

Registration number: 7353824

The Spencer Academies Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019

The Spencer Academies Trust

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The Spencer Academies Trust

Reference and Administrative Details

Members	A Talbot J Wilkinson (resigned 25 June 2019) M Thompson J Dale (resigned 16 December 2019) K Vere (appointed 16 December 2019)
Trustees	M Thompson P West M Batchelor D Kinderman J Smith P Marples (resigned 12 October 2018) T Preston K Vere (resigned 16 December 2019) N Kerr-Gilbert G Weightman J Dale (appointed 16 December 2019) N Rowson (appointed 16 December 2019)
Chief Executive Officer	P West
Company Secretary	K Godfrey
Executive Leadership Team	S Mitchell, Chief Operating Officer A O'Brien, Trust Director of Primary Education F Mitchell, Trust Director of Secondary Education L Cox, Trust Director of Quality & Standards R Metters, Director of Teaching School & Professional Partnership K Godfrey, Head of Compliance and Governance T Elward, Director of Derby Research School, and George Spencer Teaching School Alliance
Principal and Registered Office	George Spencer School Arthur Mee Road Stapleford Nottingham Nottinghamshire NG9 7EW
Company Registration Number	7353824

The Spencer Academies Trust

Reference and Administrative Details (continued)

Auditors Beever and Struthers
Chartered Accountants and Statutory Auditors
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Bankers Natwest PLC
13-17 Derby Road
Nottingham
NG1 9HR

Solicitors Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019

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

The Trust currently comprises of 20 schools, - 8 secondary, 11 primary and one special primary, although at the end of the financial year under review the Trust had 17 schools - 8 secondary and 9 primary. 3 secondary schools and 2 primary schools joined the Trust during the year.

Primary	Date joined in year	Secondary	Date joined in year
Ashwood Spencer	01 Nov 2018	Arnold Hill Academy	01 Oct 2018
Chetwynd Primary Academy		Derby Moor Academy	
Fairfield Primary School		Farnborough Academy	01 Oct 2018
Glenbrook Primary School		George Spencer Academy	
Hilton Primary School	01 Oct 2018	Heanor Gate Science College	
Inkersall Primary Academy		John Port Spencer Academy	
Sunnyside Spencer Academy		Long Field Academy	
Wyndham Primary Academy		Rushcliffe School	01 Oct 2018
Portland Spencer Academy			
The Mease Spencer Academy	Opened 01 Sept 2019		
Chellaston Fields Spencer Academy	Opened 01 Sept 2019		
St Giles Special School	01 Nov 2019		

The schools have a combined pupil Capacity of 15,505 and had a roll of 15,186 in September 2018.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 7353824.

The Directors act as the trustees for the charitable activities of The Spencer Academies Trust and are also the directors of the charitable company for the purposes of company law.

Details of the Directors who served throughout the year except as noted 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 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.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

The number of Trustees shall be not less than three and (unless determined by ordinary resolution) shall not be more than fourteen. The articles of association set out the categories of Trustees and includes the following:

- up to 6 Trustees appointed by the members
- the Chief Executive Officer
- Parent Trustees
- any Additional Trustees appointed by the Secretary of State
- up to 2 Trustees, if appointed by the Secretary of State in accordance with the terms of any Relevant Funding Agreement.

The number of Trustees (including the Chief Executive Officer) appointed by the Members who are employees of the company may not exceed one third of the total number of Trustees.

The Trustees appoint separate committees known as Local Governing Bodies (LGB) for each Academy, which each operate according to the Scheme of Delegation. The establishment, terms of reference, constitution and membership of any committee of the Trustees or LGB's may be reviewed annually.

The Trustees listed on page 1 appoint Governors to each Academy LGB according to the Scheme of Delegation.

The term of office for any Trustees or Governor will be 4 years, except that this time limit does not apply to the CEO, Principal or Head of Academy. Any Trustees or Governor can be re appointed or re elected, subject to remaining eligible for the role.

Policies and procedures adopted for the induction and training of Trustees

All Trustees are expected to undertake a full induction with the Trust upon their appointment, and will be given relevant supporting documentation. This induction programme intends to provide information on the Trust, its schools, its activities, staff, achievements, and the responsibilities expected of the Trustees.

All Trustees and Governors are provided with policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role effectively, as well as training sessions provided by the Trust procured through the National Governors Association and other providers as appropriate.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Organisational structure

Trustees are responsible for strategic core governance functions, including:

- ensuring clarity of vision, ethos and strategic direction
- holding the Chief Executive Officer (CEO) and the Executive team, our Principals/Head of Schools to account for the educational performance of our schools, pupils and staff; and
- overseeing the financial performance of the Trust and our schools and ensuring that funds entrusted to SAT are spent in compliance with statutory requirements

Each Academy operates under the Scheme of Delegation, which can be viewed at www.satrust.com

Local Governing Bodies are responsible for ensuring their Academy operates within the Trust wide Scheme of Delegation.

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

The CEO of the Trust holds the position of Accounting Officer and his statement is included within this report. The Executive Leadership team are responsible for ensuring the educational outcomes, and strategic vision of the Trust throughout the Academies.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for the remuneration of key personnel are set out in the Trust's Pay Policy which is reviewed annually and ratified by the Trustees. The Pay Policy sets out the framework for decisions on all pay including senior management staff. The policies development is in line with current employment registration and considers the recommendations of the School Teachers' Pay and conditions Document (STPCD). The pay policy sits alongside the Trust Appraisal and capability policy which, when combined determine the process for assessing the performance and development needs of employees, as well as their eligibility for performance related pay and pay awards, against agreed objectives.

The remuneration of the CEO is set and performance monitored by the Board of Trustees. There are no remuneration payments to Trustees.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1

Percentage of time spent on facility time

Percentage of time	Number of employees
51%-99%	2

Percentage of pay bill spent on facility time

	2019
Provide the total cost of facility time	61,929
Provide the total pay bill	59,181,653

Paid trade union activities

	2019
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100

Trustees should refer to Statutory Instrument 2017 No. 328, The Trade Union Facility Time Publication Requirements Regulations 2017 for calculation details.

Connected organisations, including related party relationships

There are no connected organisations. Related Party Transactions are detailed in note 27.

Objectives and activities

Objects and aims

The Trust's Objects, as disclosed in our Articles of Association are:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools (the "Academies") offering a broad and balanced curriculum; and
- to promote for the benefit of individuals living in the East Midlands and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Objectives, strategies and activities

The Trust is focused on providing a high quality, effective education to all its students leading to improved life chances through raising aspirations and fulfilling potential of all pupils within the Trust. The Trust has continued to support and challenge its Academies to ensure that all pupils are able to fulfil their potential, and to ensure that the Trust continues to develop world-class system leaders in pupils, staff and the wider community.

Public benefit

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Achievements and performance

In 2018-19 the Trust continued to be a leading provider of education across the East Midlands, and further cemented its position as a leading player in the sector, with a strong regional presence and a growing national reputation for excellence.

