

Company Registration Number: 08934482 (England & Wales)

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)
FOR THE YEAR ENDED 31 AUGUST 2019

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FAIRCHILDES ACADEMY COMMUNITY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members Mrs R Ellis

Mrs L Cress

Mrs C Warner (resigned 13 December 2019)

Mr R Hitchcock

Trustees Mrs R Ellis, Chair

Ms N Patel

Mrs K Conroy

Mr R Hitchcock

Miss R Sandell, Executive Head Teacher and Accounting Officer

Company registered number 08934482

Company name Fairchildes Academy Community Trust

Principal and registered office Fairchildes Avenue

New Addington

Croydon

Surrey

CR0 0AH

Company secretary Mrs R Huque-Dowlet

Chief executive officer Miss R Sandell

Senior management

team Miss R Sandell, Chief Executive Officer (CEO) and Accounting Officer

Mrs R Huque-Dowlett, Chief Financial Officer (CFO)

Ms J Hussey, Head of School (Fairchildes Primary School)

Mr J Taylor, Head of School (Rowdown Primary School - up to 31 December 2018)

Mr J Green, Head of School (Rowdown Primary School - from 1 January 2019)

Mr G Fairbairn, Headteacher (Monks Orchard Primary School)

Independent auditors Landau Baker Limited

Chartered Accountants

Statutory Auditors

Mountcliff House

154 Brent Street

(A Company Limited by Guarantee)

FOR THE YEAR ENDED 31 AUGUST 2019 London

NW4 2DR

Bankers

Lloyds Bank

25 Gresham Street

London

EC2V 7HN

Solicitors

Winckworth Sherwood

Minerva House

5 Montagu Close

London

SE1 9BB

TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st 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's primary object, as set out in the Articles of Association, is to advance, for the public benefit, education by offering a broad and balanced curriculum. The trust operates 3 primary academies in Croydon; Fairchildes Primary School, Rowdown Primary School and Monks Orchard Primary School. The trust also runs a children centre under a service level agreement on behalf of Croydon Council. The trust has a combined pupil capacity of 1412 and had a roll of 1233 in the school census in January 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 trustees of Fairchildes Academy Community Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Fairchildes Academy Community Trust. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Method of Recruitment and Appointment or Election of Trustees

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association and funding agreement. The board of trustees is accountable for all of the **(A Company Limited by Guarantee)**

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

academies within the trust. However, it can choose to delegate governance functions to local governing bodies

or LGBs. The Trustees in order to discharge their responsibilities, will appoint people who are more locally based to serve on a board (the "Local Governing Body") which has been established to ensure the good governance of the Academy. The Board of Directors draws representation from the Local Governing Bodies. The LGB Chairs are elected by the LGB boards, although their appointment requires ratification by the Board of trustees. New Trustees will be appointed to the Board by the existing Trustees until the date of the next Annual General Meeting, at which time they are eligible for re-election for a further term. The senior executive leader (executive Headteacher) should be appointed as accounting officer, under the guidance of the board. The Directors, in consultation with the Local Governing Body, must appoint a headteacher (also known as Head of School) to the academy who will also act as an ex-officio governor. Individual trustees and governors attend training courses organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date.

Policies and procedures adopted for the induction and training of trustees

During the period under review, the Trustees held 7 Full Director meetings covering Teaching and Learning and Pupil Focus and one Annual General Meeting. In addition, there were 5 meetings of a sub-committee Finance, Personnel & Audit covering Finance and audit. The training and induction provided for new Trustees and governors will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters.

All new Trustees are given a tour of the Academy and the chance to meet with staff and pupils. All Trustees and governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees of the Academy

Organisational Structure

Fairchildes Academy Community Trust has established a management structure to enable its efficient running. The structure consists of two levels: the Trustees and the executives who are in the senior leadership team. The Board of Trustees has considered its role thoughtfully and decided that the role of the Trustees is to approve the strategic direction and objectives of the Academy and monitor its progress towards these objectives. Trustees are responsible for setting general policies, adopting an annual plan and budget, monitoring the Academy by use of budgets and making major decisions about the direction of the Academy, including capital expenditure and senior staff appointments. The trustees decided to take the responsibility for financial and other corporate functions being carried centrally, leaving the Local Governing Body of each academy free to focus on teaching and learning. Therefore, the schools within the trust have their financial systems, governance and legal issues managed for them by the trust. This in turn, may mean LGB are free to focus on the core business of their pupils' attainment and progress

The Board of Trustees has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, and a scheme of delegation and terms of reference. The Head of School is directly responsible for the day to day running of the Academy and is assisted by a Senior Leadership Team of the school.

The Trust has appointed a Responsible Officer (RO) who provides oversight of the operation of financial management arrangements. The RO undertakes checks to help ensure that the financial responsibilities of the board of Trustees are properly discharged.

The Executive Head teacher assumes the accounting officer role, the Finance and Business Director assumes the CFO role.

Arrangement for setting pay and remuneration of key management personnel

The key management personnel of academies of Faichchildes Academy Community Trust are the executive Head teacher, Finance and Business Director, and the heads of the schools.

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The executive head teacher and the Finance & Business director are part of the trust's executive team and are paid by the trust on behalf of its 3 academies from its central pot which is retained as a percentage of each

academy's EFA annual funding.

