

The Gallery Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2019

Company Registration Number:
08334718 (England and Wales)

Period of account: 1 September 2018 – 31 August 2019

Item	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	18
Statement on Regularity, Propriety and Compliance	24
Statement of Trustees' Responsibilities	25
Independent Auditor's Report on the Financial Statements	26
Independent Reporting Accountant's Assurance Report on Regularity	29
Statement of Financial Activities incorporating Income & Expenditure Account	31
Balance Sheet	32
Statement of Cash Flows	33
Notes to the Financial Statements, incorporating:	34
Statement of Accounting Policies	
Other Notes to the Financial Statements	

Members

Ms H Brierley
Ms J Dyson
Mr R Harvey
Dr A Kay
Mrs S Rodway

Trustees

Mrs S Rodway (Chairperson) * +
Professor A Edwards (resigned 9 July 2019)
Mr S King * +
Ms C Piller (resigned 2 October 2018)
Mr C Scrivener * +
Mrs K Shaw * +
Mr G Thomas * +
Mrs M K Willett * +
Mr M Willis (appointed 21 May 2019)

* Member of Finance and Personnel Committee

+ Member of Audit Committee

Company Secretary

Blakelaw Secretaries Limited

The Gallery Trust

Reference and Administrative Details (continued)

Central Management Team

Chief Executive Officer	Mrs M K Willett
Head of Shared Services	Mrs J Horne
Chief Operating Officer	Mrs S Hunston
Finance Manager	Mrs L Riordan
Director of SEND and School Improvement	Mrs J Jones (appointed February 2019)
Director of SEND and School Improvement	Mrs C Roberts (appointed January 2019)
Estates and IT Manager	Mr C Woodward (appointed June 2019)

Academies:

Iffley Academy

Executive Head Teacher:

Mrs M K Willett

Head Teacher:

Mr T Procter-Legg

Bardwell School

(joined The Gallery Trust 1 June 2019)

Head Teacher:

Mr J Riches

Company Name

The Gallery Trust

Principal and Registered Office

The Gallery Trust

Iffley Turn

Oxford

OX4 4DU

Company Registration Number

08334718 (England and Wales)

Independent Auditor

Critchleys Audit LLP

Beaver House

23-38 Hythe Bridge St

Oxford

OX1 2EP

Bankers

Lloyds Bank Plc

Carfax

Oxford

OX1 4AA

Solicitors

Blake Morgan LLP

Seacourt Tower

West Way

Oxford

OX2 0FB

The Gallery Trust

Trustees' Report

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

The Academy Trust currently operates 2 special academies in Oxfordshire. Its academies have a combined pupil capacity of 219 and had a roll of 241 in the school census on 16 May 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 The Gallery Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as The Gallery Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

There were no provisions required for third party indemnity. In accordance with normal commercial practice, the Academy Trust purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business.

Method of Recruitment and Appointment or Election of Trustees

The Gallery Trust's Memorandum and Articles of Association are the primary governing documents of the Trust. The Articles of Association require that there are at least three Members and up to 10 Trustees. Details of The Gallery Trust's Members and Trustees during the reporting period are provided on page 1. The Trust has five members, in accordance with the Department for Education's recommendation. The Trust currently has seven Trustees, and consideration will be given by the Board to filling trustee vacancies with a governor from schools as and when they join the Trust, providing the nominees provide the required skills set and meet the requirements of the recruitment process (described below). Trustees who have strong links with a school in the Trust are required to work in the interests of the Trust as an entity while acting as a Trustee.

Parent Trustees are selected from parent Governors on Local Governing Bodies. Parent Governors are elected through an election process conducted according to Department for Education procedures.

A skills audit, based on the National Governance Association Skills Audit (Model 2), is conducted annually by the Board of Trustees to identify the skills required should a vacancy arise on the Board, to inform training plans and to ensure the Board can demonstrate that it provides the range of skills and knowledge required. The Board has worked successfully with the organisation 'Academy Ambassadors' to source suitable candidates. Appropriate Trustees are recruited and appointed to ensure that the Board can guide and drive future improvement, and consolidate the Trust's successful position. The focus of recruitment is to recruit Trustees with education, finance or business backgrounds. Applicants are required to complete an application form and meet with the Chair of Trustees and the Chief Executive Officer. All Trustees are seconded at a Trustees meeting and formally appointed by the Members before their details are lodged by the Company Secretary at Companies House. The Chair of Trustees and Vice Chair of Trustees are elected annually.

All Trustees are required to confirm that they comply with appropriate statutory eligibility regulations for their role and undertake an Enhanced Disclosure and Barring Check. Members, Trustees and Governors are required to sign the Trust's Code of Conduct annually, and comply with the requirements of the Trust's Register of Business Interests.

Policies and Procedures Adopted for the Induction and Training of Trustees

In order to support effective governance, an induction and training programme is in place for Trustees. External training is obtained if required from the National Governance Association, Oxfordshire County Council, the Trust's legal advisers, Blake Morgan LLP, and other providers. Training and induction is individually tailored to meet the needs of new Trustees. Copies of policies, accounts, minutes, guidance, strategic plans and other documents relevant to the role are provided. As a result, Trustees have a knowledge and understanding of the Trust's strategic vision and aims, day-to-day operation and management, their roles, responsibilities and accountabilities within the governance structure, and the duties of a trustee. It is also important that Trustees gain an awareness of the nature of students' Special Educational Needs and Disabilities (SEND) and how the Trust, as a Special Trust, differs from mainstream education providers. The Board of Trustees gains insights into the operation of academies through pre-arranged visits to schools, including learning walks, meetings with staff, attendance at social events, and information obtained through attendance at Board and committee meetings.

Following an assessment of new Trustees' areas of experience and expertise, Trustees are invited to join appropriate committees.

The Gallery Trust

Trustees' Report (continued)

Organisational Structure

The management structure of the Trust consists of Members, Trustees, Chief Executive Officer, Trust senior leadership team, Local Governing Bodies and other committees, and Head Teachers and school senior leadership teams.

Michelle Kay Willett is the Chief Executive Officer and Accounting Officer for the Trust.

Members have a constitutional role in the Trust; Trustees have a strategic role across the Trust. Governors of each school have a responsibility to their school. Trustees and Governors can delegate responsibilities to committees in accordance with the Scheme of Delegation.

The Scheme of Delegation specifies the structure for strategic and operational decision-making, and authorisation processes for governance, HR and finance. The Scheme of Delegation is updated annually to reflect the circumstances of each academic year.

a) Members

Members have a constitutional role in the Trust. In order to monitor the effectiveness of the Board of Trustees and to ensure that the Board is upholding the vision and values of the Trust, the Members demonstrate competences in governance, education, risk management and strategic leadership within its membership. The Members hold the Board to account for the outcomes of the Trust. In order to ensure Members are fully cognisant with Trust business, strategy and operation, Members receive minutes from Trustee meetings. Members meet with the Chief Executive Officer and Chair of Trustees to receive information regarding the performance of the Trust, and meet annually with Trustees at the Annual General Meeting.

Specific duties of the Members:

- the subscribers to the Trust's Memorandum of Association (where they are founding members) may amend the Articles of Association (the articles include a definition of the Trust's charitable objects and governance structure) subject to any restrictions in the Articles or in the Trust's Funding Agreement or charity law. The Funding Agreement is the contract between the Secretary of State for Education and the Trust that sets out the terms on which the Trust is funded.
- appoint and remove Trustees
- appoint the Trust's auditors and adopt the Trust's audited annual accounts (subject to the Companies Act).

The Gallery Trust

Trustees' Report (continued)

b) Trustees

The Trustees are responsible for: ensuring clarity of vision, ethos and strategic direction; holding senior leaders to account for the educational performance of the organisation and its pupils; the performance management of staff; overseeing the financial performance of the organisation and making sure that funding is well spent. The Trustees drive the management of the Trust and oversee the financial performance of the Trust. The Trustees comply with Government, Department for Education and Education and Skills Funding Agency requirements, company law, and charity law. The Trustees have legal responsibilities through the Articles and Memorandum of Association of the Trust, under company law as Directors, and under charity law as Trustees.