The Trust has continued to improve the life choices of its students through continued good progress and attainment across all phases.

During the year 1 of the Trust Schools has been inspected by OFSTED, maintaining a 'Good' grading overall, with a re-inspection in October 2019 to Outstanding, making the Trust Academies Good or better with the exception of Inkersall Primary Academy.

The Trust continues to be at the forefront of collaborative and progressive education practices, with the School Centred Initial Teacher Training , the George Spencer Teaching Schools Alliance, East Midlands West Maths Hub, Derby Opportunity Area Research School and Expansion of the licence held for Nationals Professional Qualifications to include Middle and Senior Leaders, Heads and Executive Leaders.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

OFSTED Ratings

Name of school	Date joined Trust	Latest OFSTED inspection
George Spencer Academy	Sep-11	Outstanding - May 2015
Chetwynd Primary Academy	Apr-12	Good - July 2018/Outstanding – November 2019
Fairfield Primary Academy	Sep-13	Good - August 2016
Portland Spencer Academy	Feb-14	Good, outstanding for leadership & behaviour - January 2017
Glenbrook Primary School	Apr-14	Good - February 2017
Sunnyside Spencer Academy	May-14	Good, outstanding for leadership and behaviour - July 2017
Heanor Gate Science College	Sep-14	Good - March 2017
Wyndham Primary Academy	Sep-14	Outstanding - May 2014
Long Field Academy	Jun-15	Good - February 2018
Inkersall Primary School	Sep-15	Requires Improvement, Good for Leadership - April 2018
Derby Moor Academy	Jan-18	Not yet inspected
John Port Spencer Academy	Feb-18	Not yet inspected
Arnold Hill Academy	Oct-18	Not yet inspected
Farnborough Academy	Oct-18	Not yet inspected
Hilton Primary School	Oct-18	Not yet inspected
Rushcliffe School	Oct-18	Outstanding - February 2014
Ashwood Spencer Academy	Nov-18	Not yet inspected
Chellaston Fields Spencer Academy	Sept-19	Not yet inspected
The Mease Hilton Spencer Academy	Sept-19	Not yet inspected
St Giles Special School	Nov-19	Outstanding – December 2016

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Primary Progress and Attainment

Writing	2018	2019	National	FFT 20	FFT 5
Ashwood	60%	67%	78%	78%	83%
Chelwynd	93%	93%	78%	89%	92%
Fairfield	88%	83%	78%	87%	90%
Glenbrook	67%	81%	78%	77%	83%
Hilton	90%	85%	78%	89%	92%
Inkersall	78%	81%	78%	84%	89%
Portland	82%	82%	78%	82%	87%
Sunnyside	89%	79%	78%	76%	81%
Wyndham	86%	84%	78%	87%	91%

Maths	2018	2019	National	FFT 20	FFT 5
Ashwood	30%	51%	79%	78%	84%
Chelwynd	97%	95%	79%	87%	92%
Fairfield	81%	83%	79%	86%	90%
Glenbrook	67%	70%	79%	75%	81%
Hilton	81%	85%	79%	89%	93%
Inkersall	85%	74%	79%	87%	91%
Portland	85%	85%	79%	81%	87%
Sunnyside	100%	79%	79%	78%	84%
Wyndham	84%	86%	79%	86%	90%

Reading	2018	2019	National	FFT 20	FFT 5
Ashwood	37%	48%	73%	76%	82%
Chelwynd	98%	92%	73%	87%	91%
Fairfield	80%	68%	73%	85%	89%
Glenbrook	67%	70%	73%	75%	80%
Hilton	83%	76%	73%	87%	91%
Inkersall	87%	56%	73%	83%	87%
Portland	85%	74%	73%	80%	85%
Sunnyside	94%	63%	73%	75%	81%
Wyndham	84%	74%	73%	84%	89%

Combined	2018	2019	National	FFT 20	FFT 5
Ashwood	25%	34%	65%	66%	74%
Chelwynd	90%	85%	65%	79%	85%
Fairfield	71%	67%	65%	78%	84%
Glenbrook	64%	63%	65%	64%	72%
Hilton	73%	70%	65%	81%	86%
Inkersall	76%	50%	65%	78%	83%
Portland	80%	69%	65%	70%	78%
Sunnyside	83%	63%	65%	65%	72%
Wyndham	77%	72%	65%	76%	83%

	Ashwood	Chelwynd	Fairfield	Glenbrook	Hilton	Inkersall	Portland	Sunnyside	Wyndham
Whole cohort	82	60	99	57	113	62	61	24	58
FSM6									
No	51	4	20	37	16	21	27	11	39
FSM6 %	62.2%	6.7%	20.2%	64.9%	14.2%	33.9%	44.3%	45.8%	67.2%

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Secondary Progress and Attainment

GCSE RESULTS 2018	Based on SAT 5 schools 2017-18						Schools joined SAT 2018-19			Trust Overall w 8 schools
	SAT Overall (5 schools)	Derby Moor	George Spencer	Hearon Gate	John Port	Long Field	Rushcliffe	Farnborough	Arnold Hill	
NOR 2018	1101	247	229	213	314	98	230	145	245	1721
NOR 2019	1132	245	247	230	305	105	234	133	222	1721
GCSE Grade 4+ Eng & Ma 2018	69% (66%)	62% (59%)	73% (76%)	71% (61%)	76% (69%)	50% (60%)	84% (88%)	48% (32%)	73% (70%)	70% (N/A)
GCSE Grade 4+ Eng & Ma 2019 inc remarks		67%	74%	67%	78%	61%	85%	38%	67%	70%
4+ England/ LA average 2018		59.2% (Derby)	66.6% (Notts)	64.2% (Derbys)	64.2% (Derbys)	67.1% (Leics)	66.6% (Notts)	54.4% (Nottm City)	66.6% (Notts)	64.2% (Eng)
4+ England/ average 2019 (prov)		64% (Eng)	64% (Eng)	64% (Eng)	64% (Eng)	64% (Eng)	64% (Eng)	64% (Eng)	64% (Eng)	64% (Eng)
GCSE Grade 5+ Eng & Ma 2018	50% (44%)	42% (40%)	55% (55%)	46% (38%)	60% (45%)	32% (36%)	67% (66%)	28% (13%)	52% (51%)	51% (N/A)
GCSE Grade 5+ Eng & Ma 2019 inc remarks		47%	49%	44%	55%	61%	65%	20%	42%	51%
5+ England LA/average 2018	39.9% (Eng)	38% (Derby)	45.2% (Notts)	42.6% (Derbys)	42.6% (Derbys)	43.4% (Leics)	45.2% (Notts)	32.5% (Nttm City)	45.2% (Notts)	39.9% (Eng)
5+ England LA/average 2019		38% (Derby)	45% (Notts)	43% (Derbys)	43% (Derbys)	43.7% (Leics)	45% (Notts)	32.3% (Nttm City)	45% (Notts)	43% (Eng)
Progress score 2018	+0.09 (-0.03)	-0.01 (-0.06)	0.34 (0.37)	0.27 (-0.21)	-0.01 (-0.21)	-0.3 (0.08)	0.56 (0.53)	-0.69 (-0.96)	+0.14 (-0.16)	0.10 (N/A)
Progress score 2019 (pre remarks)		0.27	0.13	-0.14	0.04	-0.01	0.55	-0.81	0.14	0.09
Progress score Eng or LA average 2018	-0.02 (Eng)	-0.18 (Derby)	-0.02 (Notts)	-0.23 (Derbys)	-0.23 (Derbys)	-0.03 (Leics)	-0.02 (Notts)	-0.27 (Nottm City)	-0.02 (Notts)	-0.02 (Eng)
2019 (Prov)	-0.03 (Eng)	-0.24 (Derby)	0.05 (Notts)	-0.2 (Derbys)	-0.2 (Derbys)	-0.06 (Leics)	0.06 (Notts)	-0.15 (Nottm City)	0.05 (Notts)	-0.03 (Eng)