The board of trustees sets up the pay and remuneration of key management personnel.

The board of trustees must ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. The trustees must discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable including

Connected organisations, including related party relationships

The composition of the Board of Trustees is drawn from local public and private sector organisations. It is therefore inevitable that transactions may take place with organisations in which a member of the board of Trustees may have an interest. All such transactions would be conducted at arm's length.

Risk Management

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 implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and

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**TRUSTEES' REPORT (CONTINUED) FOR
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visitors, supervision of school grounds) and internal financial controls in order to minimise risk.

Risks are scored and prioritised in terms of their potential operational or financial impact and assessed in terms of the likelihood of occurrence. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls.

Trustees' indemnities

Subject to the provisions of the Companies Act 2006 s236, every Trustee or other officer of the Charitable Company shall be indemnified out of the assets of the Charitable Company against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Charitable Company.

Objectives and Activities

Objects and aims

The principal object and activity of the Academy is the operation of Fairchildes Academy Community Trust, to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum. The Trustees have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the Trust. In accordance with the articles of association, the Trust has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government is part of the wider 'Master Funding Agreement' between the Company and the Secretary of State and 'Supplemental Funding Agreements' for each Academy.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the period ended 31 August 2019 are summarised below:

- To develop more effective relationships between all stakeholders to positively impact on the ethos of the academies and behaviour of pupils within the academies.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- Provide support building upon individual learning and/or areas of strength between schools to improve key aspects of performance.
- Achieve best value in service delivery especially where partnership working can add value.
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.
- to provide support building upon individual learning and/or areas of strength between schools to improve key aspects of performance.

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- The trust will strengthen its accountability structure through a review of the effectiveness of leadership and management. It will achieve this through developing a more effective appraisal framework.

The Academy's vision is to create:

- a strong ethos of achievement leading to improved standards
- personal confidence
- appropriate thinking skills
- It is the responsibility of all of the adult staff in each academy to remove the barriers to each individual child's development and create the conditions in which they are able to love and enjoy learning.
- It is the responsibility of each academy to reach out and raise and support the aspiration of their community to believe in their children's potential.

This is achieved through developing:

- a sense of personal identity
- a sense of belonging to an individual academy
- an emphasis on personal and community responsibility
- a positive learning climate in terms of the nature of courses offered and teaching styles utilised
- positive relationships with external partners

The main activities for achieving objectives the academy will undertake will be:

- Developing a new teaching and learning policy and implementing this effectively.
- The academy will review and develop its curriculum provision to enhance creativity and engagement. • The accountability of the academy will be strengthened by the development of new policies and procedures and implementation of a new self-evaluation framework.
- Where possible the Trust secures value for money and consistent quality of support services through a combination of centrally procured and provided services

Public Benefit

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. As a multi academy trust we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, and national charities.
- Providing community events.

STRATEGIC REPORT

Key Performance Indicators

School Details			At Expected Standard				Working at a Greater Depth			
Academy	Date joined MAT	Sponsored, converter, new provision	Reading %	Writing %	Maths %	SPAG %	Writing %	Writing %	Maths %	SPAG %
Fairchildes Primary	April 2014	Converter	78	87	91	75	29	25	29	14
Rowdown Primary	June 2014	Sponsored	70	73	73	60	18	13	18	13
Monks Orchard	Sep 2018	Converter	62	61	72	73	28	4	21	34
			Expected standard in Reading, Writing and Maths %				Working at a Greater Depth in Reading, Writing and Maths %			

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Fairchildes Primary	74	14
Rowdown Primary	68	3
Monks Orchard	50	4

Progress Information

	Fairchildes Progress score	Rowdown Progress score	Monks Orchard Progress score
Reading	0.4	0.18	-2.24
Writing	1.1	0.42	-5.42
Maths	1.4	0.57	-2.3

School Absence Data

2018/19	Fairchildes Primary	Rowdown Primary	Monks Orchard Primary
Authorised	3.36%	3%	2.93%
Unauthorised	1.14%	2%	1.37%
Total	4.50%	5%	4.30%

Going Concern

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

Financial Review

Most of the Academy's income is obtained from the Education Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives specific grants from Croydon Council. The grant relate to pupils with Special Educational need and pupils in Nursery and Children Centre. The Academy Trust has also generated income via extended services offering to pupils.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem.

The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

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

The Finance Director has subsequently been reviewing the financial processes and controls. The Board of Trustees, the Finance Committee receive financial progress reports throughout the year and compare against budgets submitted to the Education and Skills Funding Agency. The Finance Committee also review medium and longer term financial plan to plan and organise resources most effectively to fulfil the aims of the Academies.

Financial risk and risk management objectives and policies

The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The Academy's system of internal controls ensures risk is minimal in these areas.

Reserve policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use.

The Academy Trust's free reserves are total funds less the amount held in fixed assets and restricted funds.

Reserves are therefore the resources the trust has or can make available to spend for its purposes once it has met its commitments. The level of reserves held take into account the nature of income and expenditure streams, they need to match them with commitments, including future capital projects, and the nature of reserves. The trusts review the reserves annually, but are mindful of budget forecast when discussing reserves.

Investment Policy

It should be noted that the Trust has substantial power with regards to investments due to cash balances held. Investment policies are determined at academy level, which is agreed by the trust. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academies to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration.