Specific Duties of the Board of Trustees:

- ensures the quality of the Trust's educational offer, overseeing standards and outcomes:
 - monitoring and evaluating the progress of strategic objectives within schools' Raising Achievement Plans and the Trust's Development Plan
 - overseeing key performance data
- recommends changes to the Articles of Association and Funding Agreement to the Members
- ensures that the Trust operates within the Master Funding Agreement
- approves changes to the Scheme of Delegation
- confirms the election of Chair and Vice Chair of Local Governing Bodies
- manages the Trust's finances and property including:
 - compliance with the Academies Financial Handbook. The Handbook sets out the financial management, control and reporting requirements that apply to all academy trusts. It describes a financial framework for trusts that focuses on principles rather than detailed guidance, and reflects their accountability to Parliament and to the public.
 - approval of the Trust's annual 3 year revenue and capital budget on the recommendation of the Finance and Personnel Committee
 - recommendations to the Members regarding the annual reports and accounts for filing at Companies House
- oversees risk management
- participates in the recruitment of senior staff
- receives and considers reports from committees, including Local Governing Bodies
- appraises the Chief Executive Officer

c) Local Governing Body

The Local Governing Body is accountable to the Trustees for setting the vision of schools in line with the values of the Trust, and for ensuring the quality of educational outcomes. The Board establishes the governance structure and may delegate some powers to Local Governing Bodies as detailed in the Scheme of Delegation.

d) Chief Executive Officer

The Chief Executive Officer is the Accounting Officer, has overall responsibility for the Trust's finances and financial effectiveness, and is an ex-officio Trustee.

The Chief Executive Officer is held accountable by Trustees and Members for the performance of the Trust, and the outcomes of schools in the Trust. The Chief Executive Officer leads strategic school improvement, working in collaboration with senior leaders and Governors. As a system leader and a National Leader of Education, the Chief Executive Officer maintains an overview of the national education agenda and supports school leaders to focus on outcomes for students in their individual schools.

The Chief Executive Officer also serves as the Executive Head Teacher, Iffley Academy. This is an arrangement to support the induction of the new Head Teacher of Iffley Academy, who commenced in September 2018.

The Gallery Trust

Trustees' Report (continued)

e) Committees

The Trust has committees with membership comprising of Trustees and Governors, attended by senior staff. Committees provide authoritative and knowledgeable guidance, reports and data to the Board of Trustees. There are 6 committees:

- Local Governing Bodies (Iffley Academy and Bardwell School)
- Finance and Personnel
- Audit and Risk
- Health and Safety
- CEO Appraisal

Local Governing Bodies convene their own committees, which include Teaching and Learning, Head Teacher Appraisal, and Personal Development, Welfare and Safeguarding.

Other committees are convened as and when necessary. These include Staff Discipline, Pupil Discipline and Discipline Appeal Committees.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay and remuneration of the Trust's key management personnel are reviewed in accordance with Education and Skills Funding Agency (ESFA) guidance by the Finance and Personnel committee, and approved by the Trustees. The Trust follows the pay arrangements for maintained schools in England and Wales for teachers and for support staff. The Trust's teachers' pay policy is based on the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document (STPCD). The Trust adheres to Local Government pay arrangements for support staff (Green Book) and follows the Local Government pay spine.

The only Trustee to receive remuneration is the Chief Executive Officer using the arrangement detailed above. This remuneration is only received solely in respect of services provided in undertaking the role of Chief Executive Officer under the contract of employment, and not as a Trustee.

The Gallery Trust
Trustees' Report (continued)

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	0.4
	The cost is reimbursed by the Oxfordshire Facilities Time Budget

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1%-50%	1 (working externally to the Trust)
51%-99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	£3,252,954
Provide the percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
---	----

Related Parties and other Connected Charities and Organisations

The Gallery Trust is a Multi Academy Trust. The Trust is not currently linked to other organisations and has no subsidiary companies. For further details of related parties and transactions during the year, see Notes 13 and 29.

Objectives and Activities

Objects and Aims

The main objectives and aims of The Gallery Trust are:

- to continue to build a community of special schools which meets the needs of all cohorts of SEND pupils in Oxfordshire, providing outstanding education and support for pupils within member academies and settings
- to consolidate the measured and considered expansion of the Trust through
 - welcoming established special schools into the Trust, including those which require sponsorship
 - opening new Free special schools
 - considering other opportunities which may arise in the county which promote positive outcomes for pupils with SEND
- to secure improvements to the Trust's school environments, ensuring that all learners have access to specialist resources and learning spaces which promote positive engagement in learning.

The ethos of the Trust is:

- **Commitment to Special Education** - striving to provide the best specialist educational learning experiences for all
- **Opportunities for all to learn** - ensuring the staff and student community continue on learning pathways which enhance their lives
- **Genuine respect and value** - making excellent relationships which promote trust, confidence and engagement, and provide safe learning spaces

Objectives, Strategies and Activities

Objectives and activities of The Gallery Trust during the 2018 – 2019 year included:

- continuation of the expansion of the Trust:
 - Bardwell School joined the Trust on 1 June 2019
 - The Gallery@Longford Park, a resource base offering short term interventions for students with complex SEND, opened in October 2018
- consolidation of the Trust's position as a strategic lead in the provision of outstanding education and support for students with SEND throughout Oxfordshire, strengthening the Trust's ability to influence SEND policy and strategy. The Trust worked collaboratively with the Department for Education, the Regional Schools Commissioner, and the Local Authority
- submission of an application for sponsor status
- investment into the development of an experienced and knowledgeable central services team, supporting school improvement and innovation, and business and commercial services, which provides consistency of approach, operational efficiency and economies of scale
- continuation of engagement with planners and builders for the Trust's new builds at Iffley Academy and the new free special school, Bloxham Grove Academy
- supporting a local special school in Special Measures by providing substantial consultancy support
- supporting Iffley Academy on its Raising Achievement Plan objectives, including:
 - ensuring effective leadership and management during a period of transition to the Academy's new leadership team
 - to further improve reporting on pupil progress and achievement to ensure it is accurate and secure
 - to further develop the curriculum offer to ensure that students have greater opportunities to access a broad and balanced curriculum which is inspiring all students to learn with a renewed focus on Arts and Culture.

- supporting Bardwell School on School Development Plan objectives (both pre and post conversion), including:
 - implementing a curriculum framework for Post-16 students that supports appropriate pathways to further education, employment or other post-19 destinations
 - updating the Communication and Language curriculum, and agreed assessments to underpin this
 - developing the whole school team to have strong understanding of the principles behind effective positioning (physiotherapy), evidenced through improved practice across the school

Public Benefit

The Trustees of The Gallery Trust confirm that they have complied with their duty in Section 17(5) of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The primary focus of the activities of The Gallery Trust is to advance the education of students with Education, Health and Care Plans throughout the county of Oxfordshire. The Trust has links with all Oxfordshire special schools, and the Chief Executive Officer, and Head Teachers of schools in the Trust, are members of the Oxfordshire Association of Special School Head Teachers.

Underlying this focus is the aim of contributing to the public good by enhancing the lives of children who have special educational needs and disabilities, and providing support to their families.

Students' social, moral, spiritual and cultural education underpins curriculum frameworks. Students have regular opportunities to engage on a local, national and global level to think about wider issues e.g. poverty, disability, discrimination, equality and the environment. This maximises students' potential to develop into independent and confident citizens who respect the beliefs of others, and who can make a positive and meaningful contribution to their local community and society as a whole.