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Key non-financial performance indicators

The Trust Board adopts a holistic view to measuring performance of the Trust and its Academies ensuring that they are not measured on financial performance alone. All Academies within the Trust are tracked across the following metrics: OFSTED grading, academic attainment and progress of the cohorts, number on roll versus capacity, attendance, pupil and staff turnover, and financial stability and sustainability.

Over the 2018/ Academic year the Trust has continued to nurture an ethos of collaborative working within phases, allowing Academies and Trust Executive Leadership Team to improve benchmarking and Quality Assurance to better improve the provision of education in all Academies. The Trust continues to expand the collaborative approach to better understand the impact of transition on both Primary and Secondary pupils and improve the experience by all of its cohorts as they progress.

Going concern

After making appropriate enquiries, the Governing Body 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 Accounting Policies.

Financial review

This set of accounts lays out the financial performance for the Trust for the year ended to 31 August 2019. Funding is primarily received through the Funding Agreements that the Trust has with the Secretary of State for each school within the Trust. This funding is based upon the number of students on each school's roll, and is restricted for expenditure solely for the purposes of meeting the terms of the Funding Agreement. Funding is lagged for 12 months.

Revenue expenditure during the period has been overseen by the Executive Leadership of the Trust, along with the Principal of the Academies. Capital expenditure, funded by the Multi Academy Trust School Condition Allocation has been overseen and directed by the Trust Executive Leadership Team in line with the strategic forward plan for the Trust as a whole. The Board of Directors has oversight of financial reports, and holds the view that expenditure has been effectively managed in line with the Trust's financial policies and procedures, and has been of a prudent, fair and reasonable nature.

The majority of revenue expenditure has been in relation to staffing costs, both teaching and support, as is reasonably expected within academies.

At 31 August 2019 the Trust had a net surplus of £51,412k (2018: £84,600k), however this includes donated assets of £72,785k (2018: £85,816k) for buildings at Ashwood Spencer Academy, Hilton Primary School, Arnold Hill Academy, Farnborough Academy and Rushcliffe School.

The Trust has received £3,563k (2018: £1,346k) in Capital grants through the Multi-Academy Trust School Condition Allocation of which £1,461k is restricted to spent on fixed assets.

Cash balances for the Trust were £11,617k at year end (2018: £7,822k).

Pension Liabilities have increased in the year, following addition of new academies and pension assessments by the respective Local Authorities, to £36,951k (2018: £15,167k) overall.

The Balance Sheet as at 31 August 2019 has a positive position with net assets, excluding pension liability, amounting to £221,728k (2018: £148,532k).

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Reserves policy

It is the responsibility of the Directors to ensure that the Trust is able to continue to operate on a going concern basis, and its constituent Academies.

The Directors have established a policy to monitor reserves, by individual Academy, and as a whole, to ensure they are maintained at an appropriate level. Where the Directors feel that additional support is required to improve an individual reserve this is provided by the Executive Leadership Team in collaboration with the Directors and Academy Senior Leadership.

At all times the Directors consider the benefit of utilising reserves for long term investment in the Trust Activities whilst minimising the risk to cash flow. The accumulation of healthy reserves allows the Trust to be reactive to the changing landscape and invest where necessary, in changes to curriculum delivery and facilities development without impact on the current year budget.

As at 31 August 2019 the Trust held total funds of £184,777k, which includes; £4,746k restricted funds (excluding pension reserves) not available for general purposes of the Trust; £3,432k of free unrestricted reserves available for general use; and £213,550k of fixed asset restricted reserves which can only be realised on the disposal of tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £8,178k.

Investment policy

Due to the nature of the funding cycle, the Trust, may at times, hold large cash balances which may not be required for immediate use. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Principal risks and uncertainties

The Trustees have considered the major risks to which the Trust is exposed over the coming period and have reviewed the risks accordingly.

The Trustees have established an Audit and Risk Committee to review the risks to the Trust and propose actions to mitigate these risks.

The principal risks to the Trust as identified to date are:

- Impact in real terms of proposed changes to the Funding Formulae.

The Trust continues to reforecast the current, and long term, budgets in line with published changes to funding across, General Annual Grant, Pupil Premium, LA funding and additional funding grants (Teachers' Pension and Teachers' Pay Grants) and continues to review the projections. This allows for reallocation of funds as required to maintain financial sustainability and Educational Progress.

- Failure to deliver positive outcomes

The Trust monitors current progress and attainment throughout the year, benchmarking against known comparators, and working in collaboration both within and without, to ensure that educational outcomes are positive and all pupils achieve their potential.

- Reduction in student numbers across the Trust.

The Trust wide approach to educational outcomes, as well as the whole child approach, ensures that our Academies remain a desirable option for parents, minimising the risk of the falling roles across the schools.

The Trustees have identified specific actions with regard to each of these areas, and they are reviewed alongside the general risks at Audit and Risk Committee meetings and form part of the risk register.

Fundraising


The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Auditor

In so far as the Trustees are aware:

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

This Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the board of trustees on and signed on its behalf by:


.....
D Kinderman
Trustee

The Spencer Academies Trust

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to P West, 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 Spencer Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year.

Attendance during the year at meetings of the Board of Trustees and constituent sub committees, was as follows:

Trustee	Meetings attended	Out of a possible
P Marples	1	1
D Kinderman	5	5
G Weightman	2	5
J Smith	3	5
K Vere	0	5
M Batchelor	5	5
M Thompson	1	5
N Kerr-Gilbert	5	5
P West	5	5
T Preston	2	5

There have been five sub-committees of the Board of Trustees for the year ended 31 August 2019, Resources (Finance, Personnel and Capital), Quality & Standards, Resources, and Remuneration.