Principal Risks and Uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The trust is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the trust's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the trust faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The trustees have assessed the major risks to which the trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the trust, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of

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finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Future Development

To increase the level of pupil support to address the growing numbers of EAL and SEN pupils. This will require recruiting additional skilled staff. We also would like to continue to improve the ICT suite and have more computer/ hardware available for all schools.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that: Insofar as the trustees are aware:

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

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 13 December 2019 and signed on the board's behalf by:



Mrs R Ellis
Chair of Trustees

GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 7 times during the year.

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

Trustee	Meetings attended	Out of a possible
Mrs R Ellis, Chair	7	7
Ms N Patel	4	7
Mrs K Conroy	3	7
Mr R Hitchcock	6	7
Miss R Sandell, Executive Head Teacher and Accounting Officer	7	7

Trustees typically also serve on a number of other sub committees, Finance personnel and audit committee and academy local governing bodies.

The Finance, Personnel and audit committee is a combined committee of Finance & personnel committee and Audit Committee (Both committees have same members).

- The purpose this committee is to receive financial monitoring reports from individual academies and consider individual academy budget proposals for authorisation.
- To monitor the integrity of the financial statements;
- review internal financial controls and review the Academy's internal control and risk management systems;
- make recommendations to the Governing Body in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor; and
- review the auditor's independence and objectivity.

No significant issues to note were dealt with during the period.

The Finance, Personnel and audit committee of the trust met 5 times during the year.

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs R Ellis	5	5
Ms N Patel	1	2
Mr R Hitchcock	5	5
Mrs K Conroy	2	4
Miss R Sandell, Accounting Officer	5	5
Mrs R Hugue-Dowlet, Chief Financial Officer	5	5

Review of value for money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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'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 appropriate. The accounting officer for the Academy has delivered improved value for money during the year by:

- Continuing deploying experienced staff effectively across both schools to ensure improvements in the curriculum is made and teaching staff are supported in improving educational standards. Expertise has been shared and teaching and support staff trained in best practice to help raise the attainments and progress in the schools.
- Internal control over spending has been strengthened through robust challenge of spending.
- All contracts are reviewed regularly to ensure they offer best value for money.
- Where possible have single combined SLA for all schools of the trust to receive discounted offers
- Bulk Purchase on discounted cost and sharing between the 2 academies.

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 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 Fairchildes Academy Community Trust for the year 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 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's significant

risks that has been in place for the year 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.

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The Academy'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 School Management Support (SMS), a financial consultant, to perform additional check.

The financial consultant role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

On a quarterly basis, the financial consultant reports to the board of trustees through the Finance, Personnel and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The reports from SMS have indicated no material control weaknesses throughout the period.

Review of effectiveness

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

- the work of the financial consultant;
- the work of the external auditors;
- the work of the executive managers within the Academy 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, Personnel and Audit committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 13 December 2019 and signed on their behalf by:



Mrs R Ellis
Chair of Trustees



Miss R Sandell
Accounting
Officer

FAIRCHILDES ACADEMY COMMUNITY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Fairchildes Academy Community Trust I have considered my responsibility to notify the Academy 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, under the funding agreement in place between the Academy 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 board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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.



Miss R Sandell
Accounting Officer
Date: 13 December 2019

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

- select suitable accounting policies and then apply them consistently;


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

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

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

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

Approved by order of the members of the board of Trustees on 13 December 2019 and signed on its behalf by:



Mrs R Ellis

**FAIRCHILDES ACADEMY COMMUNITY TRUST (A
Company Limited by Guarantee)**

Chair of Trustees

FAIRCHILDES ACADEMY COMMUNITY TRUST

Opinion

We have audited the financial statements of Fairchildes Academy Community Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The

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Financial Reporting Standard applicable in the UK and Republic of Ireland', 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 Academy'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF

- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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.

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FAIRCHILDES ACADEMY COMMUNITY TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

FAIRCHILDES ACADEMY COMMUNITY TRUST (CONTINUED)

Responsibilities of trustees

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Academy'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 Academy's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Durst (Senior Statutory Auditor) for

and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

13 December 2019

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
FAIRCHILDES ACADEMY COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

**FAIRCHILDES ACADEMY COMMUNITY TRUST (A
Company Limited by Guarantee)**

In accordance with the terms of our engagement letter dated 15 July 2014 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 Fairchildes Academy Community Trust during the year 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 Fairchildes Academy Community Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Fairchildes Academy Community Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Fairchildes Academy Community Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Fairchildes Academy Community Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Fairchildes Academy Community Trust's funding agreement with the Secretary of State for Education dated 15 July 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

FAIRCHILDES ACADEMY COMMUNITY TRUST**(A Company Limited by Guarantee)****INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
FAIRCHILDES ACADEMY COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 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.

