



Company Registration No. 10499669 (England and Wales)

**HOULTON CHURCH OF ENGLAND MAT
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**





HOULTON CHURCH OF ENGLAND MAT

CONTENTS

| | Page |
|--|-------------|
| Reference and administrative details | 1 |
| Trustees' report | 2 - 8 |
| Governance statement | 9 - 11 |
| Statement on regularity, propriety and compliance | 12 |
| Statement of trustees' responsibilities | 13 |
| Independent auditor's report on the financial statements | 14 - 16 |
| Independent reporting accountant's report on regularity | 17 - 18 |
| Statement of financial activities including income and expenditure account | 19 - 20 |
| Balance sheet | 21 |
| Statement of cash flows | 22 |
| Notes to the financial statements including accounting policies | 23 - 39 |



HOULTON CHURCH OF ENGLAND MAT

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr C Cocksworth
Mr P Tribe
Mrs L Wainscot
Mr R Coppell

Trustees

Dr R Pogson
Mrs J Thomas
Mr A Taylor
Mr P Tribe
Rev M Simmons (Resigned 19 July 2019)
Rev S Gold
Mr C Sawtell
Mr A O'Brien

Senior management team

- Headteacher Mr A Taylor
- Assistant headteacher Mrs B Garner
- Assistant headteacher Mrs R Roberts

Company registration number

10499669 (England and Wales)

Registered office

St Gabriels C of E Academy
Houlton Way
Houlton
Rugby
Warwickshire
CV23 1AN

Independent auditor

Ellacotts LLP
Vantage House
2700 Kettering Parkway
Kettering Venture Park
Kettering
Northamptonshire
NN15 6XR



HOULTON CHURCH OF ENGLAND MAT

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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

The academy trust operates an academy for pupils aged 4-11 serving a catchment area in Houlton, Rugby. It has a pupil capacity of 210 and had a roll of 165 in the school census on 03/10/2019.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The charitable company operates as Houlton Church of England Multi Academy Trust, running St Gabriel's Church of England Academy.

The trustees of Houlton Church of England MAT are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the trust. The cost of this is included within insurance costs.

Method of recruitment and appointment or election of trustees

Trustees in Houlton Church of England Multi Academy Trust are appointed by the members of the company. The Number of Trustees shall not be less than three but shall not be subject to any maximum.

Trustee 1 – Appointed by the Bishop of Coventry as a member of the company

Trustee 2 & 3 – Appointed by Urban and Civic Plc as corporate member of the company

Trustee 4, 5, 6, 7 – Appointed by Members with approval of the Coventry Diocesan Board of Education as corporate member of the company

Trustee 8 – Chief Executive Officer of the company will be a Trustee for as long as they are in office as such as listed in the articles.

Co-opted Trustees. The Trustees may appoint, with the consent of the Diocesan Board of Education, up to 2 Co-opted Trustees (not currently used).

Where no Local Governing Body is in operation, Members shall appoint a minimum of two Parent Trustees (not currently used as parents of St Gabriel's sit on the Local Governing Body).



HOULTON CHURCH OF ENGLAND MAT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Policies and procedures adopted for the induction and training of trustees

Following their appointment, trustees receive an introduction to their role from the Chair of Trustees and Head Teacher, a tour of the Academy site and the opportunity to meet members of staff. Trustees complete a details form for information required at Companies house and 'Get Information about Schools' portal. Details are uploaded to the Academy website.

The Trust board at Houlton CofE MAT are committed to providing adequate opportunities for Trustees to receive suitable training so as to enable them to undertake their role more effectively. To this end, annual skills audits are conducted and training needs identified. Training is procured by way of a service level agreement with the Trust Governance service provider, Coventry City Council and the Coventry Diocesan Board of Education. All new Trustees are actively encouraged to undertake training to gain a better understanding of the role and responsibilities. Additionally, Trustees with specific responsibilities are encouraged to undertake specific training.

Organisational structure

The Trust board is responsible for the strategic direction of the Academy; the approval of the annual budget, the approval of the accounts and audit procedures; oversight of Trust interaction with the Local and National Government and the Diocese.

The Local Governing Body is delegated with oversight of the Academy's performance, standards and operation; the approval of Academy policies; admissions; safeguarding and behaviour; provision and staff appointments.

Operational management is the responsibility of the Head Teacher and staff. Academy policies are developed by senior members of the Academy's staff to reflect both the strategic direction agreed by the Governors and also statutory requirements.

Operational management, including the creation of Academy policies, is scrutinised by working committees of Governors who look in detail at all aspects of the Academy's work. Recommendations and points of note are shared and approved by the full board of Governors. Endorsements through the full Governing Body and Trust Board are implemented as procedures, strategy and systems by members of staff.

During the current accounting period, the Trust Board met 6 times, the local Governing Body met 3 times and the finance and audit committee met 3 times.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body are responsible for setting the pay and remuneration of key management personnel. They ensure that the appropriate arrangements are in place for linking appraisal to pay are applied consistently. The aggregate remuneration and benefits of the personnel for services to St Gabriel's CofE Academy during the year were £182,723 (see note 9).

Related parties and other connected charities and organisations

The land and buildings are let at a peppercorn rent on a 125-year lease from Warwickshire County Council.

The Coventry Diocesan Board of Education remain a member of the Academy Trust. They have a significant influence in the selection and approval of Trustees and Governors.

The master developer of the site Urban&Civic plc (Houlton, Rugby) remain a member of the Academy Trust.