The Trust emphasises awareness of multi-cultural values, an understanding and acceptance of diversity and a commitment to equal opportunities, throughout all of its activities. The Trust's recruitment policy ensures that applications for employment from people with disabilities are welcomed and processed with positive consideration when essential criteria are met.

Strategic Report

Achievements and Performance

The Trust is pleased to record a number of achievements in the year under review. These include:

- welcoming Bardwell School into the Trust
- opening The Gallery@Longford Park
- the successful induction of a new Head Teacher, Tom Procter-Legg, who commenced at Iffley Academy in September 2018
- engaging with a number of Oxfordshire special schools, resulting in a commitment from several schools to join the Trust in the period 2019 – 2023
- the 'Outstanding' Ofsted judgement awarded to Iffley Academy in February 2019
- substantial consultancy support for a special school in Special Measures, resulting in a favourable HMI monitoring report in February 2019, and the generation of substantial income for the Trust
- the generation of income from the activities of the CEO's activities as an NLE
- approval of the Trust's sponsor application by the DfE
- continuing to work on the pre-opening phase of Bloxham Grove Academy with an anticipated opening date in 2020
- effective collaboration with architects, planners and builders for the new buildings at Iffley Academy and at Bloxham Grove Academy. This input from the Trust has contributed to buildings which will deliver state of the art and specialist facilities, meeting the needs of pupils
- building resources and capacity in the Trust central team with the appointment of a number of key staff, including two Directors of SEND and School Improvement
- consolidation of the Trust's governance plans and the development of these plans into practical and effective structures which are now being shared with schools
- a successful application for Department for Education MAT Development and Improvement Funding (MDIF) which generated a grant of £50,000

Iffley Academy's achievements include:

- In January 2019, Iffley Academy was selected by Arts Council England to be visited as part of the Durham Commission on Creativity in Education. This was highly successful and will be profiled as a case study of good practice in a DfE report.
- In 2018/2019 Iffley Academy piloted a new approach to CPD which resulted in 100% of teaching staff engaging in action research
- Iffley Academy Teaching School completed its first year, delivering high quality training across the county, coaching for seniors leaders, developing a model for school improvement (West Sussex Peer Review) and engaging with a number of local ITT courses.
- Attendance of students at Iffley Academy was >92%. This represents outstanding attendance. New students in year 7 had an attendance of >96%, demonstrating a very positive transition into the school.
- Outcomes for Iffley students in English demonstrate a three year positive trend with students in years 7-11 making an average progress of 63%
- Outcomes for Iffley students in Spoken word demonstrate the best progress since 2015
- 100% of Iffley Academy leavers in Year 13 achieved a Maths accreditation with 81% achieving E2 or above.

Bardwell School joined the Trust on 1 June 2019. The School's achievements include:

- 100% of student leavers went onto their first choice further education providers
- The launch of a separate nursery facility to ensure pupils get the best possible start to their education

- Expansion of business links with the local community, leading to 90% of post-16 students completing weekly work experience placements across the year.

Key Performance Indicators

The Trust's Key Performance Indicators for 2019 – 2020 are:

- to welcome at least 2 additional special schools and a maximum of 4 additional special schools into the Trust
- to submit an application to open a free special school in Didcot, south Oxfordshire
- to continue to consolidate the Trust's financial situation in order to provide stability and security for all stakeholders
- to further refine the Trust's approach to school improvement by implementing systems and processes which:
 - continually improve the educational provision across the Trust and has a positive impact on student achievement and progress
 - support converter academies to retain their Ofsted categories of 'Outstanding' or 'Good'
 - acknowledge and provide the significant resources, support and intervention required by sponsored schools
- to consolidate a robust approach towards statutory compliance in areas including Safeguarding, Health and Safety, curriculum, financial management and Data Protection throughout the Trust through a system of self assessment and self evaluation, which is moderated and supported by central services staff
- to implement the Trust's plans for Advisory Boards to ensure key stakeholders across the Trust have a voice in decision making, to drive school improvement, and to identify and share good practice
- to continue to work collaboratively with the Local Authority, local partnerships, the DfE, ESFA and the Regional Schools Commissioner
- to ensure that the Trust's involvement with new school builds results in environments which meet the needs of SEND cohorts
- to submit 1 or more Condition Improvement Fund (CIF) bids to the DfE in the 2019 – 2020 annual bidding round
- to have made significant progress towards a major build project at Bardwell School, incorporating a new school hall and two new classrooms, enabling an expansion of the student roll
- to have fully implemented, and tracked the effectiveness of, a new approach at Bardwell School to tracking pupil progress, based on progress against Education, Health and Care Plan outcomes and perspectives of professionals and parents/carers
- to have physically moved Iffley Academy students/staff into their new building (April 2020)
- for Iffley Academy students to have regularly engaged with the wider community and contributed to social justice programmes in their locality
- Year 9 and 10 Iffley Academy students maintain momentum and continue to demonstrate outstanding progress (>60% of a stage).
- students at Iffley Academy in receipt of pupil premium funding continue to make at least 60% progress in their aggregated Mathematics scores.

Going Concern

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

Financial Review

The majority of the Trust's income is obtained from the Education and Skills Funding Agency, the use of which is restricted to educational purposes. Further income is obtained from Oxfordshire County Council in the form of high needs top up funding. Both sources of funding are provided on the basis of commissioned places. The funding received from the ESFA during the period ended 31 August 2019 is shown as restricted funds in the Statement of Financial Activities.

Excluding the fixed asset fund (representing the net book value of fixed assets) of £11,142,907 (2018: £5,090,012) and the pension deficit fund of £(3,655,000), (2018: £(1,532,000)), reserves balances amount to £1,305,892 (2018: £839,256). This comprises GAG funds of £956,105 (2018: £583,977), start-up grants of £11,381 (2018: £Nil), capital funds of £4,788 (2018: £18,685) and unrestricted general funds of £333,618 (2018: £236,594).

Reserves Policy

On 31 August 2019 The Gallery Trust held the following Reserves (excluding Fixed Asset Fund which represents Net Book Value of Fixed Assets and Pension Deficit):

	£
Unrestricted General Funds	333,618
Restricted Capital Funds	4,788
Restricted General Funds	<u>967,486</u>
Reserves at 31 August 2019	<u>1,305,892</u>

The LGPS Pension Deficit is likely to be met in the longer term from any combination of increased employer contributions, increased government funding or change to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds.

The Trustees consider the level of reserves the Trust should hold, taking into account guidance issued by the Charity Commission (*Charity Reserves: Building Resilience CC19*).

The reserves policy:

- confirms the Trust's strategy on the management of reserves, regarded by Trustees as a key factor in the financial sustainability and security of the Trust
- assists in strategic planning by considering how projects, activities and Trust expansion will be funded
- informs the budget planning process
- informs risk management by identifying any known uncertainties in future funding and income streams
- delivers security of cash flow and short term protection against potential changes in funding
- confirms the approach taken to the reserves held by joining schools

Development of the reserves policy

When considering an appropriate level of reserves, the Trustees consider:

- unforeseen emergency or other unexpected need for funds, e.g. emergency repairs
- unforeseen day-to-day operational costs, e.g. employing temporary staff to cover long-term sick absence
- a fall in a source of income, e.g. pupil transport
- planned commitments, or designations, that cannot be met by future income alone, e.g. contributions towards capital projects
- the need to fund potential cashflow, e.g. funds may need to be spent before a funding grant is received: budget deficits
- unbudgeted, unfunded increased staffing costs which may be proposed by external agencies

- costs involved in the planned expansion of the Trust in accordance with its agreed vision, e.g. building an appropriate infrastructure which can provide meaningful and effective support to schools and partners
- costs incurred 'at risk', e.g. pre-conversion work: funding bids and project applications, e.g. free school applications
- enabling the support of schools with initiatives and projects to drive improvement in line with the Trust's vision and ethos

The financial risks identified determine the amount of reserves held by the Trust. In the 2018 – 2019 financial year the figure was set at £800,000. The reserves are currently higher than the target because of the following factors:

- the expansion strategy of the Trust has resulted in the need to invest in staff capacity and resources in order to support a measured and considered growth which meets the needs of joining schools. The Trustees have agreed that reserves may be used to fund this investment pending an increase in Trust income
- there are costs associated with developing the Trust in line with current plans that require expenditure preceding income
- the current increased risk of the necessity of emergency repairs, for example, the poor condition of Iffley Academy's buildings pending the rebuild of the school building

The level of reserves indicates the cautious approach of the Trust during expansion, and the focus given to ensuring financial security and sustainability during the current period of growth

During the financial year

The Trustees identify:

- when reserves are drawn on, so that they understand the reasons and can consider what corrective action, if any, needs to be taken
- when reserve levels rise significantly so that they understand the reasons and can consider the corrective action, if any, that needs to be taken
- where the reserves level is below target and consider whether it is due to short-term circumstance or longer term reasons which might require a broader review of finances and reserves

In-year reports provided by the Finance Manager to the Finance and Personnel Committee:

- compare the amount of reserves held with the target amount or target range set for reserves
- explain any shortfall or excess in reserves against target set
- explain any action being taken or planned to bring reserves into line with target

Investment Policy

Senior leaders and the Finance and Personnel committee regularly monitor the cash flow and financial position of the Trust and ensure that immediate financial commitments can be met. These comprise of payroll and payments to suppliers and service providers. A prudent level of resources to deal with unforeseen contingencies is maintained and the Trust takes a cautious approach to investments.

The Trust's funds are currently in an instant access account with a UK High Street Bank. The Trust reviews interest rates and considers investment opportunities on an annual basis. The Trust's policy at this time is to only invest funds in risk free and immediately accessible deposit accounts.

Principal Risks and Uncertainties

Senior leaders and Trustees undertake constant assessment of the principal risks and uncertainties facing the Trust.

The Trust uses an online risk management register to record and monitor risk which is reviewed on a regular basis. The software package provides an integrated approach to risk and compliance, featuring pre-populated and tailored risk identification, and monitoring of controls designed to mitigate and monitor risk. Detailed examination of risks and risk mitigation takes place through the work of the Audit and Risk Committee, which liaises regularly regarding risk management with committees and the Board.

Risk categories captured in the register are: Academic, Financial, Governance, Health and Safety, Infrastructure, Legal, Physical, Staff, Strategic, Students.

Principal risks facing the Trust are predominantly linked to the academies in the Trust and are common to many schools and Trusts across the country.

Risks include:

- Financial: changes in government grants and central government funding rates present challenges to school budgets. The Local Authority is undertaking a SEND funding review which may have implications for high needs top up funding, a core element in the Trust's income. Other financial risks include reduction in income streams; unforeseen increase in costs or capital repairs; unbudgeted, unfunded pay rises for teaching and support staff, including increased pension costs, which are enforced by external agencies
- Site condition: the Trust will apply for one or more CIF bids in Autumn 2019 to ensure that risks associated with buildings within the Trust estates are mitigated
- Personnel: the principal risks are associated with succession planning and teacher recruitment and retention. As the Trust grows, additional opportunities will be provided to staff to develop their expertise in different schools and with varying SEND cohorts.
- Expansion activities: the Trust undertakes thorough due diligence with schools which wish to join. However, financial risks may be presented by joining schools which will continue to be mitigated through the strategic support provided by the central Trust team.
- As a DfE sponsor, the Trustees acknowledge that sponsor schools can bring challenge across all areas of operation. However, the Trust's vision is to support special schools in Oxfordshire and this includes schools that are in Special Measures. The challenges of supporting such schools bring additional risks but also provide additional funding and opportunities for staff across the Trust to broaden and develop their experience as they engage in school improvement with colleagues.

Fundraising

The Academy Trust does not use any external fundraisers.

Plans for Future Periods

The objectives of The Gallery Trust for the 2019 – 2020 academic year are to continue to expand in a measured and sustainable manner to ensure that it can continue to deliver its vision of improving outcomes for students with SEND in Oxfordshire.

The Trust has committed to welcoming to the Trust additional schools which are both converter and sponsored, and it will continue to engage with schools which share its vision and values. The Trust will continue to plan for the opening of Bloxham Grove School, scheduled to open in 2020.

The Trust's central team will continue to promote school improvement and effective business practices across the Trust and will deliver, in collaboration with school colleagues, the best educational outcomes for pupils, best value for money and consistent approaches. The central team is committed to working flexibly in order to meet the individual needs of schools.

The Trust will work closely with committees, including Local Governing Bodies, to ensure that governance is effective, engaged and consistent across the Trust and that the Scheme of Delegation remains relevant and appropriate.

The Trust will continue to maintain its status as a leading voice in the SEND arena, working with national organisations and stakeholders in order to promote the development of SEND strategy in the county of Oxfordshire, and will take advantage of networking opportunities in order to continue to build the excellent reputation of the Trust.

The Trust will support schools within the Trust to achieve their priorities:

At Bardwell School this will include;

- Oversee a build project to increase capacity of the school by 20% to 100 pupils;
- Update the PSHE curriculum to include new national guidance for Relationship and Sex Education and Preparation for Adulthood;
- Implement an enhanced swimming curriculum, with more robust tracking and reporting of pupil progress

At Iffley Academy this will include;

- To ensure all students have access to diverse cultural capital and a curriculum that meets the expanding complexity of their special educational needs and disabilities
- Teachers will continue to further develop as reflective practitioners. Action research is evident in their classrooms and evidence based practice is used daily.
- To further improve the quality of English and Maths education by ensuring it is specifically tailored to student's needs and demonstrates a planned and sequenced learning journey in preparation for the world of work.
- Restorative practice is culturally embedded in the Iffley Academy new buildings, and leaders continue to develop this aspect as a unique feature
- To consolidate a strong leadership team that further effectively interacts with governance and ensures clear succession planning.
- To provide NLE support to eligible schools
- To provide School to School support, CPLD, and SCITT as part of the Teaching School

Funds Held as Custodian Trustee on Behalf of Others

The trust holds no Assets and Funds as Custodian Trustee on behalf of others.

Auditor

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 10 December 2019 and signed on the Board's behalf by:

A handwritten signature in black ink, appearing to read 'S E Rodway', with a long horizontal flourish extending to the right.

Mrs S Rodway
Trustee

The Gallery Trust

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Gallery 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 that financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Gallery Trust and the Secretary of State for Education. The Chief Executive Officer is 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 6 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
S Rodway	5	6
M K Willett	6	6
A Edwards	3	6
G Thomas	5	6
C Scrivener	6	6
S King	5	6
C Piller	0	1
K Shaw	6	6
M Willis	1	1

Mr M Willis was welcomed to the Board in May 2019. Mr Willis is Chair of the Local Governing Body of Bardwell School.

Ms C Piller resigned in October 2018, and Professor A Edwards resigned in July 2019. The Trust recognises the valuable contributions of Ms Piller and Professor Edwards and thanks them for their service.

Governance Reviews

The annual skills audit took place in July 2019, using the audit tool provided by the National Governors Association designed for Multi Academy Trust (Model 2). The audit is designed to identify the knowledge, experience, skills and behaviour that the Board needs to deliver its function effectively. The audit demonstrated that the current Board demonstrates all of the necessary skills to meet the essential skills required, and that it meets the majority of desirable skills required.

The Board of Trustees undertook a detailed review of the Trust's Scheme of Delegation to clarify and emphasise the responsibilities of Members, Trustees and Governors. The roles of committees, Terms of Reference and ways of working within the governance structure have also been reviewed and revised. These plans will continue to be implemented in schools in the Trust in the 2019 – 2020 academic year. The Governance Plans have been approved by the Department for Education as part of the liaison with the Department regarding the Trust's expansion plans.