Landau Baker Limited

Reporting Accountant**Landau Baker Limited**

Chartered Accountants
Statutory Advisors

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 13 December 2019

FAIRCHILDES ACADEMY COMMUNITY TRUST**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Gifted on conversion to academy status		-	(31,844)	3,230,000	3,198,156	-
Deficit on defined benefit pension scheme inherited on						

conversion		-	(762,000)	-	(762,000)	-
Other donations and capital grants		-	-	240,339	240,339	160,422
		-	8,351,925	195,171	8,547,096	5,682,935
		440	(1,081,870)	3,275,168	2,193,738	(157,109)
		440	7,270,055	3,470,339		5,525,826
Charitable activities		-	7,658,982	-	7,658,982	5,117,282
Other trading activities		-	404,917	-	404,917	247,814
Investments	6	440	-	-	440	308
					10,740,834	
Total income						
Expenditure on:						
Charitable activities	8	-	8,351,925	195,171	8,547,096	5,682,935
Total expenditure						
Net income/(expenditure)						
Transfers between funds	21	-	13,988	(13,988)	-	-
Net movement in funds before other recognised gains/(losses)		440	(1,067,882)	3,261,180	2,193,738	(157,109)
		440	(2,438,882)	3,261,180	822,738	346,891
Other recognised				gains/(losses):		
Actuarial losses on defined benefit pension schemes	28	-	(1,371,000)	-	(1,371,000)	504,000
Net movement in funds FAIRCHILDES ACADEMY COMMUNITY TRUST (A Company Limited by Guarantee)						

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019**

	2,829	(4,585,837)	10,141,275	5,558,267	4,735,529
	funds 2019	Restricted funds 2019	Restricted fixed asset funds 2019	Total funds 2019	Total funds 2018
Note	£	£	£	£	£

Reconciliation of funds:

Total funds brought forward	2,389	(2,146,955)	6,880,095	4,735,529	4,388,638
Net movement in funds Total funds carried forward	440	(2,438,882)	3,261,180	822,738	346,891

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

The notes on pages 24 to 52 form part of these financial statements.

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08934482

BALANCE SHEET AS AT 31 AUGUST 2019

Cash at bank and in hand		609,330	672,914
		<u>920,866</u>	<u>823,029</u>
		(491,959)	(494,651)
Creditors: amounts falling due within one year	18	428,907 2019	328,378 2018
	Note	£	£
Fixed assets			
	15	5,879	5,527
Tangible assets	16	10,119,899	6,794,553
		<u>10,125,778</u>	<u>6,800,080</u>
Current assets			
Debtors	17	311,536	150,115
Net current assets		<u> </u>	<u> </u>

Total assets less current liabilities		10,554,685	7,128,458
Creditors: amounts falling due after more than one year	19	(57,418)	(27,929)
Net assets excluding pension liability		10,497,267	7,100,529
Defined benefit pension scheme liability	28	(4,939,000)	(2,365,000)
		<u>5,558,267</u>	<u>4,735,529</u>
Total net assets			
Funds of the Academy			
Restricted funds:			
Fixed asset funds	21	10,141,275	6,880,095
Restricted income funds	21	353,163	218,045
Restricted funds excluding pension asset	21	10,494,438	7,098,140
Pension reserve	21	(4,939,000)	(2,365,000)
Total restricted funds	21	5,555,438	4,733,140
Unrestricted income funds	21	2,829	2,389
		<u>5,558,267</u>	<u>4,735,529</u>
Total funds			

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED) AS AT 31 AUGUST 2019

The financial statements on pages 19 to 52 were approved by the Trustees, and authorised for issue on 13 December 2019 and are signed on their behalf, by:



Mrs R Ellis
Chair of Trustees

The notes on pages 24 to 52 form part of these financial statements.

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	<i>2018</i> £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	23	(169,932)	<i>198,511</i>
Cash flows from investing activities	25	(50,090)	<i>44,903</i>
Cash flows from financing activities	24	156,438	<i>30,912</i>
Change in cash and cash equivalents in the year		(63,584)	<i>274,326</i>
Cash and cash equivalents at the beginning of the year		672,914	<i>398,588</i>
Cash and cash equivalents at the end of the year	26	<u>609,330</u>	<i><u>672,914</u></i>

The notes on pages 24 to 52 form part of these financial statements

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), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

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

Fairchildes Academy Community Trust 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 Academy 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy'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 has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Legacies**

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

• **Grants**

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

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

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income (continued)

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

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Academy on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

- **Donated fixed assets (excluding transfers on conversion or into the Academy)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy'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 allocated on the portion of the asset's use.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

1. Accounting policies (continued)

1.6 Intangible assets

Intangible assets costing £2,500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the revaluation model, intangible assets shall be carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

Computer software	-	5 years
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1.7 Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long-term leasehold property	- 125 years
Leasehold improvements	- 10 - 50 years
Plant and machinery	- 10 years
Computer equipment	- 3 years

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

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

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at bank and in hand

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

1.10 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. 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.

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.12 Pensions

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

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

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

1.13 Conversion to an academy trust

The conversion from a state maintained school to an Academy involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Monks Orchard Primary School to the Academy have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The property on which Monks Orchard Primary School operates is held on a 125 year lease from the London Borough of Croydon. This leasehold was professionally valued at the date of conversion and has been brought to account at that valuation.

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

Further details of the transaction are set out in note 27.

1. Accounting policies (continued)

1.14 Fund accounting

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

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

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

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

2. **Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The 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 28, 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.

