
Defined benefit pension scheme - staff costs (FRS102 adjustment)	327	329
	<hr/>	<hr/>
Amounts paid to employees	8,167	7,965
Agency staff costs	19	25
Staff restructuring costs	-	12
	<hr/>	<hr/>
Total staff expenditure	<b>8,186</b>	<b>8,002</b>

Staff restructuring costs comprise:

Severance payments	-	12
	<hr/>	<hr/>

#### Staff numbers

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

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Teachers	109	105
Administration and support	119	116
Management	10	9
	<hr/>	<hr/>
	238	230
	<hr/>	<hr/>

The number of persons employed, expressed as a full time equivalent, was as follows:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Teachers	97	96
Administration and support	82	85
Management	9	9
	<hr/>	<hr/>
	188	190
	<hr/>	<hr/>



# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 9 Staff

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
£90,001 - £100,000	-	1
	<u>          </u>	<u>          </u>

#### Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £797,138 (2018: £829,905).

### 10 Governors' remuneration and expenses

One or more of the Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher and other Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their services as Governors.

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

S Cox (Head Teacher - resigned on 23 April 2019):

- Remuneration : £65,000 - £70,000 (2018: £95,000 - £100,000)
- Employer's pension contributions : £10,000 - £15,000 (2018: £15,000 - £20,000)

D Wright (Head Teacher - appointed on 23 April 2019):

- Remuneration : £35,000 - £40,000 (2018: Not appointed)
- Employer's pension contributions : £5,000 - £10,000 (2018: Not appointed)

T Curtis (Staff Governor):

- Remuneration : £40,000 - £45,000 (2018: £35,000 - £40,000)
- Employer's pension contributions : £5,000 - £10,000 (2018: £5,000 - £10,000)

J Fennelly (Staff Governor):

- Remuneration : £35,000 - £40,000 (2018: £35,000 - £40,000)
- Employer's pension contributions : £5,000 - £10,000 (2018: £5,000 - £10,000)

During the year, travel and subsistence expenses totalling £244 (2018: £638) were reimbursed to paid directly to 3 Governors (2018: 2 Governors).

Other related party transactions involving the Governors are set out within the related parties note.

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 11 Governors and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was unable to be separated out from the total insurance cost. The cost of this insurance is included in the total insurance cost.

#### 12 Tangible fixed assets

	Leasehold land and buildings £'000	Computer equipment £'000	Plant & equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 September 2018 and 31 August 2019	29,298	625	122	19	30,064
<b>Depreciation</b>					
At 1 September 2018	1,684	463	42	8	2,197
Charge for the year	496	122	13	2	633
At 31 August 2019	2,180	585	55	10	2,830
<b>Net book value</b>					
At 31 August 2019	27,118	40	67	9	27,234
At 31 August 2018	27,614	162	80	11	27,867

Included in leasehold land & buildings is land valued at £4,474k

#### 13 Stocks

	2019 £'000	2018 £'000
School uniform and catering	59	61

#### 14 Debtors

	2019 £'000	2018 £'000
Trade debtors	10	12
VAT recoverable	33	119
Other debtors	108	98
Prepayments and accrued income	57	44
	208	273

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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<b>15</b>	<b>Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
	Other taxation and social security	145	152
	Other creditors	332	127
	Accruals and deferred income	172	119
		<u>649</u>	<u>398</u>
<b>16</b>	<b>Deferred income</b>	<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred income is included within:		
	Creditors due within one year	133	64
		<u>133</u>	<u>64</u>
	Deferred income at 1 September 2018	64	50
	Released from previous years	(64)	(50)
	Resources deferred in the year	133	64
		<u>133</u>	<u>64</u>
	<b>Deferred income at 31 August 2019</b>	<b>133</b>	<b>64</b>

Deferred income of £133k (2018: £64k) relates to rates grant funding of £33k (2018: £34k), Essex County Council SEN funding of £25k (2018: £nil), unspent donations income of £24k (2018: £nil), trip income received during the year where the associated expenditure will be incurred in the following accounting period of £40k (2018: £28k) and other income received in advance totalling £11k (2018: £2k).