Trustees Mrs Joh Thomas and Mr Christopher Sawtell are employees of Urban&Civic plc. Trustee Rev Stephen Gold is spouse to the Deputy Director of the Diocesan Board of Education.



HOULTON CHURCH OF ENGLAND MAT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The Houlton Church of England Multi Academy Trust was set up on 28 November 2016 for the public benefit, education in the Houlton area in the County of Warwickshire by maintaining, operating and developing St Gabriel's CofE Academy on the Houlton site in Rugby, a new school to serve the new and growing community.

The aims of the Trust rest on the following principle:

- Our guiding Christian value of love drives what we do and in sharing God's love with our community we can inspire each other to flourish and experience fullness of life.

The Trustees, Governors and Staff recognise that this is a Church of England Trust and on these foundations commit to:

- To provide excellent education for the pupils at its school in the context of a loving, inclusive Christian ethos.
- To ensure its school has a positive impact on its community.
- To deliver a rich educational opportunity that allows all children to flourish in different ways.
- To develop children's spiritual, moral, social and cultural understanding enabling them to recognise the needs of others, promote kindness and positively contribute to their society.

Objectives, strategies and activities

The main objective of the Trust board is to ensure St Gabriel's CofE Academy thrives, upholding and developing the ethos, values, standards and achievements of the Academy whilst working to fulfil the Trust's medium and longer term development plans. The Academy development plan objectives for the coming year are:

- Priority one – Ensure each individual pupil makes demonstrable progress which is at least in line with national expectations.
- Priority two – Ensure the provision of a high-quality, broad and balanced primary curriculum promotes the holistic development of each pupil.
- Priority three – Ensure classroom practice is consistently effective in promoting good learning.
- Priority four – Ensure high standards of behaviour reflect our Christian values and promote a positive atmosphere in the school.

Public benefit

The trustees have considered the Charity Commissioner's guidance on Public Benefit. The key public benefit delivered by the Trust is the provision and development of high quality education at the Academy, to the children of Houlton, Rugby and the surrounding area.

In doing this St Gabriel's CofE Academy not only offers a broad and balanced academic education but aims to educate the whole child, enabling them to flourish in a variety of ways. A very wide range of extra-curricular activities, educational trips and visits are offered and undertaken.

The school works in liaison with The Old Station Nursery to offer pre and post school care, holiday care and nursery provision for the community. The Academy offers its facilities to local groups such as Rainbows, EC Theatre arts, sports clubs and St Gabriel's local church. The Academy organises a range of community focused events throughout the year.



HOULTON CHURCH OF ENGLAND MAT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

St Gabriel's CofE Academy has high aspirations for its pupils and a drive for continuous improvement. The analysis of performance is thorough and information is gathered from a range of sources. The leadership team operate a programme of monitoring and self-evaluation, supported by Governors and external consultants. In the Academy's first year of operation the following targets were evaluated.

| Target | Outcome | RAG Rating |
|---|------------------------------|------------|
| Good level of development for Reception pupils above National Average | 72% | Green |
| Phonics screen above National Average | 80% | Green |
| Statutory assessment tests above National Average | Below Average | Red |
| Pupil progress in year is good or outstanding | 90-98% across subjects | Green |
| Pupil Attainment increases from baseline of pupils working at or above the expected standard | High percentage | Green |
| Evidence from pupil work, learning environment observations, lesson observations and qualitative interviews shows breadth, balance and quality in curriculum provision. | Shifting | Amber |
| Pupil participation in extracurricular activities | 72% participation | Green |
| All lesson observations show good or better lessons | Majority | Amber |
| Over 40 pupils on roll | 132 | Green |
| Attendance over 96% | 95.5% | Amber |
| Safeguarding arrangements judged effective | Successful Monitoring visits | Green |
| Pupils with Special Educational Needs or disabilities (SEND) have appropriate plans in place for support and challenge to facilitate good or outstanding progress | IEPs in place | Amber |

Key performance indicators

The majority of the Trust's income is obtained from the DfE via the ESFA in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the Academy Trust.

The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the statement of Financial Activities. In accordance with the Charities SORP 2015, the Devolved Formula Capital received is shown in the statement of Financial Activities (SOFA) as Restricted Fixed Asset Funds.

During the year ended 31 August 2019 the staff team of the Trust grew by 77% and pupil numbers grew by 86%.



HOULTON CHURCH OF ENGLAND MAT

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

Key Financial performance indicators:

| | | |
|--|-------|--------------------------------------|
| Spend on teaching staff as a percentage of total expenditure | 46.9% | Middle 20% of similar schools |
| Spend on supply staff as a percentage of total expenditure | 2.0% | Middle 20% of similar schools |
| Spend on education support staff as a percentage of total expenditure | 10.5% | Broadly in line with similar schools |
| Spend on administrative and clerical staff as a percentage of total expenditure | 6.1% | Broadly in line with similar schools |
| Spend on other staff costs as a percentage of total expenditure | 3.8% | Broadly in line with similar schools |
| Spend on premises (including staff costs) as a percentage of total expenditure | 2.4% | Broadly in line with similar schools |
| Spend on teaching resources as a percentage of total expenditure | 5.5% | Middle 20% of similar schools |
| Spend on energy as a percentage of total expenditure | 2.8% | Highest 10% of similar schools |
| Other spending as a percentage of total expenditure (balancing line) | 20.0% | N/A |
| In-year balance as a percentage of total income | 11.6% | Low risk |
| Revenue reserve as a percentage of total income | 27.1% | Low risk |