FAIRCHILDES ACADEMY COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants

	Restricted Restricted fixed asset funds 2019	Total funds 2019	
	£	£	£
Capital Grants	-	240,339	240,339
Assets gifted on conversion to academy status	(793,844)	3,230,000	2,436,156
	<u>(793,844)</u>	<u>3,470,339</u>	<u>2,676,495</u>

	<i>Restricted fixed funds 2018</i>	<i>Total asset funds 2018</i>	
	£	£	£
Capital Grants	160,422	160,422	
	<u>160,422</u>	<u>160,422</u>	

4. Funding for the Academy's educational operations

	Restricted funds 2019	Total 2019	Total funds 2018	
	£	£	£	£
DfE/ESFA grants				
GAG	5,740,474	5,740,474	3,733,137	
Other ESFA funding	966,380	966,380	642,426	
LA and other government grants	952,128	952,128	741,719	
	<u>7,658,982</u>	<u>7,658,982</u>	<u>5,117,282</u>	

5. Income from other trading activities

	Restricted funds 2019	Total 2019	Total funds 2018	
	£	£	£	£
Catering	148,700	148,700	82,197	
Lettings	40,573	40,573	44,153	
57,209				
After school clubs	119,738	119,738		

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

Trips	44,242	44,242	28,228
Other income	51,664	51,664	36,027
	<u>404,917</u>	<u>404,917</u>	<u>247,814</u>

6. Investment income

Unrestricted Total Total funds funds
funds 2019 2019 2018

	£	£	£
Investment income	440	440	308
	<u>440</u>	<u>440</u>	<u>308</u>

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Educational operations:				
Direct costs	5,767,181	-	472,151	6,239,332
Allocated support costs	<u>1,283,259</u>	<u>478,969</u>	<u>545,536</u>	<u>2,307,764</u>
	<u>7,050,440</u>	<u>478,969</u>	<u>1,017,687</u>	<u>8,547,096</u>
	<i>Staff</i> <i>Costs</i> <i>2018</i> £	<i>Premises</i> <i>2018</i> £	<i>Other</i> <i>2018</i> £	<i>Total</i> <i>2018</i> £
Educational operations:				
Direct costs	3,826,400	-	342,436	4,168,836
Allocated support costs	<u>815,421</u>	<u>303,776</u>	<u>394,902</u>	<u>1,514,099</u>
	<u>4,641,821</u>	<u>303,776</u>	<u>394,902</u>	<u>5,340,500</u>

8. Analysis of expenditure on charitable activities

Summary by fund type

Restricted Total funds
funds 2019 2019

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	£	£
9. Educational operations	8,547,096	8,547,096
	<u> </u>	<u> </u>
	<i>Unrestricted funds</i>	<i>Restricted funds</i>
	<i>2018</i>	<i>2018</i>
	£	£
	18	5,682,917
	<u> </u>	<u> </u>
9. Educational operations		<u> </u>
		<u> </u>
Analysis of expenditure by activities	Activities	
	undertaken	Support
	costs	Total directly
	2019	2019
	£	£
	6,239,332	2,307,764
	<u> </u>	<u> </u>
Educational operations		<u> </u>
Analysis of expenditure by activities (continued)	<i>Activities</i>	
	<i>undertaken</i>	<i>Support</i>
	<i>directly</i>	<i>costs</i>
	<i>2018</i>	<i>2018</i>
	£	£
	4,168,836	1,514,099
	<u> </u>	<u> </u>
Educational operations		<u> </u>
Analysis of direct costs	Educational	Total
	operations	funds
	2019	2019
	£	£
Staff costs	5,584,980	5,584,980
Educational non-ICT expenditure	251,782	251,782
Educational ICT expenditure	54,294	54,294
		3,812,434
		178,946
		55,620

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Staff development and training	55,658	55,658	26,862
Supply teaching costs	182,201	182,201	13,965
Educational consultancy	89,369	89,369	65,461
Other supplies and services	9,657	9,657	6,766
Insurance	7,954	7,954	8,782
Other support costs	<u>3,437</u>	<u>3,437</u>	<u> </u>
	<u>6,239,332</u>	<u>6,239,332</u>	<u>4,168,836</u>

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Total Total operations funds		
	<i>funds</i>		
	2019	2019	2018
	£	£	£
Defined benefit pension scheme finance cost	92,000	92,000	67,000
Staff costs	1,254,487	1,254,487	815,423
Depreciation	195,171	195,171	144,952
Building maintenance	76,757	76,757	64,026
Maintenance of plant and equipment	21,687	21,687	14,580
Grounds maintenance	20,005	20,005	15,125
Energy costs	109,962	109,962	68,085
Rent and rates	27,014	27,014	11,980
Insurance	23,511	23,511	11,650
Other occupancy costs	67,874	67,874	40,689
Catering	280,634	280,634	157,425
Other support costs	55,150	55,150	30,694
Agency support staff	28,772	28,772	-
Governance costs	<u>54,740</u>	<u>54,740</u>	<u>72,470</u>
	<u>2,307,764</u>	<u>2,307,764</u>	<u>1,514,099</u>

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

			2019	2018
£	£	Operating lease rentals	3,340	3,340
		Depreciation of tangible fixed assets	191,123	141,562
		Amortisation of intangible assets	4,048	3,390

Fees paid to auditors for:

- audit **9,470** 9,250

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- other services **2,420** 4,250