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	8,638	(8,707)	-	(69)
Other DfE / ESFA grants	-	204	(204)	-	-
Pupil premium	-	581	(581)	-	-
Other government grants	-	235	(235)	-	-
Other restricted funds	252	140	(392)	-	-
Pension reserve	(2,654)	-	(393)	(502)	(3,549)
	<u>(2,402)</u>	<u>9,798</u>	<u>(10,512)</u>	<u>(502)</u>	<u>(3,618)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	27,790	-	(622)	-	27,168
DfE group capital grants	57	103	(111)	-	49
Capital expenditure from GAG and other funds	20	-	(3)	-	17
	<u>27,867</u>	<u>103</u>	<u>(736)</u>	<u>-</u>	<u>27,234</u>
<b>Total restricted funds</b>	<u>25,465</u>	<u>9,901</u>	<u>(11,248)</u>	<u>(502)</u>	<u>23,616</u>
<b>Unrestricted funds</b>					
General funds	3	660	(663)	-	-
	<u>3</u>	<u>660</u>	<u>(663)</u>	<u>-</u>	<u>-</u>
<b>Total funds</b>	<u>25,468</u>	<u>10,561</u>	<u>(11,911)</u>	<u>(502)</u>	<u>23,616</u>

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

The Restricted General Funds are used to fund the general operating costs of the Academy.

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

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents investment in fixed assets, net of related depreciation. Unspent capital grants are also held in this fund and their use is restricted to the capital projects for which the grant was paid.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the governors to support any of the Academy's charitable purposes.

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	8,397	(8,397)	-	-
Other DfE / ESFA grants	-	101	(101)	-	-
Pupil premium	44	592	(636)	-	-
Other government grants	-	235	(235)	-	-
Other restricted funds	205	455	(408)	-	252
Pension reserve	(2,900)	-	(401)	647	(2,654)
	<u>(2,651)</u>	<u>9,780</u>	<u>(10,178)</u>	<u>647</u>	<u>(2,402)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	28,411	-	(621)	-	27,790
DfE group capital grants	66	29	(38)	-	57
Capital expenditure from GAG and other funds	23	-	(3)	-	20
	<u>28,500</u>	<u>29</u>	<u>(662)</u>	<u>-</u>	<u>27,867</u>
<b>Total restricted funds</b>	<u>25,849</u>	<u>9,809</u>	<u>(10,840)</u>	<u>647</u>	<u>25,465</u>
<b>Unrestricted funds</b>					
General funds	979	205	(1,181)	-	3
	<u>979</u>	<u>205</u>	<u>(1,181)</u>	<u>-</u>	<u>3</u>
<b>Total funds</b>	<u>26,828</u>	<u>10,014</u>	<u>(12,021)</u>	<u>647</u>	<u>25,468</u>

### 18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	27,234	27,234
Current assets	-	580	-	580
Creditors falling due within one year	-	(649)	-	(649)
Defined benefit pension liability	-	(3,549)	-	(3,549)
	<u>-</u>	<u>(3,618)</u>	<u>27,234</u>	<u>23,616</u>
<b>Total net assets</b>	<u>-</u>	<u>(3,618)</u>	<u>27,234</u>	<u>23,616</u>

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	27,867	27,867
Current assets	3	650	-	653
Creditors falling due within one year	-	(398)	-	(398)
Defined benefit pension liability	-	(2,654)	-	(2,654)
<b>Total net assets</b>	<b>3</b>	<b>(2,402)</b>	<b>27,867</b>	<b>25,468</b>

### 19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £124k (2018: £127k) were payable to the schemes at 31 August 2019 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

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

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 19 Pension and similar obligations

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £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;
- an employer cost cap of 10.9% of pensionable pay; and
- the assumed real rate of return is 2.4% in excess of prices. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

#### Scheme Changes

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

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

The employer's pension costs paid to the TPS in the period amounted to £700k (2018: £697k).

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.3% for employers and 5.5% to 12.5% for employees.

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

<b>Total contributions made</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Employer's contributions	308	281
Employees' contributions	94	89
	<hr/>	<hr/>
Total contributions	402	370
	<hr/>	<hr/>

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 19 Pension and similar obligations

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.90	2.65
RPI increases	3.20	3.30
CPI increases	2.20	2.30

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

	2019 Years	2018 Years
Retiring today		
- Males	21.3	22.3
- Females	23.6	24.8
Retiring in 20 years		
- Males	23.0	24.5
- Females	25.4	27.1

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019 £'000	2018 £'000
Discount rate + 0.1%	6,103	4,658
Discount rate - 0.1%	6,425	4,903
Mortality assumption + 1 year	6,498	4,935
Mortality assumption - 1 year	6,035	4,628
Salary rate + 0.1%	6,282	4,795
Salary rate - 0.1%	6,242	4,763
Pension rate + 0.1%	6,404	4,887
Pension rate - 0.1%	6,124	4,674

#### Defined benefit pension scheme net liability

Scheme assets	2,713	2,125
Scheme obligations	(6,262)	(4,779)
Net liability	(3,549)	(2,654)



# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

The Academy Trust's share of the assets in the scheme	2019 Fair value £'000	2018 Fair value £'000
Equities	1,710	1,353
Bonds	153	124
Gilts	149	114
Cash	79	72
Property	217	189
Other assets	405	273
Total market value of assets	<u>2,713</u>	<u>2,125</u>

The actual return on scheme assets was £194,000 (2018: £113,000).