Other Key Performance Indicators

| | | |
|---|---------|--------------------------------------|
| Average teacher cost (£) | £46,635 | Lowest 20% of similar schools |
| Senior leaders as a percentage of workforce | 16.6% | Highest 10% of similar schools |
| Pupil to teacher ratio | 21.6 | Broadly in line with similar schools |
| Pupil to adult ratio | 8.7 | Middle 20% of similar schools |
| Teacher contact ratio (less than 1.0) | 0.80 | Broadly in line with recommendations |
| Predicted percentage pupil number change in 3-5 years | 61.0% | Low risk |
| Average class size | 26.0 | Middle 20% of similar schools |

Going concern

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

Financial review

The majority of the Academy's income was obtained from the Education Funding Agency (ESFA) in the form of the General Academies Grant, the use of which was restricted to particular purposes.

During the year ended 31 August 2019, the net movement in funds for the year was (£21,722), including depreciation charge and actuarial loss on the Local Government Pension Scheme of £9,000.

At 31 August 2019 the net book value of tangible assets was £4,243,488. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance shows a net liability position of £17,000.



HOULTON CHURCH OF ENGLAND MAT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Reserves policy

The Trust has reviewed reserve levels and are confident that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected situations such as urgent maintenance work. Under normal circumstances the Trustees would aim to maintain reserves of between four and six weeks of working capital as an appropriate cushion.

At the point of the year end 31 August 2019 the Trust held around eight weeks of working capital as reserve which has been purposefully planned in to offset the deficit the Academy will experience in the coming financial year, during the growth phase of the school as funding grants lag behind actual pupil numbers.

The Academy's level of free reserves (total funds less the amount held in fixed assets or pension reserve) as at 31 August 2019 was £121,247. Reserves are reviewed at the finance/audit committee. The policy is reviewed annually by the Governing Body.

Due to the accounting rules for the Local Government Pension Scheme under Financial Reporting Standard 102, the Academy is recognising a pension fund deficit at 31 August 2019 of £17,000. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The recognition of the deficit has no direct impact on the free reserves of the Academy trust.

Investment policy

Apart from the cash held for the operation of the Academy, the Trust has no realisable investments. With respect to its cash holdings the Trust has adopted a low risk strategy. The Trust maintains a business account generating a market norm level of interest. If at any point cash held in reserve exceeds three months of working capital the Trustees will consider alternative investment solutions.

Principal risks and uncertainties

The Trustees of Houlton CofE MAT acknowledge their responsibility to undertake an assessment of possible risks to the future of the Academy. Risks identified included the impact on the overall running of the Academy of insufficient funding, the reputational risk of a poor regulatory grading and the loss of premises or personnel.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Trustees have ensured that as far as possible systems and controls are in place to manage and mitigate risks e.g. in relation to teaching, health and safety, school visits and the control of finance. Where significant risk remains they have ensured adequate insurance cover through the DfE Risk Protection Arrangement. The Trust has an effective system of internal financial controls.

Fundraising

The Academy Trust is keen to support a range of good causes both locally, nationally and internationally and encourages involvement from pupils and the school community to raise funds periodically throughout the school year. The Senior Leadership Team consider causes for support on an annual basis to ensure those charities are appropriate. There is no obligation on pupils, families or the community to support the charities and no pupils are excluded from in-school fundraising events due to any financial constraints. Contributions are always voluntary and 'opt-in'.

Local businesses are keen to support the Academy and on occasion donate equipment or small cash donations towards specific projects.

The Academy does not operate a regulated fundraising scheme nor does it employ or use the service of a professional fundraiser.



HOULTON CHURCH OF ENGLAND MAT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods

The Academy Trust seeks to continue to establish its Academy in the local community and develop the work already in place to provide an excellent education for all pupils to flourish.

The Trustees immediate plan for the future direction of the Academy is to consolidate and establish a stable one form of entry primary school, developing and improving its offer to pupils and families. Refining the curriculum, improving communication, enhancing provision and embedding a stable staff team will enable the Academy to receive positive outcomes from external regulators. Establishing a financial surplus will allow the Trust to explore the growth of the MAT and effective partnership working which maintains the aims and ethos of the Trust. The expansion of the Academy will be carefully managed to avoid some of the challenges faced in its first year.

Key aims 2019-2020

- Open 1 and maintain 6 full primary classes
- Continue to establish high standards of education for all pupils in the academy
- Develop premises for Nursery / Wrap around provision on site
- Clear in year deficit

Key aims 2020-2021

- Open 1 and maintain 7 full primary classes
- Receive positive Ofsted categorisation
- End financial year in surplus
- Explore future partnership working / growth of MAT

Key aims 2021-2022

- Maintain a full one form of entry primary school (210) and additional Nursery provision
- Develop clear direction of MAT

Key aims 2022-2021

- Begin growth of second form of entry in school
- Expand MAT / federated partnership working with local schools

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.

A resolution proposing that Ellacotts LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13/12/19 and signed on its behalf by:

Mr P Tribe



HOULTON CHURCH OF ENGLAND MAT

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Houlton Church Of England MAT 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 six times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Trustees | Meetings attended | Out of possible |
|---------------------------------------|-------------------|-----------------|
| Dr R Pogson | 5 | 6 |
| Mrs J Thomas | 4 | 6 |
| Mr A Taylor | 6 | 6 |
| Mr P Tribe | 4 | 6 |
| Rev M Simmons (Resigned 19 July 2019) | 2 | 3 |
| Rev S Gold | 6 | 6 |
| Mr C Sawtell | 1 | 6 |
| Mr A O'Brien | 6 | 6 |

One change in the composition of the board of trustees as M Simmons resigned part way through the year.