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure appropriate action is taken to secure ongoing financial viability at Trust Level, through providing strategic guidance, support and challenge around all areas of Trust resources, including, but not limited to, financial procedures and process, effective management and deployment of government grants, capital maintenance programs, staffing structures, budget setting, ratification and review. Attendance at meetings during the year was as follows:

The Spencer Academies Trust
Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
P Marples	1	1
G Weightman	3	3
D Kinderman	3	3
J Smith	3	3
T Preston	2	3
P West	3	3
M Thompson	1	3
K Vere	2	3

The Quality and Standards Committee is also a sub-committee of the main Board of Trustees. Its purpose is Monitor and evaluate the Trust's school improvement model, and ensure that standards or progress and attainment are maintained and improved across the Trust academies.

Attendance at the Quality and Standards committee in the year was as follows:

Trustees	Meetings attended	Out of a possible
M Bachelor	3	3
N-J Kerr-Gilbert	2	3
D Kinderman	3	3
P West	3	3

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to review the financial and other statutory returns of the Trust, and to hold the Executive to account for compliance with the regulations of the Academies Financial Handbook, and other requirements. Attendance at the Audit Committee in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Batchelor	3	3
J Smith	3	3
T Preston	1	3
P West	3	3

The Spencer Academies Trust

Governance Statement (continued)

The Estates Committee is a subcommittee of the Board of Directors. Its purpose is to review and monitor the maintenance and development of the Trust's estate and to hold the Executive to account on matters relating to the Estates and Health and Safety It met four times during the year, with attendance as follows:

Trustees	Meetings attended	Out of a possible
M Bachelor	4	4
D Kinderman	4	4
G Weightman	4	4
P West	4	4
J Smith	4	4

The Remuneration Committee has the delegated powers to review remuneration for the CEO and other senior staff with remuneration above the levels set out in the Scheme of Delegation. It met once during the year, with attendance as follows:

Trustees	Meetings attended	Out of a possible
M Bachelor	1	1
M Thompson	1	1
D Kinderman	1	1
P West	1	1

The Spencer Academies Trust

Governance Statement (continued)

Review of value for money

As Accounting Officer the member 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 community 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 available. The Accounting Officer for the academy trust has delivered improved value for money during the year as below:

The Trust is committed to raising attainment and progress and for continuously improving the education received by all its pupils.

The Trust has implemented a dedicated central team to deliver in house centralised business function support to allow for consistent low cost finance, HR, payroll and recruitment functions allowing the Academies to focus on Teaching and Learning objectives.

Centralised Procurement is enabled through the Trust Central Team, allowing for economies of scale, ensuring best value and cost savings are realised within the Academies.

The Trust takes a deliberate and focussed approach to collaboration across the Trust; sharing best practice across all phases. Trust Wide Continuous Professional Development and implementations of multi academy processes for reviewing, monitoring and implementing impacts of intervention to maximise benefit to students helps to ensure the maximum realisation of potential across all pupils.

The financial performance of the Trust has been sound over the year, against a backdrop of tightening funding and increased operational costs, and the Trust's reserves remain healthy. The Board is committed to ensuring that the students across the Trust are advantaged by being part of the Trust and therefore ensure that the reserves are deployed into appropriate projects to benefit our students, whilst being mindful of the need to maintain a healthy reserves position to ensure financial stability.

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 ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Spencer Academies 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 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Spencer Academies Trust
Governance Statement (continued)

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 Trustees;
- regular reviews by the Finance and General Purposes Committee of each Academy of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- to appoint Haines Watts Chartered Accountants as internal auditor from 2018/19.

In the Year 2018/19 Haines Watts have undertaken a review of the financial regulations in place, and have drawn up an internal audit schedule to cover the principal risks to the Trust, a schedule of reviews are in place for Risk and Financial Controls, with Payroll and Health and Safety to Be undertaken in Spring Term 2020, with IT strategy in Summer 2020.

Review of Effectiveness

As Accounting Officer, P West, has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trustees 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 Trustees on 16/12/19 and signed on its behalf by:



.....
D Kinderman
Trustee



.....
P West
Chief Executive Officer

The Spencer Academies Trust

Statement on Regularity, Propriety and Compliance

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

I confirm that I and the academy trust Board of Trustees 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 Governing Body and ESFA.



P West
Accounting Officer

Date: 16/12/19

The Spencer Academies Trust

Statement of Trustees' Responsibilities

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

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

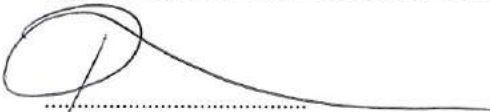
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board on 16/12/19 and signed on its behalf by:



D Kinderman
Trustee

The Spencer Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of The Spencer Academies Trust

Opinion

We have audited the financial statements of The Spencer Academies Trust (the 'Academy Trust') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its results 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.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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.

The Spencer Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of The Spencer Academies Trust (continued)

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 Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 21, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy Trust's internal control.

The Spencer Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of The Spencer Academies Trust (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy Trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy Trust audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Beever and Struthers

.....
Sue Hutchinson (Senior Statutory Auditor)
For and on behalf of Beever and Struthers, Statutory Auditor

Chartered Accountants and Statutory Auditors
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Date:..... *20/12/19*

The Spencer Academies Trust

Independent Reporting Accountant's Report on Regularity to The Spencer Academies Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 22 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Spencer Academies Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of Trustees' funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 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 and testing of financial systems of internal control;
- Sample testing of transactions;
- Discussions with management.

The Spencer Academies Trust

Independent Reporting Accountant's Report on Regularity to The Spencer Academies Trust and the Education & Skills Funding Agency (continued)

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 year from 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.

Beever and Struthers

.....
Sue Hutchinson

For and on behalf of Beever and Struthers, Chartered Accountants

Chartered Accountants and Statutory Auditors

St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Date:.....20/12/19

The Spencer Academies Trust

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000	
Income and endowments from:						
Voluntary income						
Donations and capital grants	2	-	2,284	1,461	3,745	1,383
Transfers on conversion	29, 32	1,910	(9,228)	72,785	65,467	83,193
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations						
	3	2,191	74,003	-	76,194	42,196
Teaching schools		-	1,569	-	1,569	1,197
Other trading activities	4	322	2,197	-	2,519	1,513
Investments	5	32	-	-	32	11
Total	<u>4,455</u>	<u>70,825</u>	<u>74,246</u>	<u>149,526</u>	<u>129,493</u>	
Expenditure on:						
Raising funds	6	48	2,454	-	2,502	918
<i>Charitable activities:</i>						
Academy trust educational operations						
	7	3,082	76,785	4,489	84,356	46,462
Teaching schools	30	-	1,597	-	1,597	1,087
Total	<u>3,130</u>	<u>80,836</u>	<u>4,489</u>	<u>88,455</u>	<u>48,467</u>	
Net income/(expenditure)		1,325	(10,011)	69,757	61,071	81,026
Transfers between funds		-	(110)	110	-	-
Other recognised gains and losses						
Actuarial gains/(loss) on defined benefit pension schemes	26	-	(9,659)	-	(9,659)	3,574
Net movement in funds/(deficit)		1,325	(19,780)	69,867	51,412	84,600
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2018		<u>2,107</u>	<u>(12,425)</u>	<u>143,683</u>	<u>133,365</u>	<u>48,765</u>
Total funds/(deficit) carried forward at 31 August 2019		<u>3,432</u>	<u>(32,205)</u>	<u>213,550</u>	<u>184,777</u>	<u>133,365</u>