Amount recognised in the Statement of Financial Activities	2019 £'000	2018 £'000
Current service cost	554	610
Past service cost	81	-
Interest income	(62)	(47)
Interest cost	128	119
Total operating charge	<u>701</u>	<u>682</u>

Changes in the present value of defined benefit obligations	2019 £'000
At 1 September 2018	4,779
Current service cost	553
Interest cost	128
Employee contributions	94
Actuarial loss/(gain)	634
Benefits paid	(7)
Past service cost	81
At 31 August 2019	<u>6,262</u>

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 19 Pension and similar obligations

#### Changes in the fair value of the Academy Trust's share of scheme assets

	<b>2019</b>
	<b>£'000</b>
At 1 September 2018	2,125
Interest income	61
Actuarial gain	132
Employer contributions	308
Employee contributions	94
Benefits paid	(7)
	<hr/>
At 31 August 2019	<u>2,713</u>

### 20 Reconciliation of net expenditure to net cash flow from operating activities

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Net expenditure for the reporting period (as per the statement of financial activities)	(1,350)	(2,007)
Adjusted for:		
Capital grants from DfE and other capital income	(103)	(29)
Investment income receivable	-	(1)
Defined benefit pension costs less contributions payable	327	329
Defined benefit pension scheme finance cost	66	72
Depreciation of tangible fixed assets	633	633
Decrease/(increase) in stocks	2	(20)
Decrease in debtors	65	119
Increase/(decrease) in creditors	251	(69)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<u>(109)</u>	<u>(973)</u>

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 21 Commitments under operating leases

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>General leases</b>		
Amounts due within one year	24	8
Amounts due in two and five years	23	5
	<u>47</u>	<u>13</u>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>PFI Agreement</b>		
Amounts due within one year	1,282	1,215
Amounts due in two and five years	5,129	4,859
Amounts due after five years	16,669	17,008
	<u>23,080</u>	<u>23,082</u>

The Academy was built under a Private Finance Initiative (PFI) agreement between Essex County Council and Skanska UK Plc. The PFI contract remains between Essex County Council and Skanska UK Plc but the Trust has agreed to the following payment arrangements with Essex County Council. The Trust will pay:

The Affordability Gap, being the sum of money specifically allocated to the academy for the purposes of the PFI payments. Each year's allocation will increase by RPI for the remainder of the PFI contract. The Trust is fully funded for these payments via its grant funding from ESFA.

The Academy Contribution, being the amount which the Trust pays to Essex County Council as contribution towards the PFI facilities management contract. Each year's allocation will increase by RPI for the remainder of the PFI contract.

The commitment under the agreement with Essex County Council is included above (being 18 years of the current annual commitment of £1,282k (2018: £1,215k)). The trustees take the view that the substance of the arrangement is such that the principal rights and obligations under the contract remain with Essex County Council. Accordingly, commitments to future payments are not recognised as a liability.

# TAKELY EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 22 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

During the period the Academy Trust incurred expenditure of £390 (2018: £750) and received income of £34,327 (2018: £3,870) from Benfleet Schools Trust (a company registered in England and Wales, company no. 07561574). Benfleet Schools Trust is a related party by virtue of it being a member of the Takely Education Trust. No balances were outstanding at 31 August 2018.

During the year the Academy Trust paid £1,100 (2018: £nil) to H Luckman, a trustee of the Academy Trust for educational consultancy work. No balances were outstanding at 31 August 2019.

J Reynolds is employed by the Academy Trust and is related to T Reynolds (a Trustee). J Reynolds' appointment was made in open competition and T Reynolds was not involved in the decision making process regarding appointment. J Reynolds is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Trustee.

In entering into these transactions, the academy trust has complied with the requirements of the Academies' Financial Handbook.

#### 23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

#### 24 Going concern

The governors have adopted the going concern basis of accounting in respect of these accounts. This assumes that the academy will be able to continue to operate for a period of at least one year from the date of approval of the accounts. The governors are confident that a programme of cost cutting measures which has already been started, can be implemented over the coming years to ensure that the academy can continue to operate. The budgets for the next 3 years are in surplus for each of the years. Governors are also confident that, in the short term, cash flow can be managed while the programme of cost cutting takes effect, so that the balance at bank remains in credit.