Work covered:

- Strategic direction of the Trust and exploration of potential merger;
- Review structure and composition of school local governing board;
- Academy financial control, planning and strategy;
- Growth strategy of the school (St Gabriel's);
- Use of assets;
- Review School performance and challenges faced in start-up period.

The board has been effective in ensuring the opening and initial growth of St Gabriel's CofE Academy. A portion of work has been devoted during the year to exploring the possible merger with a local MAT. The board has navigated the challenge of funding a start-up school and the growth in all areas of operation including staff.

The board has used qualitative and quantitative data to inform its work, financial information from FMS, prepared by the Chief Financial Officer and Chief Executive Officer. School visits and work with the principal cross reference data presented at board meetings. The Chair and Vice chair have visited the school fortnightly throughout the year to keep up to date and ensure data presented is consistent.



HOULTON CHURCH OF ENGLAND MAT

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Governance review:

- The Chief Executive Officer and Chair of Trustees have reviewed the impact and effectiveness of the board of Trustees during the year. The Diocesan Board of Education have been in consultation with the board and with the Regional Schools Commissioner.
- The board has sufficient financial acumen and educational expertise among Trustees to discharge their duties effectively.
- The board's anticipated merger with another local MAT during the coming financial year is no longer in effect; there has been a recommitment to the Houlton MAT from Trustees and a clear demarcation of Trustee and Local Governor roles. There is very strong engagement from Trustees around financial management with monthly meetings and the Performance and Standards LGB subcommittee is committed to educational performance reporting.
- The Trust will undertake its next self-evaluation in the Spring term of 2020.

The board and its committees meet regularly enough to discharge their responsibilities and ensure robust governance and effective management arrangements. All Trustees met six times during the year to oversee school and Trust development and the finance committee met a further three times to maintain effective oversight of funds.

Review of value for money

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

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

- Utilising frameworks for purchasing and ordering from large, non-profit purchasing organisations.
- Tendering services to a range of suppliers.
- Reviewing quotes for services to the school.
- Recruiting teachers newer to the profession.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Houlton Church Of England MAT for the period 1 September 2018 to 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 period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.



HOULTON CHURCH OF ENGLAND MAT

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Ellacotts LLP, the external auditor, to perform additional checks in the form of Responsible Officer visits.

Ellacotts responsible officer role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- Financial procedures and governance; income received; management of procurement; payroll a personnel; accounting system and financial reporting.

On a termly basis, the responsible officer reports to the board of trustees [through the finance and general purposes committee/audit committee] on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

The Trust confirms the internal auditor has delivered their schedule of work as planned, and have provided details of any material control issues arising as a result of the work. Any remedial actions are promptly rectified.

Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the board of trustees on 13/12/19 and signed on its behalf by:

Mr A Taylor

Mr P Tribe



HOULTON CHURCH OF ENGLAND MAT

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Houlton Church of England MAT 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's 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 board of trustees and ESFA.

Mr A Taylor
Accounting Officer



HOULTON CHURCH OF ENGLAND MAT

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

The trustees (who are also the directors of Houlton Church of England MAT for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these financial statements, the trustees are required to:

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

The 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 13/12/19 and signed on its behalf by:

Mr P Tribe



HOULTON CHURCH OF ENGLAND MAT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOULTON CHURCH OF ENGLAND MAT

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

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

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

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

We have nothing to report in this regard.



HOULTON CHURCH OF ENGLAND MAT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOULTON CHURCH OF ENGLAND MAT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration 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, 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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



HOULTON CHURCH OF ENGLAND MAT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOULTON CHURCH OF ENGLAND MAT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

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

Ellacotts LLP

Charlotte Toemaes (Senior Statutory Auditor)
for and on behalf of Ellacotts LLP

Chartered Accountants
Statutory Auditor
Vantage House
2700 Kettering Parkway
Kettering Venture Park
Kettering
Northamptonshire
NN15 6XR

16/12/19.



HOULTON CHURCH OF ENGLAND MAT

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HOULTON CHURCH OF ENGLAND MAT AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 18 September 2019 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 Houlton Church of England MAT 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 Houlton Church of England MAT and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Houlton Church of England MAT and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Houlton Church of England MAT and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Houlton Church of England MAT's accounting officer and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- Testing a sample of payroll payments to staff;
- Testing of a sample of payments to suppliers and other third parties;
- Testing a sample of grants received and other income streams;
- Evaluating the internal control procedures and reporting lines, and testing as appropriate;
- Making appropriate enquiries of the Accounting Officer.