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	5,172,950	3,549,460
Social security costs	465,817	322,545
Pension costs	1,200,700	755,851
	<u>6,839,467</u>	<u>4,627,856</u>
Agency staff costs	<u>210,973</u>	<u>13,965</u>
	<u>7,050,440</u>	<u>4,641,821</u>
	<u>b. Staff numbers</u>	

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

	2019	2018
	No.	No.
Teachers	70	50
Administration and support	184	151
Management	<u>5</u>	<u>4</u>
	<u>259</u>	<u>205</u>

The average headcount expressed as full-time equivalents was:

	2019	2018
	No.	No.
Teachers	64	43
Administration and support	135	94
Management	<u>5</u>	<u>4</u>
	<u>204</u>	<u>141</u>

11. Staff costs (continued)

c. Higher paid staff

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

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	2019	2018	No.
In the band £60,001 - £70,000	2		1
In the band £70,001 - £80,000	2		1
In the band £80,001 - £90,000	1		1
	<u> </u>	<u> </u>	d. 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) received by key management personnel for their services to the academy trust was £420,592 (2018 - £291,716).

12. Central services

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

- Leadership and management support
- Finance management
- Audit and control services

The Academy charges for these services on the following basis:

4% of GAG income.

The actual amounts charged during the year were as follows:

	2019	2018		
			£	£
Fairchildes Primary School	83,339	141,138	Rowdown Primary School	57,634 67,645
Monks Orchard Primary School			84,203	-
			<u> </u>	<u> </u>
Total			225,176	208,783

13. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. 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. The value of Trustees' remuneration and other benefits was as follows:

	2019	2018
	£	£
Miss R Sandell, Executive Head Teacher and Remuneration	85,000 -	85,000 -
Accounting Officer	90,000	90,000
Pension contributions paid	10,000 -	10,000 -
	15,000	15,000 Mrs R
Hugue-Dowlet, Finance Director, CFO Remuneration 65,000 - (resigned 5 June 2018)		70,000
Pension contributions paid		10,000 -

NOTES TO THE FINANCIAL STATEMENTS
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15,000

During the year, retirement benefits were accruing to 1 Trustees (2018 - 1) in respect of defined benefit pension schemes.

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

14. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £189 (2018 - £nil). The cost of this insurance is included in the total insurance cost.

	Software licences £
Cost	
At 1 September 2018	16,085
Additions	4,400
	20,485
At 31 August 2019	20,485
Amortisation	
At 1 September 2018	10,558
Charge for the year	4,048
	14,606
At 31 August 2019	14,606
Net book value	
At 31 August 2019	5,879
At 31 August 2018	5,527

16. Tangible fixed assets

	Long-term					
	leasehold property	Leasehold Assets under improvements construction		Plant and machinery	Computer equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 September						

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2018	5,951,000	951,789	77,344	228,796	100,393	7,309,322	Additions	3,230,000	-	259,747
	4,087	22,635	3,516,469							
Transfers between classes	-	337,091	(337,091)	-	-	-				
At 31 August 2019	<u>9,181,000</u>	<u>1,288,880</u>	<u>-</u>	<u>232,883</u>	<u>123,028</u>	<u>10,825,791</u>				
Depreciation										
At 1 September 2018	214,251	126,696	-	82,681	91,141	514,769				
Charge for the year	73,448	80,397	-	23,868	13,410	191,123				
At 31 August 2019	<u>287,699</u>	<u>207,093</u>	<u>-</u>	<u>106,549</u>	<u>104,551</u>	<u>705,892</u>				
Net book value										
At 31 August 2019	<u>8,893,301</u>	<u>1,081,787</u>	<u>-</u>	<u>126,334</u>	<u>18,477</u>	<u>10,119,899</u>				
At 31 August 2018	<u>5,736,749</u>	<u>825,093</u>	<u>77,344</u>	<u>146,115</u>	<u>9,252</u>	<u>6,794,553</u>				
17. Debtors										
							2019		2018	
							£		£	
Due within one year										
Trade debtors							18,527		10,012	
Prepayments and accrued income							72,677		31,979	
							<u>202,154</u>		<u>92,198</u>	
							311,536		<u>150,115</u>	
Tax recoverable	18,178	15,926	Grants receivable							
18. Creditors: Amounts falling due within one year										
							2019		2018	
							£		£	
Other loans							8,544		4,033	
Trade creditors							100,945		111,933	
Other taxation and social security	107,099		71,404	Accruals and deferred income					275,371	
										307,281

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	491,959	494,651
	2019	2018
	£	£
Deferred income at 1 September 2018	282,059	254,451
Resources deferred during the year	221,863	272,059
Amounts released from previous periods	<u>(282,059)</u>	<u>(244,451)</u>
	<u>221,863</u>	<u>282,059</u>

19. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Other loans	57,418	27,929
	<u>57,418</u>	<u>27,929</u>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2019	2018
	£	£
Payable or repayable by instalments	<u>16,787</u>	<u>7,914</u>
	<u>16,787</u>	<u>7,914</u>

20. Financial instruments

	2019	2018		
	£	£		
Financial assets				
Financial assets measured at fair value through income and expenditure	609,330	672,914		
Financial assets that are debt instruments measured at amortised cost	18,527	10,012		
	<u>627,857</u>	<u>682,926</u>		
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(223,525)</u>	<u>(179,116)</u>		

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Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

Financial assets that are debt instruments measured at amortised cost comprise debtors and accrued income.