The Gallery Trust

Governance Statement (continued)

Committees

The Finance and Personnel committee is a committee of the Board of Trustees. Its purpose is to:

- hold the Accounting Officer (CEO) to account for financial efficiency and effectiveness
- ensure compliance within the MAT and individual academies with the Academies Financial Handbook, statutory regulations and internal guidance
- provide guidance and assistance to the CEO and Head Teachers in all matters relating to budgeting and finance
- scrutinise and analyse the Trust's annual budget and the budget of individual academies and recommend approval to the Trustees
- regularly monitor actual expenditure and income against budgets for the Trust and individual academies
- liaise with other committees and the Board of Trustees to inform effective decision making
- ensure that annual accounts and returns for the Trust and individual academies are produced in accordance with statutory requirements
- authorise changes to the personnel establishment in the Trust and individual academies
- approve the finance and HR scheme of delegation for the Trust and individual academies
- ensure regularity, propriety and value for money
- be responsible for the administration and review of Trust finance and personnel policies
- oversee any process leading to staff reductions in the Trust and individual academies
- review and recommend finance and pay policies
- authorise the award of contracts over £25,000
- authorise the disposal of surplus, obsolete or unserviceable items of equipment of value above £1,000 and below £5,000
- make recommendations to the Trustees regarding the disposal of surplus, obsolete or unserviceable items of equipment of value above £5,000 and below £20,000
- make recommendations to the DfE regarding the disposal of surplus, obsolete or unserviceable items of equipment of value above £20,000
- follow The Gallery Trust Appraisal Policies for teachers and support staff to provide a thorough, supportive and developmental process which ensures that all staff have the skills and support they need to carry out their roles effectively

Key issues for the Finance and Personnel committee were to:

- consider the changes in the Academies Financial Handbook, effective from September 2018
- consider the impact of Trust expansion activities and the financial situation of joining schools
- adopt teachers' and Green Book staff pay awards
- consider changes in the Finance and HR Scheme of Delegation
- approve the 2017 – 2018 Annual Reports and Finance Statements
- approve the 3 year budget forecast (capital and revenue)
- approve the performance management of teaching staff
- monitor the budget and the Trust's financial status
- consider financial Key Performance Indicators
- ratify policies

The Gallery Trust

Governance Statement (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Rodway	5	6
M K Willett	6	6
G Thomas	5	6
C Scrivener	5	6
S King	5	6
K Shaw	6	6

The Audit and Risk committee is a committee of the Board of Trustees. Its purpose is to:

- review internal finance controls and risk management systems
- appoint Internal and External Auditors and consider their reports
- agree a programme of work to address, and provide assurance on those risks
- discuss with the Internal Auditor the nature and scope of the annual programme of work and to ensure that the Internal Auditor has the fullest co-operation of staff
- consider all relevant reports by the Internal Auditor, including reports on the accounts, achievement of value for money and the response to any management letters
- monitor and review the effectiveness of the internal audit function
- advise the Board of Trustees on the annual and long-term audit programme
- report at least once a year to the Board of Trustees on the discharge of the above duties
- consider any other matters where requested to do so by the Board of Trustees
- evaluate/monitor the Business Continuity Plan
- monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them, including reports from the External Auditor
- review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- receive reports regarding the Risk Register

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Rodway	2	2
M K Willett	2	2
G Thomas	2	2
C Scrivener	2	2
S King	1	2
K Shaw	2	2

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has ensured improved value for money during the year through:

- facilitating the expansion of the Trust in accordance with the Department for Education's vision for the academy programme, resulting in improved outcomes for learners and economies of scale
- undertaking procurement exercises for services and contracts resulting in savings (e.g. saving of £2,000 on energy procurement in an academy: 60% reduction in vehicle recovery breakdown insurance)
- collaboration with Oxfordshire County Council resulted in the supply and installation of a large modular building to provide additional teaching spaces at Iffley Academy at no cost to the Trust
- reviewing the use of an ICT management service at Iffley Academy in favour of employing a staff member directly, resulting in considerable savings
- obtaining sponsorship for Iffley Academy's annual Fun Day allowing the event to be provided free of charge to students and families
- working with the Arts Council to obtain support for a range of activities free of charge, including museum visits, careers events, workshops, inset and CPD events, and projects, through Iffley Academy's commitment to achieving the Artsmark Award.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. The Board of Trustees regularly reviews this process.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the finance and personnel 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 specific internal audit function and internal checks carried out in the current period included:

- an in-depth examination of risks pertaining to their responsibilities and Terms of Reference by committees (Finance and Personnel, Audit, Teaching and Learning, Health and Safety and Iffley Academy Local Governing Body) and the submission of reports by the committees for consideration and review by the Board of Trustees
- a review of payroll processes and procedures by an external payroll expert

The Academy Trust can confirm that this schedule of work was delivered as planned and that there have been no material control issues arising requiring remedial action.

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:

- internal audit activities
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit committee ensure continuous improvement of the system is in place.

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



Mrs S Rodway
Trustee



Mrs M K Willett
Accounting Officer

The Gallery Trust

Statement on Regularity, Propriety and Compliance

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

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

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



Mrs M K Willett
Accounting Officer

10 December 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 in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 10 December 2019 and signed on its behalf by:



Mrs S Rodway
Trustee

Opinion on financial statements

We have audited the financial statements of The Gallery Trust ('the academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2018 to 2019 issued by the ESFA.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Report of the Directors and 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 25), the trustees (who are also the directors of the charitable company 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 trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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 Report of the Independent Auditors.

Use of our report

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



Andrew Rodzynski (Senior statutory auditor)
For and on behalf of Critchleys Audit LLP
Statutory Auditor
Oxford

Date: 16/12/19.

Critchleys Audit LLP is eligible to act as an auditor in terms of sections 1212 of the Companies Act 2006.

The Gallery Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Gallery Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 18 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by The Gallery Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of The Gallery Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Gallery Trust's funding agreement with the Secretary of State for Education dated 30 May 2019 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

1. Reviewing the minutes of meetings of the Board of Trustees and obtaining representations concerning access to information, disclosure and provision of information.
2. Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity.
3. Assessment and testing of a sample of the specific control activities over regularity of a particular activity.
4. Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities and externally imposed limits.
5. Consideration of whether activities carried out are within the charitable objects.

The Gallery Trust

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

Conclusion

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

Use of our report

This report is made solely to The Gallery Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Gallery Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Gallery Trust and the ESFA, for our review work, for this report, or for the conclusion we have formed.



Critchleys Audit LLP
Reporting Accountant
Oxford

Date: 16/12/19

The Gallery Trust
Statement of Financial Activities
For the year ended 31 August 2019
(including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	Note	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	-	-	27,624	27,624	8,658
Transfer from local authority on conversion	3,32	87,751	(804,000)	6,458,519	5,742,270	-
Charitable activities						
Funding for the academy trust's educational operations	4	-	4,120,349	-	4,120,349	2,755,736
Other income for educational operations	6	140,263	-	-	140,263	125,881
Teaching schools	5	-	60,000	-	60,000	-
Other trading activities	7	8,611	-	-	8,611	6,987
Investments	8	662	-	-	662	481
Total		237,287	3,376,349	6,486,143	10,099,779	2,897,743
Expenditure on:						
Charitable activities						
Grants						
Academy's educational operations	9,10	140,263	4,141,840	447,145	4,729,248	3,500,449
Teaching schools	33	-	60,000	-	60,000	-
Total		140,263	4,201,840	447,145	4,789,248	3,500,449
Net income / (expenditure) before transfers		97,024	(825,491)	6,038,998	5,310,531	(602,706)
Transfers between funds	18	-	-	-	-	-
Net income / (expenditure) for the period		97,024	(825,491)	6,038,998	5,310,531	(602,706)
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	18,28	-	(914,000)	-	(914,000)	527,000
Net movement in funds		97,024	(1,739,491)	6,038,998	4,396,531	(75,706)
Reconciliation of Funds						
Funds brought forward at 31 August 2018		236,594	(948,023)	5,108,697	4,397,268	4,472,974
Funds carried forward at 31 August 2019		333,618	(2,687,514)	11,147,695	8,793,799	4,397,268

All of the Academy's activities derive from continuing operations.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes numbered 1 to 33 form part of the financial statements.