HOULTON CHURCH OF ENGLAND MAT

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO HOULTON CHURCH OF ENGLAND MAT AND THE EDUCATION &
SKILLS FUNDING AGENCY (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Conclusion

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

Ward, W

Reporting Accountant

Ellacotts LLP
Vantage House
2700 Kettering Parkway
Kettering Venture Park
Kettering
Northamptonshire
NN15 6XR

Dated: 16/12/19



HOULTON CHURCH OF ENGLAND MAT

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

| | Notes | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total 2019 £ | Total 2018 as restated £ |
|---|-------|----------------------------|-----------------------------------|------------------|--------------------|-----------------------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 3 | - | 19,855 | - | 19,855 | - |
| Donations - transfer of land and buildings from local authority | | - | - | - | - | 4,297,010 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 4 | - | 617,510 | - | 617,510 | 45,690 |
| Other trading activities | 5 | 15,753 | 13,646 | - | 29,399 | - |
| Investments | 6 | 77 | - | - | 77 | 64 |
| Total | | <u>15,830</u> | <u>651,011</u> | <u>-</u> | <u>666,841</u> | <u>4,342,764</u> |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| - Educational operations | 8 | - | 574,477 | 105,086 | 679,563 | 185,242 |
| Total | 7 | <u>-</u> | <u>574,477</u> | <u>105,086</u> | <u>679,563</u> | <u>185,242</u> |
| Net income/(expenditure) | | 15,830 | 76,534 | (105,086) | (12,722) | 4,157,522 |
| Transfers between funds | 14 | - | (25,381) | 25,381 | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial losses on defined benefit pension schemes | 16 | - | (9,000) | - | (9,000) | - |
| Net movement in funds | | 15,830 | 42,153 | (79,705) | (21,722) | 4,157,522 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 95 | 46,169 | 4,323,193 | 4,369,457 | 211,935 |
| Total funds carried forward | | <u>15,925</u> | <u>88,322</u> | <u>4,243,488</u> | <u>4,347,735</u> | <u>4,369,457</u> |



HOULTON CHURCH OF ENGLAND MAT

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

FOR THE YEAR ENDED 31 AUGUST 2019

| Comparative year information Year ended 31 August 2018 As restated | Notes | Unrestricted | Restricted funds: | | Total |
|--|-------|--------------|-------------------|------------------|------------------|
| | | Funds £ | General £ | Fixed asset £ | 2018 £ |
| Income and endowments from: | | | | | |
| Donations - transfer of land and buildings from local authority | | - | - | 4,297,010 | 4,297,010 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 45,690 | - | 45,690 |
| Investments | 6 | 64 | - | - | 64 |
| Total | | <u>64</u> | <u>45,690</u> | <u>4,297,010</u> | <u>4,342,764</u> |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| - Educational operations | 8 | - | 156,257 | 28,985 | 185,242 |
| Total | 7 | <u>-</u> | <u>156,257</u> | <u>28,985</u> | <u>185,242</u> |
| Net income/(expenditure) | | 64 | (110,567) | 4,268,025 | 4,157,522 |
| Transfers between funds | 14 | - | (55,168) | 55,168 | - |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | <u>31</u> | <u>211,904</u> | <u>-</u> | <u>211,935</u> |
| Total funds carried forward | | <u>95</u> | <u>46,169</u> | <u>4,323,193</u> | <u>4,369,457</u> |



HOULTON CHURCH OF ENGLAND MAT

BALANCE SHEET

AS AT 31 AUGUST 2019

| | | 2019 | | 2018 as restated | |
|--|-------|----------------|-------------------------|---------------------|-------------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 10 | | 4,243,488 | | 4,323,193 |
| Current assets | | | | | |
| Debtors | 11 | 16,175 | | 23,319 | |
| Cash at bank and in hand | | 164,110 | | 129,619 | |
| | | <u>180,285</u> | | <u>152,938</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 12 | (59,038) | | (106,674) | |
| Net current assets | | | <u>121,247</u> | | <u>46,264</u> |
| Net assets excluding pension liability | | | <u>4,364,735</u> | | <u>4,369,457</u> |
| Defined benefit pension scheme liability | 16 | | (17,000) | | - |
| Total net assets | | | <u><u>4,347,735</u></u> | | <u><u>4,369,457</u></u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | 14 | | | | |
| - Fixed asset funds | | | 4,243,488 | | 4,323,193 |
| - Restricted income funds | | | 105,322 | | 46,169 |
| - Pension reserve | | | (17,000) | | - |
| Total restricted funds | | | <u>4,331,810</u> | | <u>4,369,362</u> |
| Unrestricted income funds | 14 | | <u>15,925</u> | | <u>95</u> |
| Total funds | | | <u><u>4,347,735</u></u> | | <u><u>4,369,457</u></u> |

The financial statements on pages 19 to 38 were approved by the trustees and authorised for issue on 13/12/19 and are signed on their behalf by:

Mr P Tribe

Company Number 10499669



HOULTON CHURCH OF ENGLAND MAT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

| | | 2019 | | 2018 as restated | |
|---|-------|----------|-----------------------|---------------------|-----------------------|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Net cash provided by operating activities | 17 | | 59,795 | | 12,086 |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 77 | | 64 | |
| Purchase of tangible fixed assets | | (25,381) | | (55,168) | |
| Net cash used in investing activities | | | <u>(25,304)</u> | | <u>(55,104)</u> |
| Net increase/(decrease) in cash and cash equivalents in the reporting period | | | 34,491 | | (43,018) |
| Cash and cash equivalents at beginning of the year | | | <u>129,619</u> | | <u>172,637</u> |
| Cash and cash equivalents at end of the year | | | <u><u>164,110</u></u> | | <u><u>129,619</u></u> |



HOULTON CHURCH OF ENGLAND MAT

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.

1.1 Basis of preparation

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

Houlton Church of England MAT meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

Grants

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

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

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

Sponsorship income

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

Donations

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



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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.