The Spencer Academies Trust
(Registration number: 7353824)
Balance Sheet as at 31 August 2019

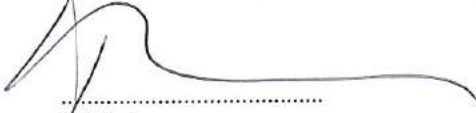
	Note	2019 £ 000	2018 £ 000
Fixed assets			
Intangible assets	12	43	-
Tangible assets	13	<u>213,966</u>	<u>143,683</u>
		<u>214,009</u>	<u>143,683</u>
Current assets			
Debtors	14	3,491	1,628
Cash at bank and in hand		<u>11,617</u>	<u>7,822</u>
		15,108	9,450
Creditors: Amounts falling due within one year	15	<u>(6,930)</u>	<u>(4,316)</u>
Net current assets		<u>8,178</u>	<u>5,134</u>
Total assets less current liabilities		222,187	148,817
Creditors: Amounts falling due after more than one year	16	<u>(459)</u>	<u>(285)</u>
Net assets excluding pension liability		221,728	148,532
Pension scheme liability	26	<u>(36,951)</u>	<u>(15,167)</u>
Net assets including pension liability		<u>184,777</u>	<u>133,365</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund	17	4,746	2,742
Restricted fixed asset fund	17	213,550	143,683
Restricted pension fund	17	<u>(36,951)</u>	<u>(15,167)</u>
		181,345	131,258
Unrestricted funds			
Unrestricted general fund	17	<u>3,432</u>	<u>2,107</u>
Total funds		<u>184,777</u>	<u>133,365</u>

The Spencer Academies Trust

(Registration number: 7353824)

Balance Sheet as at 31 August 2019 (continued)

The financial statements on pages 27 to 59 were approved by the Trustees, and authorised for issue on 16/12/19 and signed on their behalf by:



.....
D Kinderman
Trustee



.....
P West
Chief Executive Officer

The Spencer Academies Trust

Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Net cash provided by operating activities	21	1,881	3,014
Cash flows from investing activities	23	1,745	233
Cash flows from financing activities	22	<u>169</u>	<u>265</u>
Change in cash and cash equivalents in the year		3,795	3,512
Cash and cash equivalents at 1 September		<u>7,822</u>	<u>4,310</u>
Cash and cash equivalents at 31 August	24	<u><u>11,617</u></u>	<u><u>7,822</u></u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

Basis of preparation

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

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 company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are spent on capital projects in line with the terms and conditions of the grant. 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.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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.

Transfer on conversion

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

Transfer of existing academies into the trust

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

Donated fixed assets

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

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.

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.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Intangible fixed assets

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

Asset class	Amortisation method and rate
Computer software	3 years straight line

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

Asset class	Depreciation method and rate
Freehold property	50 years straight line
Long-term Leasehold property	10-75 years straight line
Motor vehicles	4 years straight line
Furniture and Fixtures	8 years straight line
Computer equipment	3 years straight line

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.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Provisions

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

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

Leased assets

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

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.

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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.

Agency accounting

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 28.

2 Donations and capital grants

	Restricted funds £ 000	Restricted fixed asset funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Other voluntary income				
Capital grants	2,102	1,461	3,563	1,346
Other donations	182	-	182	37
	<u>2,284</u>	<u>1,461</u>	<u>3,745</u>	<u>1,383</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
DfE/ESFA revenue grants				
General Annual Grant	-	64,956	64,956	35,206
Other DfE/ESFA grants	-	6,426	6,426	3,868
	<u>-</u>	<u>71,382</u>	<u>71,382</u>	<u>39,074</u>
Other government grants				
SCITT	-	5	5	-
Local authority grants	-	2,556	2,556	2,077
Special educational projects	-	2	2	-
	<u>-</u>	<u>2,563</u>	<u>2,563</u>	<u>2,077</u>
Non-government grants and other income				
Other income from the Academy Trust's educational operations	2,191	58	2,249	1,045
Total grants	<u>2,191</u>	<u>74,003</u>	<u>76,194</u>	<u>42,196</u>

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Hire of facilities	304	-	304	91
Academy trips	-	1,862	1,862	971
Other sales	18	167	185	451
Income from other charitable activities	-	168	168	-
	<u>322</u>	<u>2,197</u>	<u>2,519</u>	<u>1,513</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

5 Investment income

	Unrestricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Interest Received	32	32	11

6 Expenditure

	Non Pay Expenditure			2018/19	2017/18
	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total £ 000	Total £ 000
Expenditure on raising funds					
Direct costs	-	-	44	44	17
Allocated support costs	-	-	2,458	2,458	901
Academy's educational operations					
Direct costs	51,574	1,972	4,451	57,997	33,162
Allocated support costs	10,981	8,158	7,220	26,359	13,300
Teaching School	1,002	-	595	1,597	1,087
	63,557	10,130	14,768	88,455	48,467

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

6 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2018/19 £ 000	2017/18 £ 000
Operating lease rentals	149	32
Depreciation	4,307	2,672
Amortisation of intangible fixed assets	22	-
Fees payable to auditor - audit	37	23
- other audit services	8	8
	8	8

7 Charitable activities

	2018/19 £ 000	2017/18 £ 000
Direct costs - educational operations	57,997	33,162
Support costs - educational operations	26,359	13,300
	84,356	46,462

	Educational operations £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Analysis of support costs			
Support staff costs	10,981	10,981	6,444
Depreciation	2,517	2,517	764
Technology costs	1,788	1,788	487
Premises costs	5,641	5,641	2,278
Other support costs	5,422	5,422	3,181
Governance costs	10	10	146
Total support costs	26,359	26,359	13,300

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Staff

Staff costs

	2018/19 £ 000	2017/18 £ 000
Staff costs during the year were:		
Wages and salaries	47,036	26,039
Social security costs	4,577	2,374
Operating costs of defined benefit pension schemes	10,666	6,028
	62,279	34,441
Supply staff costs	1,184	893
Staff restructuring costs	95	83
	63,558	35,417
	2019	2018
	£ 000	£ 000

Staff restructuring costs comprise:

Redundancy payments	44	24
Severance payments	48	59
Other restructuring costs	3	-
	95	83

Staff numbers

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

	2018/19 No	2017/18 No
Charitable Activities		
Teachers	915	526
Administration and support	1,064	684
Management	25	21
	2,004	1,231

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Staff (continued)

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2019	2018
	No	No
£60,001 - £70,000	14	2
£70,001 - £80,000	7	-
£80,001 - £90,000	2	-
£90,001 - £100,000	3	-
£100,001 - £110,000	2	2
£110,001 - £120,000	1	-
£160,001 - £170,000	-	1
£210,001 - £220,000	1	-

Key management personnel

The key management personnel of the academy trust comprise the Trustees and the Executive Leadership 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 £903,186 (2018: £922,616).