Financial liabilities measured at amortised cost comprise creditors and accrued expenditure. 21.

Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	2,389	440	-	-	-	2,829
Restricted general funds						
GAG						
Pupil	218,045	5,740,473	(5,619,343)	13,988	-	353,163
premium	-	722,858	(722,858)	-	-	-
Other ESFA funding LA and other government funding	-	243,522	(243,522)	-	-	-
General	-	952,128	(952,128)	-	-	-
Pension reserve	(2,365,000)	373,074	(373,074)	-	-	-
	<u>(2,365,000)</u>	<u>(762,000)</u>	<u>(441,000)</u>	-	<u>(1,371,000)</u>	<u>(4,939,000)</u>
	<u>(2,146,955)</u>	<u>7,270,055</u>	<u>(8,351,925)</u>	<u>13,988</u>	<u>(1,371,000)</u>	<u>(4,585,837)</u>
Restricted fixed asset funds						
Class II Restricted Funds - all funds	6,880,095	3,470,339	(195,171)	(13,988)	-	10,141,275
Total Restricted funds	<u>4,733,140</u>	<u>10,740,394</u>	<u>(8,547,096)</u>	<u>-</u>	<u>(1,371,000)</u>	<u>5,555,438</u>
Total funds	<u><u>4,735,529</u></u>	<u><u>10,740,834</u></u>	<u><u>(8,547,096)</u></u>	<u><u>-</u></u>	<u><u>(1,371,000)</u></u>	<u><u>5,558,267</u></u>

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the trust.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure

21. Statement of funds (continued) incurred

in the operation of the trust.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Fairchildes Primary School	243,529	119,518
Rowdown Primary School	59,091	100,916
Monks Orchard Primary School	53,372	-
	355,992	220,434
Total before fixed asset funds and pension reserve		
Restricted fixed asset fund	10,141,275	6,880,095
Pension reserve	(4,939,000)	(2,365,000)
	5,558,267	4,735,529
Total		

Total cost analysis by academy

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

	Teaching and educational Educational staff costs £	Other support staff costs £	support supplies £	Other costs excluding depreciation £	Total 2019 £
Fairchildes Primary School	2,506,014	602,978	194,959	393,664	3,697,615
Rowdown Primary School	1,381,138	293,198	182,260	214,750	2,071,346

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Monks Orchard Primary School	1,880,029	387,083	152,566	388,463	2,808,141	
Central services				(225,177)	(225,177)	
	<u>5,767,181</u>	<u>1,283,259</u>	<u>529,785</u>	<u>771,700</u>	<u>8,351,925</u>	
Academy						
21. Statement of funds (continued)						
Comparative information in respect of the preceding year is as follows:						
	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General Funds - all funds	2,081	308	-	-	-	2,389
Restricted general funds						
GAG		3,733,137				218,045
Pupil premium	145,681	500,698	(3,643,024)	(17,749)	-	-
Other ESFA funding LA and other government funding	-	141,728	(500,698)	-	-	-
			(141,728)			
General	-	741,719	(741,719)	-	-	-
		<u>247,814</u>	<u>(247,814)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pension reserve	(2,606,000)	-	(263,000)	-	504,000	(2,365,000)
	(2,460,319)	5,365,096	(5,537,983)	(17,749)	504,000	(2,146,955)
Restricted fixed asset funds						
Class II Restricted Funds - all funds	<u>6,846,876</u>	<u>160,422</u>	<u>(144,952)</u>	<u>17,749</u>	<u>-</u>	<u>6,880,095</u>
Total Restricted funds	<u>4,386,557</u>	<u>5,525,518</u>	<u>(5,682,935)</u>	<u>-</u>	<u>504,000</u>	<u>4,733,140</u>
Total funds	<u><u>4,388,638</u></u>	<u><u>5,525,826</u></u>	<u><u>(5,682,935)</u></u>	<u><u>-</u></u>	<u><u>504,000</u></u>	<u><u>4,735,529</u></u>

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22. Analysis of net assets between funds

Analysis of net assets between funds - current year

funds	Unrestricted 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	10,119,899	10,119,899
Intangible fixed assets	-	-	5,879	5,879
Current assets	2,829	902,540	15,497	920,866
Creditors due within one year	-	(491,959)	-	(491,959)
Creditors due in more than one year	-	(57,418)	-	(57,418)
Provisions for liabilities and charges	-	(4,939,000)	-	(4,939,000)
	2,829	(4,585,837)	10,141,275	5,558,267
Total				

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted asset 2018 £	Restricted fixed asset Total funds 2018 £	Total funds 2018 £
	2,389		6,880,095	4,735,529
Tangible fixed assets	-	-	6,794,553	6,794,553
Intangible fixed assets	-	-	5,527	5,527
Current assets	2,389	740,625	80,015	823,029
Creditors due within one year	-	(494,651)	-	(494,651)
Creditors due in more than one year	-	(27,929)	-	(27,929)
Provisions for liabilities and charges	-	(2,365,000)	-	(2,365,000)
		(2,146,955)		
Total				