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset, less their residual value, over its expected useful life, as follows:

| | |
|--------------------------------|------------------------|
| Land and buildings | 50 years straight line |
| Computer equipment | 3 years straight line |
| Fixtures, fittings & equipment | 5 years straight line |

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

1.6 Liabilities

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

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

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

1.10 Pensions benefits

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



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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

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

1.11 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement (Continued)

Critical areas of judgement

Useful lives of fixed assets - depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Academy's accounting policies. Useful lives are regularly reviewed and should they shorten, then depreciation charges would increase in the financial statements and the carrying amounts of the fixed assets would reduce accordingly.

3 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2019 £ | Total 2018 £ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Other donations | - | 19,855 | 19,855 | - |

4 Funding for the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2019 £ | Total 2018 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 351,223 | 351,223 | - |
| Other DfE group grants | - | 60,292 | 60,292 | - |
| | - | 411,515 | 411,515 | - |
| Other government grants | | | | |
| Local authority grants | - | 205,995 | 205,995 | 41,465 |
| Other funding | | | | |
| Other incoming resources | - | - | - | 4,225 |
| Total funding | - | 617,510 | 617,510 | 45,690 |

5 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2019 £ | Total 2018 £ |
|------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 12,589 | - | 12,589 | - |
| Catering income | - | 13,646 | 13,646 | - |
| Parental contributions | 3,164 | - | 3,164 | - |
| | 15,753 | 13,646 | 29,399 | - |



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

| 6 Investment income | Unrestricted funds £ | Restricted funds £ | Total 2019 £ | Total 2018 £ | |
|--|------------------------------|---|------------------------------|-----------------------------|-----------------------------|
| Short term deposits | 77 | - | 77 | 64 | |
| | <u>77</u> | <u>-</u> | <u>77</u> | <u>64</u> | |
| 7 Expenditure | Staff costs £ | Premises & equipment £ | Other costs £ | Total 2019 £ | Total 2018 £ |
| Academy's educational operations | | | | | |
| - Direct costs | 345,632 | - | 28,990 | 374,622 | 94,002 |
| - Allocated support costs | 60,145 | 142,266 | 102,530 | 304,941 | 91,240 |
| | <u>405,777</u> | <u>142,266</u> | <u>131,520</u> | <u>679,563</u> | <u>185,242</u> |
| Net income/(expenditure) for the year includes: | | | 2019 £ | 2018 £ | |
| Fees payable to auditor for: | | | | | |
| - Audit | | | 5,400 | 3,500 | |
| - Other services | | | 2,150 | - | |
| Depreciation of tangible fixed assets | | | 105,086 | 28,985 | |
| | | | <u>105,086</u> | <u>28,985</u> | |
| 8 Charitable activities | | | 2019 £ | 2018 £ | |
| All from restricted funds: | | | | | |
| Direct costs | | | | | |
| Educational operations | | | 374,622 | 94,002 | |
| Support costs | | | | | |
| Educational operations | | | 304,941 | 91,240 | |
| | | | <u>679,563</u> | <u>185,242</u> | |
| | | | 2019 £ | 2018 £ | |
| Analysis of support costs | | | | | |
| Support staff costs | | | 60,145 | 2,992 | |
| Depreciation | | | 105,086 | 28,985 | |
| Technology costs | | | 6,713 | 4,330 | |
| Premises costs | | | 37,180 | 16,046 | |
| Other support costs | | | 47,722 | 28,866 | |
| Governance costs | | | 48,095 | 10,021 | |
| | | | <u>304,941</u> | <u>91,240</u> | |



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

Staff costs

Staff costs during the year were:

| | 2019 £ | 2018 £ |
|---|-------------|-------------|
| Wages and salaries | 242,705 | 50,533 |
| Social security costs | 83,623 | 2,726 |
| Pension costs | 63,563 | 8,328 |
| | <hr/> | <hr/> |
| Amounts paid to employees | 389,891 | 61,587 |
| Agency staff costs | 11,831 | 2,000 |
| | <hr/> | <hr/> |
| Amounts paid to staff | 401,722 | 63,587 |
| Staff development and other staff costs | 4,055 | 4,531 |
| | <hr/> | <hr/> |
| Total staff expenditure | 405,777 | 68,118 |
| | <hr/> <hr/> | <hr/> <hr/> |

Staff numbers

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

| | 2019 Number | 2018 Number |
|----------------------------|----------------|----------------|
| Teachers | 5 | 1 |
| Administration and support | 6 | - |
| Management | 1 | - |
| | <hr/> | <hr/> |
| | 12 | 1 |
| | <hr/> <hr/> | <hr/> <hr/> |

Higher paid staff

There were no employees whose annual remuneration was £60,000 or more.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £182,723 (2018: £61,587).



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Tangible fixed assets

| | Land and buildings | Computer equipment | Fixtures, fittings & equipment | Total |
|-----------------------|-----------------------|-----------------------|--------------------------------------|-----------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 September 2018 | 4,297,010 | 34,882 | 20,286 | 4,352,178 |
| Additions | - | 14,665 | 10,716 | 25,381 |
| At 31 August 2019 | 4,297,010 | 49,547 | 31,002 | 4,377,559 |
| Depreciation | | | | |
| At 1 September 2018 | 28,647 | 118 | 220 | 28,985 |
| Charge for the year | 85,940 | 13,481 | 5,665 | 105,086 |
| At 31 August 2019 | 114,587 | 13,599 | 5,885 | 134,071 |
| Net book value | | | | |
| At 31 August 2019 | 4,182,423 | 35,948 | 25,117 | 4,243,488 |
| At 31 August 2018 | 4,268,363 | 34,764 | 20,066 | 4,323,193 |