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

9 Central services

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

- Human resources
- Financial Services
- Legal services
- Educational support services
- Estates / H & S
- Others as arising

The academy trust charges for these services on the following basis:

The schools are charged a fixed percentage of GAG of 5%.

The actual amounts charged during the year were as follows:

	2019
	£ 000
George Spencer Academy	355
Wyndham Primary Academy	92
Chetwynd Primary Academy	66
Fairfield Primary Academy	99
Portland Spencer Academy	82
Glenbrook Primary School	76
Sunnyside Spencer Academy	38
Heanor Gate Science College	317
Long Field Academy	130
Inkersall Primary Academy	68
Derby Moor Academy	380
John Port Spencer Academy	432
Ashwood Spencer Academy	107
Hilton Primary School	120
Arnold Hill Academy	325
Rushcliffe School	340
Farnborough Academy	186
	<hr/>
	3,213

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

10 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The CEO and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

P West (Chief Executive Officer):

Remuneration: £215,000 - £220,000 (2018 - £155,000 - £160,000)

Employer's pension contributions: £35,000 - £40,000 (2018 - £25,000 - £30,000)

During the year ended 31 August 2019, travel and subsistence expenses totalling £1,044 (2018 - £1,221) were reimbursed or paid directly to 1 trustee (2018 - 1).

Other related party transactions involving the Trustees are set out in note 27.

11 Trustees' 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 business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2019 was £12,461 (2018 - £39,000).

The cost of this insurance is included in the total insurance cost.

12 Intangible fixed assets

	Computer software £ 000	Total £ 000
Cost		
Transfers	65	65
At 31 August 2019	65	65
Amortisation		
Charge for the year	22	22
At 31 August 2019	22	22
Net book value		
At 31 August 2019	43	43

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

13 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Plant and equipment £ 000	Assets under construction £ 000	Total £ 000
Cost						
At 1 September 2018	124,379	23,160	2,811	2,725	90	153,165
Additions	171	152	1,290	209	28	1,850
Transfer of assets - Note 27 and 30	47,488	24,446	555	79	215	72,783
Transfers	-	69	-	(65)	(69)	(65)
At 31 August 2019	<u>172,038</u>	<u>47,827</u>	<u>4,656</u>	<u>2,948</u>	<u>264</u>	<u>227,733</u>
Depreciation						
At 1 September 2018	3,589	2,608	1,366	1,919	-	9,482
Charge for the year	2,485	1,046	362	392	-	4,285
At 31 August 2019	<u>6,074</u>	<u>3,654</u>	<u>1,728</u>	<u>2,311</u>	<u>-</u>	<u>13,767</u>
Net book value						
At 31 August 2019	<u>165,964</u>	<u>44,173</u>	<u>2,928</u>	<u>637</u>	<u>264</u>	<u>213,966</u>
At 31 August 2018	<u>120,790</u>	<u>20,552</u>	<u>1,445</u>	<u>806</u>	<u>90</u>	<u>143,683</u>

14 Debtors

	2019 £ 000	2018 £ 000
Trade debtors	272	142
VAT recoverable	763	395
Other debtors	5	48
Prepayments	383	575
Accrued grant and other income	2,068	468
	<u>3,491</u>	<u>1,628</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Creditors: amounts falling due within one year

	2019	2018
	£ 000	£ 000
Trade creditors	1,883	1,499
Other taxation and social security	1,215	671
Loans	97	51
Other creditors	196	802
Accruals	1,044	400
Deferred income	1,431	893
Pension scheme creditor	1,064	-
	6,930	4,316

For details of loans see Note 16.

	2019	2018
	£ 000	£ 000
Deferred income		
Deferred income at 1 September 2018	893	785
Resources deferred in the period	1,431	893
Amounts released from previous periods	(893)	(785)
Deferred income at 31 August 2019	1,431	893

The sources of income deferred are universal infant free school meals, PE / Sports grant, Rates Relief, SEN, and trips income monies collected in advance of future academic years.

16 Creditors: amounts falling due after one year

	2019	2018
	£ 000	£ 000
Loans	459	285

Loans comprise low interest, unsecured Government funding specifically dedicated to support energy efficiency projects for the public sector and were considered the most economically advantageous way to fund the energy projects for the academy trust:

Salix Loans

The loans relate to Salix loans received from Nottinghamshire County Council. The loans are being repaid by annual instalments. The balance of Salix loans is £158k (2018: £68k).

(MAT) Pilot Loan Programme

The (MAT) Pilot Loan Programme is received from the Secretary of State for Education. The full loan facility is £410k. The amount drawdown at year end is £410k (2018: £239k). The annual repayments amount to £46k starting May 2019. The amount outstanding at the year end is £398k (2018: £217k).

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted general funds					
General Annual Grant (GAG)	1,819	64,956	(61,931)	(110)	4,734
Pupil Premium	-	3,607	(3,607)	-	-
Other grants and restricted income	227	9,921	(10,148)	-	-
Transfers on conversion	584	(656)	-	-	(72)
Teaching schools	112	1,569	(1,597)	-	84
	<u>2,742</u>	<u>79,397</u>	<u>(77,283)</u>	<u>(110)</u>	<u>4,746</u>
Restricted fixed asset funds					
Restricted fixed asset fund	143,683	74,246	(4,489)	110	213,550
Restricted pension funds					
Pension reserve	<u>(15,167)</u>	<u>(8,572)</u>	<u>(3,553)</u>	<u>(9,659)</u>	<u>(36,951)</u>
Total restricted funds	131,258	145,071	(85,325)	(9,659)	181,345
Unrestricted funds					
Unrestricted general funds	<u>2,107</u>	<u>4,455</u>	<u>(3,130)</u>	<u>-</u>	<u>3,432</u>
Total funds	<u><u>133,365</u></u>	<u><u>149,526</u></u>	<u><u>(88,455)</u></u>	<u><u>(9,659)</u></u>	<u><u>184,777</u></u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

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

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant (GAG)	-	35,228	(33,409)	-	1,819
Pupil Premium	-	2,283	(2,283)	-	-
Other grants and restricted income	(2)	4,998	(5,606)	836	226
Transfers on conversion	-	584	-	-	584
Teaching schools	2	1,197	(1,086)	-	113
	-	44,290	(42,384)	836	2,742
Restricted fixed asset funds					
Restricted fixed asset fund	60,031	87,162	(2,674)	(836)	143,683
Restricted pension funds					
Pension reserve	(12,910)	(3,782)	(2,049)	3,574	(15,167)
Total restricted funds	47,121	127,670	(47,107)	3,574	131,258
Unrestricted funds					
Unrestricted general funds	1,644	1,823	(1,360)	-	2,107
Total funds	48,765	129,493	(48,467)	3,574	133,365

A current year 12 months and prior year 12 months combined position is as follows:

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019 £ 000	2018 £ 000
George Spencer Academy	563	461
Wyndham Primary Academy	1,223	913
Chetwynd Primary Academy	(226)	(279)
Fairfield Primary Academy	680	465
Portland Spencer Academy	241	240
Glenbrook Primary School	721	524
Sunnyside Spencer Academy	(165)	(212)
Heanor Gate Science College	622	680
Long Field Academy	63	114
Inkersall Primary Academy	(145)	(152)
Derby Moor Academy	1,561	353

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

	2019	2018
	£ 000	£ 000
John Port Spencer Academy	779	682
Hilton Primary School	257	-
Arnold Hill Academy	993	-
Farnborough Academy	(223)	-
Rushcliffe School	(411)	-
Ashwood Spencer Academy	781	-
Central Services	864	1,060
Total before fixed assets and pension reserve	8,178	4,849
Fixed asset fund	213,550	143,683
Pension reserve	(36,951)	(15,167)
Total	184,777	133,365

Chetwynd Primary Academy is carrying a net deficit of £226000 on these funds because:

The deficit is a result of new classrooms being constructed. This has been financed partly by SCA monies and also an intra-trust loan of £250,000 and it is the latter that has led to the deficit in general funds. The school returned an in year surplus in line with predictions in both 2017/18 and 2018/19 and continues to project a surplus for the subsequent 3 years. In the meantime the trust as a whole has the resources to support the Academy during this phase.

Sunnyside Spencer Academy is carrying a net deficit of £165000 on these funds because:

Student numbers have risen substantially since the school joined the trust. However due to lagged funding this has created a situation whereby the number of students for which we are receiving income has always been fewer than the number we are actually having to teach. We are now moving into a situation where the funding in year is synchronised with the number of students on the roll. The school returned an in year surplus in line with predictions in both 2017/18 and 2018/19 and projects a surplus for the subsequent 3 years. In the meantime the trust as a whole has the resources to support the Academy during this phase.

Inkersall Primary Academy is carrying a net deficit of £145000 on these funds because:

We inherited a school that required significant investment and structural changes in the way it was staffed. The school returned an in year surplus in line with predictions in 2017/18 and in 2018/19 and continues to project a surplus for the subsequent 3 years. The trust as a whole has sufficient resources to support the Academy throughout this process.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

Farnborough Academy is carrying a net deficit of £223,000 on these funds because:

At the point of being sponsored by the Trust, Farnborough academy was carrying a net deficit due to inefficiencies, a reduced roll and inability to vary the estates management costs due to the existing PFI contract. The Trust will continue to support Farnborough Academy whilst it improves its educational outcomes, making it a more desirable school and improving its falling roll. Whilst doing this the Trust has sufficient scale to leverage buying power and minimise costs of resources and supplies wherever possible. The Trust is able to continue to support the Academy whilst it continues to improve its financial sustainability.

Rushcliffe School is carrying a net deficit of £411,000 on these funds because:

At the point of joining the Trust Rushcliffe School was in a net deficit position, due to inefficiencies, an increasing roll and significant investment in estates and facilities to accommodate. Rushcliffe and the Trust are working with the local authority to ensure that appropriate funding is received to accommodate additional pupils going forward. In addition to this the introduction of Curriculum led financial planning tools used at Rushcliffe have allowed for a more efficient staffing model, and close monitoring of the budget means that a Surplus in year is projected for the next 3 years. The Trust as a whole has sufficient resources to support The Academy throughout this process.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2019 £ 000	Total 2018 £ 000
George Spencer Academy	5,628	769	752	1,288	8,437	7,729
Wyndham Primary Academy	1,482	217	176	388	2,263	2,027
Chetwynd Primary Academy	1,119	201	97	226	1,643	1,426
Fairfield Primary Academy	14,736	167	162	368	2,170	2,029
Portland Spencer Academy	1,392	224	143	391	2,150	2,043
Glenbrook Primary School	1,231	189	170	266	1,856	1,678
Sunnyside Spencer Academy	684	84	66	162	996	942
Heanor Gate Science College	5,091	726	596	974	7,387	6,849
Long Field Academy	2,104	299	410	530	3,343	3,168
Inkersall Primary Academy	1,160	126	227	276	1,789	1,779
Derby Moor Academy	5,429	732	744	980	7,885	5,375
John Port Spencer Academy	6,481	735	577	1,515	9,308	5,418
Ashwood Spencer Academy	1,699	320	109	390	2,518	-
Hilton Primary School	2,146	195	102	381	2,824	-
Arnold Hill Academy	4,866	893	457	990	7,206	-
Rushcliffe School	5,617	568	1,067	1,311	8,563	-
Central services	2,186	1,405	473	2,508	6,572	3,288
Academy Trust	<u>63,051</u>	<u>7,850</u>	<u>6,328</u>	<u>12,944</u>	<u>76,910</u>	<u>43,751</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

18 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	43	43
Tangible fixed assets	-	-	213,966	213,966
Current assets	3,432	11,676	-	15,108
Current liabilities	-	(6,930)	-	(6,930)
Creditors over 1 year	-	-	(459)	(459)
Pension scheme liability	-	(36,951)	-	(36,951)
Total net assets	3,432	(32,205)	213,550	184,777

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	143,683	143,683
Current assets	2,107	7,343	-	9,450
Current liabilities	-	(4,316)	-	(4,316)
Creditors over 1 year	-	(285)	-	(285)
Pension scheme liability	-	(15,167)	-	(15,167)
Total net assets	2,107	(12,425)	143,683	133,365

19 Capital commitments

	2019 £ 000	2018 £ 000
Contracted for, but not provided in the financial statements	157	221

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

20 Commitments under operating leases

Operating leases

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

	2019	2018
	£ 000	£ 000
Amounts due within one year	373	83
Amounts due between one and five years	942	280
Amounts due after five years	863	920
	2,178	1,283

21 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2018/19	2017/18
	£ 000	£ 000
Net income	61,071	81,026
Amortisation	22	-
Depreciation	4,285	2,672
Capital grants from DfE and other capital income	(3,563)	(1,346)
Interest receivable	(32)	(11)
Defined benefit pension scheme cost less contributions payable	2,913	1,651
Defined benefit pension scheme finance cost	640	398
Increase in debtors	(1,863)	(437)
Increase in creditors	2,614	1,095
Transfers in	(64,206)	(82,034)
Net cash provided by Operating Activities	1,881	3,014

22 Cash flows from financing activities

	2018/19	2017/18
	£ 000	£ 000
Repayments of borrowing	(51)	-
Cash inflows from new borrowing	220	265
Net cash provided by financing activities	169	265

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Cash flows from investing activities

	2018/19	2017/18
	£ 000	£ 000
Interest received	32	11
Purchase of tangible fixed assets	(1,850)	(1,124)
Capital funding received from sponsors and others	3,563	1,346
Net cash provided by investing activities	<u>1,745</u>	<u>233</u>

24 Analysis of cash and cash equivalents

	2019	2018
	£ 000	£ 000
Cash at bank and in hand	<u>11,617</u>	<u>7,822</u>
Total cash and cash equivalents	<u>11,617</u>	<u>7,822</u>

25 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.