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

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	2,193,738	(157,109)
Adjustments for:		
Depreciation	195,171	144,952
Capital grants from DfE and other capital income	(240,339)	(160,422)
Interest receivable	(440)	(308)
Defined benefit pension scheme cost less contributions payable	349,000	196,000
Defined benefit pension scheme finance cost	92,000	67,000
(Increase)/decrease in debtors	(161,421)	25,600
(Decrease)/increase in creditors	(7,203)	82,798
Non-cash assets gifted on conversion to academy status	(2,590,438)	-
	(169,932)	198,511
Net cash (used in)/provided by operating activities	(169,932)	198,511

24. Cash flows from financing activities

	2019 £	2018 £
Cash inflows from new borrowing	36,091	31,062
Repayments of borrowing	(2,091)	(150)
Cash gifted on conversion	122,438	-
	156,438	30,912
Net cash provided by financing activities	156,438	30,912

25. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	440	308
Purchase of intangible assets	(4,400)	-
Purchase of tangible fixed assets (286,469) (115,827) Capital grants from DfE Group	240,339	160,422
	(50,090)	44,903
Net cash (used in)/provided by investing activities	(50,090)	44,903

26. Analysis of cash and cash equivalents

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	2019	2018
	£	£
Cash in hand	609,330	672,914
Total cash and cash equivalents	609,330	672,914

27. Conversion to an academy trust

On 1 September 2018 Monks Orchard Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Fairchildes Academy Community Trust from London Borough of Croydon for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Restricted	Restricted fixed asset	Total funds funds funds
	£	£	£
Tangible fixed assets			
Leasehold land and buildings	-	3,230,000	3,230,000
Current assets			
Cash - LA funds 115,238 - 115,238 Cash - other school funds 7,200 - 7,200			
Debtors	12,773	-	12,773
Prepayments	15,632	-	15,632
Current liabilities			
Creditors (46,320) - (46,320) Accruals and deferred income (136,367)			
- (136,367)			
Non-current liabilities			
Local Government Defined Benefit Pension Scheme	(762,000)	-	(762,000)
	<u>(793,844)</u>	<u>3,230,000</u>	<u>2,436,156</u>

Net (liabilities)/assets

27. Conversion to an academy trust (continued)

The property on which the academy carries on operations was transferred under a lease agreement from the London Borough of Croydon over 125 years. The property was professionally valued by the academy trust on the date of conversion.

NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

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

The Teachers' Pension Scheme Budgeting and Valuation Account

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

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

28. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website - <https://www.teacherspensions.co.uk/public/login.asp>.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

Scheme Changes

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

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

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2019 was £533,000 (2018 £458,000), of which employer's contributions totalled £415,000 (2018 - £378,000) and employees' contributions totalled £ 118,000 (2018 - £80). The agreed contribution rates for future years are between 16.55 and 21.75 per cent for employers and 5.5 and 9.9 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.9	2.9
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	1.8	2.7
28. Pension commitments (continued)		

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

	2019	2018
	Years	Years
<i>Retiring today</i>		

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Males	22.3	22.3
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.0	24.0
Females	26.2	26.2

Sensitivity analysis

	2019	2018	£000	£000
Discount rate -0.1%	207			145
CPI rate +0.1%	51			17

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

	At 31 August 2019	At 31 August 2018
	£	£
Equities	2,582,000	2,100,000
Corporate bonds 958,000 473,000 Property 583,000 354,000		
Cash and other liquid assets	42,000	30,000
Total market value of assets	4,165,000	2,957,000

The actual return on scheme assets was £220,000 (2018 - £154,000).

28. Pension commitments (continued)

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

	2019	2018
	£	£
Current service cost	(764,000)	(574,000)
Interest income	101,000	63,000
Interest cost	(193,000)	(130,000)
Total amount recognised in the Statement of Financial Activities	(856,000)	(641,000)

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

	2019	2018
	£	£
At 1 September	5,322,000	4,955,000

NOTES TO THE FINANCIAL STATEMENTS
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Conversion of academy trusts	1,198,000	-
Current service cost	764,000	574,000
Interest cost	193,000	130,000
Employee contributions	118,000	80,000
Actuarial losses/(gains)	1,591,000	(350,000)
Benefits paid	(89,000)	(67,000)
	<u>9,097,000</u>	<u>5,322,000</u>

At 31 August

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

	2019	2018
	£	£
At 1 September	2,957,000	2,349,000
Conversion of academy trusts	436,000	-
Interest income	101,000	63,000
Actuarial gains	220,000	154,000
Employer contributions	415,000	378,000
Employee contributions	118,000	80,000
Benefits paid	(89,000)	(67,000)
	<u>4,158,000</u>	<u>2,957,000</u>

At 31 August

29. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under noncancellable operating leases as follows:

	2018
	£
Not later than 1 year	3,340

30. Members' liability

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

31. Related party transactions

Owing to the nature of the Academy'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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

NOTES TO THE FINANCIAL STATEMENTS
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Mrs A Conroy, the mother of Ms K Conroy, a trustee of the Academy Trust, is employed by Fairchildes Primary School.

Mr D Sayer, the brother of Mr S Sayer, a member of staff and member of Fairchildes Primary School local governing body, is employed by Fairchildes Primary School.

Miss K Sparks, partner of Mr S Sayer, is employed by Fairchildes Primary School.

These appointments were made in open competition and the related trustees were not involved in the decision making processes regarding the appointments. The employees are paid within the normal pay scales for their roles and receive no special treatment in their relationship with the trustees.