11 Debtors

| | 2019 £ | 2018 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 1,375 | - |
| VAT recoverable | 8,531 | 22,216 |
| Prepayments and accrued income | 6,269 | 1,103 |
| | 16,175 | 23,319 |

12 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 15,538 | 64,552 |
| Other taxation and social security | 15,777 | 3,903 |
| Accruals and deferred income | 27,723 | 38,219 |
| | 59,038 | 106,674 |



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

| | | | | | | |
|-----------|--|--------------------|-------------------|--------------------|-------------------|-------------------|
| 13 | Deferred income | | | | 2019 | 2018 |
| | | | | | £ | £ |
| | Deferred income is included within: | | | | | |
| | Creditors due within one year | | | | 17,924 | - |
| | | | | | <u> </u> | <u> </u> |
| | Deferred income at 1 September 2018 | | | | - | - |
| | Resources deferred in the year | | | | 17,924 | - |
| | | | | | <u> </u> | <u> </u> |
| | Deferred income at 31 August 2019 | | | | 17,924 | - |
| | | | | | <u> </u> | <u> </u> |
| 14 | Funds | | | | | |
| | | Balance at | | | Gains, | Balance at |
| | | 1 September | Income | Expenditure | losses and | 31 August |
| | | 2018 | | | transfers | 2019 |
| | | £ | £ | £ | £ | £ |
| | Restricted general funds | | | | | |
| | General Annual Grant (GAG) | - | 351,223 | (220,520) | (25,381) | 105,322 |
| | Other DfE / ESFA grants | - | 60,292 | (60,292) | - | - |
| | Other government grants | 46,169 | 205,995 | (252,164) | - | - |
| | Other restricted funds | - | 33,501 | (33,501) | - | - |
| | Pension reserve | - | - | (8,000) | (9,000) | (17,000) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | | 46,169 | 651,011 | (574,477) | (34,381) | 88,322 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Restricted fixed asset funds | | | | | |
| | Inherited on conversion | 4,268,363 | - | (85,940) | - | 4,182,423 |
| | DfE group capital grants | 54,830 | - | (19,146) | 25,381 | 61,065 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | | 4,323,193 | - | (105,086) | 25,381 | 4,243,488 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Total restricted funds | 4,369,362 | 651,011 | (679,563) | (9,000) | 4,331,810 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Unrestricted funds | | | | | |
| | General funds | 95 | 15,830 | - | - | 15,925 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Total funds | 4,369,457 | 666,841 | (679,563) | (9,000) | 4,347,735 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Funds

(Continued)

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

General Annual Grant (GAG)

The General Annual Grant (GAG) has been provided by the ESFA/DfE in order to fund the normal running costs of the Academy. During the period the Academy's GAG expenditure exceeded GAG income. Where the GAG income exceeds GAG expenditure, the balance will be carried forward to use in future years and enable the establishment of a minimum prudent level of reserves to manage risks and unforeseen costs. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other DfE/ESFA Grants

This represents various grants from local and national government bodies for the provision of specific services to pupils of the Academy.

Other Restricted Funds

Other Restricted Funds include funding from the sale of uniforms and education related goods, exam fee income and income for educational supplies and services.

Pension Reserve

The restricted Pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2019.

Restricted Fixed Assets

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



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Funds

(Continued)

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

| | Balance at 1 December 2017 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|-------------------------------------|---------------------------------------|------------------|------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| Other government grants | 177,893 | 41,465 | (118,021) | (55,168) | 46,169 |
| Other restricted funds | 34,011 | 4,225 | (38,236) | - | - |
| | <u>211,904</u> | <u>45,690</u> | <u>(156,257)</u> | <u>(55,168)</u> | <u>46,169</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | - | 4,297,010 | (28,647) | - | 4,268,363 |
| DfE group capital grants | - | - | (338) | 55,168 | 54,830 |
| | <u>-</u> | <u>4,297,010</u> | <u>(28,985)</u> | <u>55,168</u> | <u>4,323,193</u> |
| Total restricted funds | <u>211,904</u> | <u>4,342,700</u> | <u>(185,242)</u> | <u>-</u> | <u>4,369,362</u> |
| Unrestricted funds | | | | | |
| General funds | 31 | 64 | - | - | 95 |
| | <u>31</u> | <u>64</u> | <u>-</u> | <u>-</u> | <u>95</u> |
| Total funds | <u>211,935</u> | <u>4,342,764</u> | <u>(185,242)</u> | <u>-</u> | <u>4,369,457</u> |

15 Analysis of net assets between funds

| | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total Funds £ |
|--|----------------------------|-----------------------------------|------------------|---------------------|
| Fund balances at 31 August 2019 are represented by: | | | | |
| Tangible fixed assets | - | - | 4,243,488 | 4,243,488 |
| Current assets | 15,925 | 164,360 | - | 180,285 |
| Creditors falling due within one year | - | (59,038) | - | (59,038) |
| Defined benefit pension liability | - | (17,000) | - | (17,000) |
| Total net assets | <u>15,925</u> | <u>88,322</u> | <u>4,243,488</u> | <u>4,347,735</u> |



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

15 Analysis of net assets between funds

(Continued)

| | Unrestricted Funds £ | Restricted funds: General Fixed asset £ £ | | Total Funds £ |
|--|----------------------------|---|------------------|---------------------|
| Fund balances at 31 August 2018 are represented by: | | | | |
| Tangible fixed assets | - | - | 4,323,193 | 4,323,193 |
| Current assets | 95 | 152,843 | - | 152,938 |
| Creditors falling due within one year | - | (106,674) | - | (106,674) |
| Total net assets | 95 | 46,169 | 4,323,193 | 4,369,457 |

16 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 Warwickshire County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £46,119 (2018: £8,328).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below.