26 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 Nottinghamshire, Derbyshire and Leicestershire. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £1,064,307 (2018: £598,083) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

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

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

26 Pension and similar obligations (continued)

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

Scheme Charges

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

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

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

The employer's pension costs paid to TPS in the period amounted to £6,688,578 (2018: £2,795,592).

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 scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £3,441,000 (2018 - £1,924,000), of which employer's contributions totalled £2,626,000 (2018 - £1,443,000) and employees' contributions totalled £815,000 (2018 - £481,000).

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

26 Pension and similar obligations (continued)

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.30	2.80
Rate of increase for pensions in payment/inflation	2.30	2.30
Discount rate for scheme liabilities	<u>1.90</u>	<u>2.80</u>

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

	2019	2018
Retiring today		
Males retiring today	21.60	21.90
Females retiring today	24.10	24.40
Retiring in 20 years		
Males retiring in 20 years	23.10	23.90
Females retiring in 20 years	<u>25.80</u>	<u>26.50</u>

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

	2019	2018
	£ 000	£ 000
Equities	21,647	12,420
Gilts	660	229
Other bonds	5,452	3,036
Property	3,864	1,923
Cash and other liquid assets	1,562	823
Other	<u>1,934</u>	<u>552</u>
Total market value of assets	<u>35,119</u>	<u>18,983</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

26 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2018/19 £ 000	2017/18 £ 000
Current service cost	(4,897)	(3,093)
Past service cost	(642)	-
Interest income	853	398
Interest cost	(1,490)	(796)
Total amount recognised in the SOFA	(6,176)	(3,491)

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

	2018/19 £ 000	2017/18 £ 000
At start of period	34,150	25,387
Conversion of academy trusts	19,637	7,846
Current service cost	4,897	3,093
Interest cost	1,490	796
Employee contributions	815	481
Actuarial (gain)/loss	10,496	(3,178)
Benefits paid	(57)	(275)
Past service cost	642	-
At 31 August	72,070	34,150

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

	2018/19 £ 000	2017/18 £ 000
At start of period	18,983	12,477
Conversion of academy trusts	11,065	4,064
Interest income	855	398
Actuarial gain/(loss)	837	396
Employer contributions	2,626	1,443
Employee contributions	815	481
Benefits paid	(57)	(275)
Effect of non-routine settlements	(5)	(1)
At 31 August	35,119	18,983

27 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, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have 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.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 10.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

28 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the academy trust received £137,100 and disbursed £147,849 from the fund. An amount of £139,948 is included in other creditors relating to undistributed funds that is repayable to ESFA.

29 Transfer of existing academies into the Trust

Trent Academies Group

The Trent Academies Group (TAG) joined the Trust on 1 November 2019. The TAG comprised Arnold Hill Academy, The Farnborough Academy, and Rushcliffe School. Details of the assets and liabilities acquired and recorded in the accounts of the Trust at the date of the transfer are detailed below:

	Value reported by transferring academy trust £ 000	Transfer in recognised £ 000
Tangible fixed assets		
Freehold land and buildings	49,653	49,653
Furniture and equipment	555	555
Computer equipment	70	70
Assets under construction	101	101
	50,379	50,379
Other assets		
Debtors due in less than one year	1,510	1,533
Cash in bank and in hand	802	802
	2,312	2,335
Liabilities		
Creditors due in less than one year	(1,881)	(1,881)
Creditors due in more than one year	(122)	(122)
	(2,003)	(2,003)
Pensions		
Pensions – pension scheme liabilities	(7,527)	(7,527)
Net assets	43,161	43,184

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

30 Teaching school trading account

	2018/19 £ 000	2017/18 £ 000
Income		
Direct Income		
Other income	1,166	626
Other Income		
Fundraising and other trading activities	403	571
Total Income	1,569	1,197
Expenditure		
Direct costs		
Direct staff costs	892	296
Staff development	20	6
Other direct costs	476	610
Total direct costs	1,388	912
Other costs		
Support staff costs	111	101
Recruitment and support	30	2
Other support costs	64	70
Share of governance costs	4	2
Total other costs	209	175
Total Expenditure	(1,597)	(1,087)
(Deficit)/surplus from all sources	(28)	110
Teaching school balances at 1 September 2018	112	2
Teaching school balances at 31 August 2019	84	112

31 Events after the end of the reporting period

On 1st September 2019 two new primary schools (Chelston Field Academy and Hilton Mews Academy) joined the trust as part of the free schools programme.

On 1st November 2019 one primary school (St. Giles School) converted to an academy and joined the trust..

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

32 Conversion to an academy trust

On 1 October 2018 Hilton Primary School and on 1 November 2018 Ashwood Spencer Academy converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Spencer Academies Trust from the Derbyshire Local Authority Local Authority for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as Donations - transfer from local authority on conversion. The fair value of tangible fixed assets at transfer is based on a RICS valuation.

Ashwood Spencer Academy

	Unrestricted fund £ 000	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets				
Leasehold land and buildings	-	-	9,372	9,372
LGPS pension deficit	-	(670)	-	(670)
Other identified assets and liabilities	657	-	-	657
Net assets/(liabilities)	<u>657</u>	<u>(670)</u>	<u>9,372</u>	<u>9,359</u>

Hilton Primary School

	Unrestricted fund £ 000	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets				
Leasehold land and buildings	-	-	13,033	13,033
LGPS pension deficit	-	(375)	-	(375)
Other identified assets and liabilities	290	-	-	290
Net assets/(liabilities)	<u>290</u>	<u>(375)</u>	<u>13,033</u>	<u>12,948</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

33 Statement of Financial Activities for the Year Ended 31 August 2018

	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2017/18 Total £ 000
Income and endowments from:				
<i>Voluntary income</i>				
Donations and capital grants	33	4	1,346	1,383
Transfers on conversion	575	(3,198)	85,816	83,193
<i>Charitable activities:</i>				
Funding for the Academy trust's educational operations	1,045	41,151	-	42,196
Teaching schools	-	1,197	-	1,197
Other trading activities	159	1,354	-	1,513
Investments	11	-	-	11
Total	1,823	40,508	87,162	129,493
Expenditure on:				
Raising funds	49	869	-	918
<i>Charitable activities:</i>				
Academy trust educational operations	1,311	42,477	2,674	46,642
Teaching schools	-	1,087	-	1,087
Total	1,360	44,433	2,674	48,467
Net income/(expenditure)	463	(3,925)	84,488	81,026
Transfers between funds	-	836	(836)	-
Other recognised gains and losses				
Actuarial gains on defined benefit pension schemes	-	3,574	-	3,574
Net movement in funds/(deficit)	463	485	83,652	84,600
Reconciliation of funds				
Total funds/(deficit) brought forward at 1 September 2017	1,644	(12,910)	60,031	48,765
Total funds/(deficit) carried forward at 31 August 2018	2,107	(12,425)	143,683	133,365