The Gallery Trust
Balance sheet
As at 31 August 2019

Company number:
08334718

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	15		11,142,907		5,090,012
Current assets					
Debtors	16	210,532		168,488	
Cash at bank and in hand	25	<u>1,443,212</u>		<u>911,745</u>	
		1,653,744		1,080,233	
Liabilities					
Creditors: Amounts falling due within one year	17	<u>(337,058)</u>		<u>(240,977)</u>	
Net current assets			<u>1,316,686</u>		<u>839,256</u>
Total assets less current liabilities			<u>12,459,593</u>		<u>5,929,268</u>
Creditors: Amounts falling due after more than one year	17		<u>(10,794)</u>		<u>-</u>
Net assets excluding pension liability			<u>12,448,799</u>		<u>5,929,268</u>
Defined benefit pension scheme liability	28		<u>(3,655,000)</u>		<u>(1,532,000)</u>
Total net assets			<u>8,793,799</u>		<u>4,397,268</u>
Funds of the academy trust:					
Restricted fixed asset funds	18		11,147,695		5,108,697
Restricted funds					
Restricted funds excluding pension liability	18	967,486		583,977	
Pension reserve	18	<u>(3,655,000)</u>		<u>(1,532,000)</u>	
			(2,687,514)		(948,023)
Total restricted funds			<u>8,460,181</u>		<u>4,160,674</u>
Unrestricted funds	18		333,618		236,594
Total funds			<u>8,793,799</u>		<u>4,397,268</u>

The notes numbered 1 to 33 form part of the financial statements.

The financial statements on pages 31 to 59 were approved by the trustees and authorised for issue on 10 December 2019 and are signed on their behalf by



S Rodway
Chair of Trustees

The Gallery Trust
Statement of Cash Flows
For the year ended 31 August 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	547,042	13,119
Cash flows from investing activities	24	(15,575)	4,401
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		<u>531,467</u>	<u>17,520</u>
Reconciliation of net cash flow to movement in net funds			
Cash transferred on conversion to an academy trust	32	-	-
Cash and cash equivalents at 1 September 2018		911,745	894,225
Cash and cash equivalents at 31 August 2019	25	<u><u>1,443,212</u></u>	<u><u>911,745</u></u>

All of the cash flows are derived from continuing operations.

The notes numbered 1 to 33 form part of the financial statements.

1 Statement of Accounting Policies

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

Basis of Preparation

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

The Gallery Trust meets the definition of a public benefit entity under FRS 102.

Conversion to an Academy Trust - Bardwell School

The conversion from a state maintained school to an academy trust 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 Bardwell School to the academy trust 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 net gain recognised in Donations and capital grants - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Property has been valued on a depreciated replacement cost basis (see note 15). Further details of the transaction are set out in note 32.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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

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

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

1 Statement of Accounting Policies (continued)

Income (continued)

Donations

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

Other Income

Other income, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets (excluding Transfers on conversion/into the academy trust)

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

Transfer on conversion

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

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.

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of any irrecoverable VAT.

1 Statement of Accounting Policies (continued)

Intangible Fixed Assets

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 15 for further details.)

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:

Leasehold buildings	20 years (from conversion)
Leasehold improvements	10-20 years
Fixtures, fittings and equipment	5 years
ICT equipment	3 years
Motor Vehicles	5 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 freehold or leasehold land and buildings.

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.

Liabilities

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

Provisions

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

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

Leased Assets

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

1 Statement of Accounting Policies (continued)

Financial Instruments

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

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

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

1 Statement of Accounting Policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy trust makes estimate 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 (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.

Critical areas of judgement

The academy trust participates in the Teacher's Pension Scheme (TPS) for qualifying employees. Under the definitions set out in FRS 102, this is a multi-employer pension scheme. There is insufficient information about the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets in the financial statements and therefore the plan is accounted for as a defined contribution scheme (see note 28).

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
DfE/ESFA capital grants				
Devolved formula capital grant	-	25,284	25,284	8,658
	-	25,284	25,284	8,658
Other capital grants				
Insurance proceeds: capital	-	2,340	2,340	-
	-	27,624	27,624	8,658

The income from donations and capital grants was £27,624 (2018: £8,658) of which £Nil was unrestricted (2018: £Nil), £Nil restricted (2018: £Nil) and £27,624 restricted fixed assets (2018: £8,658).

3 Transfer from Local Authority on Conversion

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Transfer from Local Authority on Conversion - Bardwell School	87,751	5,654,519	5,742,270	-
	87,751	5,654,519	5,742,270	-

The transfer from local authority on conversion was £5,742,270 (2018: £Nil) of which £87,751 was unrestricted (2018: £Nil), £-804,000 restricted (2018: £Nil) and £6,458,519 restricted fixed assets (2018: £Nil).

4 Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	1,923,808	1,923,808	1,392,816
Start Up Grants	-	50,000	50,000	-
MAT Growth Funding	-	50,000	50,000	-
Other DfE Group grants	-	149,760	149,760	73,815
	-	2,173,568	2,173,568	1,466,631
Other Government grants				
Local authority top-up funding	-	1,535,879	1,535,879	1,281,905
Other local authority funding: revenue	-	410,902	410,902	7,200
	-	1,946,781	1,946,781	1,289,105
	-	4,120,349	4,120,349	2,755,736

The funding for the academy's educational operations was £4,120,349 (2018: £2,755,736) of which £Nil was unrestricted (2018: £Nil), £4,120,349 restricted (2018: £2,755,736) and £Nil restricted fixed assets (2018: £Nil).

5 Teaching School Income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
National College Grants	-	60,000	60,000	-
	-	60,000	60,000	-

The teaching school income was £60,000 (2018: £Nil) of which £Nil was unrestricted (2018: £Nil), £60,000 restricted (2018: £Nil) and £Nil restricted fixed assets (2018: £Nil).

6 Other income for educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Trip and activity income	4,241	-	4,241	5,014
Catering income	23,325	-	23,325	19,890
Pupil transport income	61,255	-	61,255	56,222
Other income	51,442	-	51,442	44,755
	<u>140,263</u>	<u>-</u>	<u>140,263</u>	<u>125,881</u>

The other income for educational operations was £140,263 (2018: £125,881) of which £140,263 was unrestricted (2018: £125,881), £Nil restricted (2018: £Nil) and £Nil restricted fixed assets (2018: £Nil).

7 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Hire of facilities	1,297	-	1,297	-
Catering income	7,314	-	7,314	6,987
	<u>8,611</u>	<u>-</u>	<u>8,611</u>	<u>6,987</u>

The other trading activities income was £8,611 (2018: £6,987) of which £8,611 was unrestricted (2018: £6,987), £Nil restricted (2018: £Nil) and £Nil restricted fixed assets (2018: £Nil).

8 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Short term deposits	662	-	662	481
	<u>662</u>	<u>-</u>	<u>662</u>	<u>481</u>

The investment income was £662 (2018: £481) of which £662 was unrestricted (2018: £481), £Nil restricted (2018: £Nil) and £Nil restricted fixed assets (2018: £Nil).