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

| Total contributions made | 2019 | 2018 |
|---------------------------------|-------------|-------------|
| | £ | £ |
| Employer's contributions | 15,000 | - |
| Employees' contributions | 4,000 | - |
| | <hr/> | <hr/> |
| Total contributions | 19,000 | - |
| | <hr/> <hr/> | <hr/> <hr/> |

| Principal actuarial assumptions | 2019 | 2018 |
|--|-------------|-------------|
| | % | % |
| Rate of increase in salaries | 2.9 | |
| Rate of increase for pensions in payment/inflation | 2.3 | |
| Discount rate for scheme liabilities | 1.9 | |
| | <hr/> <hr/> | <hr/> <hr/> |



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16 Pension and similar obligations

(Continued)

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

| | 2019 Years | 2018 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 21.4 | |
| - Females | 23.6 | |
| Retiring in 20 years | | |
| - Males | 22.4 | |
| - Females | 25 | |

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

| | 2019 | 2018 |
|--|-------|------|
| 0.5% decrease in Real Discount Rate | 9,000 | |
| 0.5% increase in Pension Increase Rate (CPI) | 9,000 | |

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

| | 2019 Fair value £ | 2018 Fair value £ |
|------------------------------|-------------------------|-------------------------|
| Equities | 12,200 | - |
| Bonds | 5,200 | - |
| Property | 2,400 | - |
| Cash | 200 | - |
| Total market value of assets | 20,000 | - |

The actual return on scheme assets was £1,000 (2018: £-).

Amount recognised in the Statement of Financial Activities

| | 2019 £ | 2018 £ |
|----------------------|-----------|-----------|
| Current service cost | 23,000 | - |

Changes in the present value of defined benefit obligations

| | 2019 £ |
|------------------------|-----------|
| Current service cost | 23,000 |
| Employee contributions | 4,000 |
| Actuarial loss | 10,000 |
| At 31 August 2019 | 37,000 |



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16 Pension and similar obligations (Continued)

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

| | 2019 |
|------------------------|---------------|
| | £ |
| Actuarial gain | 1,000 |
| Employer contributions | 15,000 |
| Employee contributions | 4,000 |
| At 31 August 2019 | <u>20,000</u> |

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

| | 2019 | 2018 |
|--|---------------|---------------|
| | £ | £ |
| Net (expenditure)/income for the reporting period (as per the statement of financial activities) | (12,722) | 4,157,522 |
| Adjusted for: | | |
| Net surplus on conversion to academy | - | (4,297,010) |
| Investment income receivable | (77) | (64) |
| Defined benefit pension costs less contributions payable | 8,000 | - |
| Depreciation of tangible fixed assets | 105,086 | 28,985 |
| Decrease in debtors | 7,144 | 20,460 |
| (Decrease)/increase in creditors | (47,636) | 102,193 |
| Net cash provided by operating activities | <u>59,795</u> | <u>12,086</u> |

18 Commitments under operating leases

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

| | 2019 | 2018 |
|-----------------------------------|--------------|----------|
| | £ | £ |
| Amounts due within one year | 2,912 | - |
| Amounts due in two and five years | 2,912 | - |
| | <u>5,824</u> | <u>-</u> |

On 22 May 2018 the Academy Trust had committed to a 125 year lease of the land it occupies from Warwickshire County Council for a peppercorn rent.



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Related party transactions

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

There were no transactions with related parties during the year ended 31 August 2019 which require disclosure.

In the opinion of the Governors, there is no ultimate controlling party.

20 Trustees' remuneration and expenses

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

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

Mr A Taylor (Head teacher and Governor)
Remuneration £55,001 - £60,000 (2018: £50,001 - £55,000)
Employers pension contributions £5,001 - £10,000 (2018: £5,001 - £10,000)

21 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance is in place through the DFE risk protection arrangement (RPA) to the value of £2,000,000 for any one claim and in the aggregate in any one period. The cost of this is included within the Statement of Financial Activities.

22 Members' liability

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

23 Prior period adjustment

| | 31 August 2018 |
|---|---------------------------|
| Reconciliation of funds | £ |
| Funds as previously reported | 101,094 |
| Recognition of long-term leasehold property | 4,268,363 |
| Funds as restated | <u>4,369,457</u> |



HOULTON CHURCH OF ENGLAND MAT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

23 Prior period adjustment

(Continued)

| | 2018 £ |
|---|------------------|
| Reconciliation of net income for the previous financial period | |
| Net income as previously reported | (110,841) |
| Adjustments arising: | |
| Recognition of long-term leasehold property | 4,268,363 |
| Net income as restated | <u>4,157,522</u> |

Notes to restatement

During the course of the period ending 31 August 2018, the Academy Trust was gifted the school premises from which it operates. This was not required to be recognised last year under section 1A of FRS 102 and the Companies Act 2006.

This year as the financial statements are produced under the Charties SORP, the Academies Accounts Direction 2018 to 2019 and the Charties Act 2011, the gifted school premises now has to be recognised and a prior year adjustment posted.