9 Expenditure

	Staff Costs £	Non Pay Premises Costs £	Expenditure Other Costs £	Total 2019 £	Total 2018 £
Academy's educational operations:					
Direct costs (note 10)	2,630,232	-	194,212	2,824,444	2,037,294
Allocated support costs (note 10)	970,693	127,871	806,240	1,904,804	1,463,155
	<u>3,600,925</u>	<u>127,871</u>	<u>1,000,452</u>	<u>4,729,248</u>	<u>3,500,449</u>
Teaching School	57,029	-	2,971	60,000	-
	<u>3,657,954</u>	<u>127,871</u>	<u>1,003,423</u>	<u>4,789,248</u>	<u>3,500,449</u>

The expenditure on academy's educational operations was £4,729,248 (2018: £3,500,449) of which £140,263 was unrestricted (2018: £125,881), £4,141,840 restricted (2018: £2,979,385) and £447,145 restricted fixed assets (2018: £395,183).

The teaching school expenditure was £60,000 (2018: £Nil) of which £Nil was unrestricted (2018: £Nil), £60,000 restricted (2018: £Nil) and £Nil restricted fixed assets (2018: £Nil).

Net income/(expenditure) for the period includes:

	2019 £	2018 £
Operating lease rentals	15,063	7,544
Depreciation	447,145	395,183
Fees payable to auditor for:		
Audit	8,350	6,650
Other services	<u>7,263</u>	<u>8,149</u>

10 Charitable activities

	Total 2019 £	Total 2018 £
Direct costs - educational operations	2,824,444	2,037,294
Direct costs - teaching school	45,076	-
Support costs - educational operations	1,904,804	1,463,155
Support costs - teaching school	<u>14,924</u>	<u>-</u>
	<u>4,789,248</u>	<u>3,500,449</u>

Analysis of support costs

	Educational operations £	Teaching School £	Total 2019 £	Total 2018 £
Support staff costs	565,693	13,158	578,851	443,583
Depreciation	447,145	-	447,145	395,183
Technology costs	82,317	33	82,350	68,921
Premises costs	127,871	-	127,871	113,587
Other support costs	183,507	438	183,945	143,983
Governance costs	93,271	1,295	94,566	32,898
Other pension costs	354,000	-	354,000	215,000
Other finance costs (FRS102 pension)	51,000	-	51,000	50,000
Total support costs	<u>1,904,804</u>	<u>14,924</u>	<u>1,919,728</u>	<u>1,463,155</u>

11 Staff

a. Staff Costs

Staff costs during the period were:

	2019 £	2018 £
Wages and salaries	2,565,012	1,819,296
Social security costs	241,009	173,855
Operating costs of defined benefit pension schemes		
Employer contributions to pension schemes	446,933	320,474
FRS102 Other pension and finance costs	405,000	265,000
	<u>3,657,954</u>	<u>2,578,625</u>
Agency staff costs	-	-
Staff restructuring costs	-	-
	<u><u>3,657,954</u></u>	<u><u>2,578,625</u></u>

b. Non statutory/non-contractual staff severance payments

There are no non-statutory/non-contractual severance payments included in staff restructuring costs for 2019 or 2018.

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	25	22
Management	18	6
Administration and support (including teaching support staff)	118	45
	<u>161</u>	<u>73</u>

The average number of persons (including senior leadership team) employed by the academy trust during the period expressed as full time equivalents was as follows:

	2019 No.	2018 No.
Teachers	25	22
Management	18	6
Administration and support (including teaching support staff)	83	29
	<u>126</u>	<u>57</u>

d. Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
£110,001 - £115,000	-	1
£120,001 - £125,000	1	-
	<u>1</u>	<u>-</u>

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on pages 1-2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £682,745 (2018: £471,626).

12 Central services

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

Payroll
Human Resources
Health and Safety
Facilities Management
ICT Support
Finance and Audit services
Risk management
School Improvement

For the period 1 June to 31 August 2019 the academy trust apportioned its costs based on the ESFA General Annual Grant and High Needs Funding issued by Oxfordshire County Council.

The actual amounts charged during the period were as follows:

		2019 £	2018 £
Iffley Academy	4.25%	31,616	-
Bardwell School	4.25%	17,240	-
		<u>48,856</u>	<u>-</u>

The Trust's policy on the reserves of joining schools is that when schools join the Trust, an assessment will be made by Trustees to consider how brought forward school reserves accumulated prior to joining should be treated. In most cases, reserves will be transferred to the Trust.

Longford Park is a resource base run by the MAT, it is known as The Gallery@Longford Park.

Total costs have risen in 2018/19 as a result of transitioning from Single to Multi-Academy Trust.

13 Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The in respect of services provided undertaking the role of head teacher under a contract of employment.

	2019 £	2018 £
M K Willett, CEO Governor and Trustee		
Remuneration	£120k-£125k	£110k-£115k
Employer's pension contributions	£15k-£20k	£15k-£20k

During the period ended 31 August 2019 expenses totalling, no expenses were reimbursed to trustees for travel and subsistence expenditure incurred in their roles as trustees (2018: £349).

14 Trustees and officers insurance

With effect from 1 February 2017, the academy trust opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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

15 Tangible fixed assets

2018/2019

	Leasehold Buildings £	Assets under Construction £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
As at 1 September 2018	7,019,572	-	144,763	44,415	61,222	7,269,972
Transfer on conversion	6,450,000	-	-	8,519	-	6,458,519
Additions	8,847	21,856	7,582	3,236	-	41,521
As at 31 August 2019	13,478,419	21,856	152,345	56,170	61,222	13,770,012
Depreciation						
As at 1 September 2018	1,972,343	-	118,218	38,851	50,548	2,179,960
Charges in period	417,032	-	21,065	3,711	5,337	447,145
As at 31 August 2019	2,389,375	-	139,283	42,562	55,885	2,627,105
Net book values						
As at 31 August 2019	11,089,044	21,856	13,062	13,608	5,337	11,142,907
As at 1 September 2018	5,047,229	-	26,545	5,564	10,674	5,090,012

Leasehold land and buildings

The academy trust holds long leases over the land and buildings at each school. All trust leasehold buildings, and the land held by Bardwell School are recognised in the accounts as the academy trusts have the right to use the property. In determining valuations for the leasehold property, the Trustees have referred to valuations arranged by the ESFA which were carried out on a depreciated replacement cost basis and, for transfers on conversion, to valuations conducted on behalf of Oxfordshire County Council. Due to restrictions in the leases on the use of the land at Iffley Academy, the Trustees consider that this land has no value and as such it is included in the financial statements at nil value. The freehold of this property is owned by the Local Authority.

The academy trust's transactions relating to land and buildings included:

- the purchase of professional services totalling £21,856 in relation to a new build at Iffley Academy which had not reached completion as at 31 August 2019, these have been classed as Assets Under Construction.
- Classroom conversion works at Iffley Academy totalling £8,847.

Transfers on conversion during year ended 31 August 2019

The academy trust took out an 125 year lease over the land and buildings of Bardwell School on 1 April 2019. Leasehold buildings have been valued by Oxfordshire County Council as at 1 April 2018. ESFA valuations will be provided during the year-ending 31 August 2020.

16 Debtors

	2019	2018
	£	£
Trade debtors	9,447	7,943
VAT recoverable	24,871	12,411
Prepayments and accrued income	175,014	148,134
Other debtors	1,200	-
	<u>210,532</u>	<u>168,488</u>

17 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	114,175	52,808
Other taxation and social security	85,750	45,383
Other creditors	81,675	43,929
Loans	1,799	-
Accruals and deferred income	53,659	98,857
	<u>337,058</u>	<u>240,977</u>

Deferred income

	2019	2018
	£	£
Deferred income at 1 September 2018	73,897	-
Released from previous years	(73,897)	-
Resources deferred in the period	30,476	73,897
Deferred income at 31 August 2019	<u>30,476</u>	<u>73,897</u>

Deferred income relates to grant income received in advance.

A loan of £12,593 from Prudential was transferred in to the trust on Bardwell School's conversion to academy status (from Oxfordshire County Council) on 1 June 2019. This is repayable in seven annual installments of £1,799 with effect from January 2020. As the first repayment is due within 12 months of the balance sheet date this has been treated as a short term liability, the remaining £10,794 (2018: £Nil) falls due in more than one year.

Creditors: amounts falling due in greater than one year

	2019	2018
	£	£
Loans	10,794	-
	<u>10,794</u>	<u>-</u>

A loan of £12,593 from Prudential was transferred in to the trust on Bardwell School's conversion to academy status (from Oxfordshire County Council) on 1 June 2019. This is repayable in seven annual installments of £1,799 with effect from January 2020. As the first repayment is due within 12 months of the balance sheet date this has been treated as a short term liability, the remaining £10,794 (2018: £Nil) falls due in more than one year.

18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	583,977	1,923,808	(1,551,680)	-	956,105
Pupil Premium funding	-	66,606	(66,606)	-	-
Project Development Grant (DfE)	-	40,000	(40,000)	-	-
Other DfE funding	-	43,154	(43,154)	-	-
MAT Growth funding	-	50,000	(50,000)	-	-
Start Up Grants	-	50,000	(38,619)	-	11,381
Local authority top-up funding	-	1,535,879	(1,535,879)	-	-
Other local authority funding	-	410,902	(410,902)	-	-
Teaching School (note 33)	-	60,000	(60,000)	-	-
Pension reserve (note 28)	(1,532,000)	(804,000)	(405,000)	(914,000)	(3,655,000)
	<u>(948,023)</u>	<u>3,376,349</u>	<u>(4,201,840)</u>	<u>(914,000)</u>	<u>(2,687,514)</u>
Restricted fixed asset funds					
Devolved Formula Capital	18,685	25,284	-	(39,181)	4,788
Capital funds transferred on conversion (note 32)	-	-	-	-	-
Other capital grants	-	2,340	-	(2,340)	-
Fixed asset fund (note 15)	5,090,012	6,458,519	(447,145)	41,521	11,142,907
	<u>5,108,697</u>	<u>6,486,143</u>	<u>(447,145)</u>	<u>-</u>	<u>11,147,695</u>
Total restricted funds	<u>4,160,674</u>	<u>9,862,492</u>	<u>(4,648,985)</u>	<u>(914,000)</u>	<u>8,460,181</u>
Unrestricted funds					
Unrestricted funds	236,594	237,287	(140,263)	-	333,618
Total unrestricted funds	<u>236,594</u>	<u>237,287</u>	<u>(140,263)</u>	<u>-</u>	<u>333,618</u>
Total funds	<u>4,397,268</u>	<u>10,099,779</u>	<u>(4,789,248)</u>	<u>(914,000)</u>	<u>8,793,799</u>

18 Funds (continued)

The General Annual Grant represents funding received from the Education and Skills Funding Agency during the period in order to fund the continuing activities of the school. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2019.

Pupil Premium Funding represents funding received from the Department for Education (DfE) to raise the attainment of disadvantaged pupils of all abilities. The eligibility of the pupils and rates of grant per pupil are set-out by the DfE. This funding is to be used for the provision of education.

Project Development Grants are received from the DfE to cover all revenue expenditure related to the free school, up to the point at which it opens, is cancelled, or withdrawn.

Other DfE funding represents other forms of funding received from the Department for Education. This includes but is not limited to Year 7 Catch Up funding and PE grants.

MAT Growth Funding comprises grants received for the specific purpose of investing in the growth potential of the existing multi-academy trust.

Start Up Grants relate to additional funding for the academy conversion of Bardwell School (£25k) and Springfield School (£25k). The balance carried forward at 31 August 2019 relates to Springfield School only.

Top-up and Other Local Authority Revenue funding represents various grant funding provided by Local Authorities.

Restricted general funds, Other grants represent amounts given to the academy trust for specific revenue purposes.

The Teaching School represents the breakdown of income, expenditure and transfers between funds relating to the Teaching School operated through The Gallery Trust. Further detail can be found in Note 33.

The pension reserve fund separately identifies the pension deficit on the Local Government Pension Scheme, and through which all the movements on the pension scheme are recognised.

Devolved Formula Capital represents funding provided by the Department for Education to be used for capital projects. This funding may be used for specific capital projects which are not considered to be fixed asset additions.

Local Authority Capital Funding includes various grant funding provided by Local Authorities.

Capital funds transferred on conversion constitute balances remaining on funds held by the academy trust for capital purposes from the point Bardwell School converted to academy status and joined the trust.

Restricted Fixed Asset Funds, Other capital grants represents capital insurance proceeds received.

The Fixed Asset fund recognises the net book value of tangible and fixed assets transferred to the trust on conversion and additions since conversion.

Unrestricted funds represent other income to the academy trust which is not received as funding or with a specific purpose.

18 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Revenue reserves		
The Iffley Academy	-	820,571
Bardwell School	-	-
Central Services	1,301,104	-
Total before capital, fixed assets and pension reserve	1,301,104	820,571
Capital reserves	4,788	18,685
Fixed asset fund (representing net book value of fixed assets - note 15)	11,142,907	5,090,012
Pension reserve	(3,655,000)	(1,532,000)
Total funds	8,793,799	4,397,268

Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies (including all non staff direct costs)	Other costs (excluding depreciation)	Total 2019 £	Total 2018 £
	£	£	£	£		
The Iffley Academy	2,045,367	432,114	190,729	315,560	2,983,770	3,500,449
Bardwell School	366,905	41,845	7,814	27,142	443,706	-
Central Services	261,831	104,892	30,281	112,623	509,627	-
	2,674,103	578,851	228,824	455,325	3,937,103	3,500,449
				Depreciation	447,145	395,183
				Other finance costs and pension costs	405,000	265,000
				Note 9	4,789,248	4,160,632

18 Funds (continued)

Comparative Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	512,626	1,392,816	(1,321,465)	-	583,977
Pupil Premium funding	-	61,356	(61,356)	-	-
Project Development Grant (DfE)	30,000	-	(30,000)	-	-
Other DfE funding	-	12,459	(12,459)	-	-
MAT Growth funding	-	-	-	-	-
Start Up Grants	-	-	-	-	-
Local authority top-up funding	-	1,281,905	(1,281,905)	-	-
Other local authority funding	-	7,200	(7,200)	-	-
Teaching School (note 33)	-	-	-	-	-
Pension reserve (note 24)	(1,794,000)	-	(265,000)	527,000	(1,532,000)
	<u>(1,251,374)</u>	<u>2,755,736</u>	<u>(2,979,385)</u>	<u>527,000</u>	<u>(948,023)</u>
Restricted fixed asset funds					
Devolved Formula Capital	14,765	8,658	-	(4,738)	18,685
Capital funds transferred on conversion (note 32)	-	-	-	-	-
Other capital grants	-	-	-	-	-
Fixed asset fund (note 15)	5,480,457	-	(395,183)	4,738	5,090,012
	<u>5,495,222</u>	<u>8,658</u>	<u>(395,183)</u>	<u>-</u>	<u>5,108,697</u>
Total restricted funds	<u>4,243,848</u>	<u>2,764,394</u>	<u>(3,374,568)</u>	<u>527,000</u>	<u>4,160,674</u>
Unrestricted funds					
Unrestricted funds	229,126	133,349	(125,881)	-	236,594
Total unrestricted funds	<u>229,126</u>	<u>133,349</u>	<u>(125,881)</u>	<u>-</u>	<u>236,594</u>
Total funds	<u>4,472,974</u>	<u>2,897,743</u>	<u>(3,500,449)</u>	<u>527,000</u>	<u>4,397,268</u>

19 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	11,142,907	11,142,907
Current assets	344,412	1,304,544	4,788	1,653,744
Current liabilities	-	(337,058)	-	(337,058)
Non-current liabilities	(10,794)	-	-	(10,794)
Pension Scheme liability	-	(3,655,000)	-	(3,655,000)
Total net assets	333,618	(2,687,514)	11,147,695	8,793,799

Comparative analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	5,090,012	5,090,012
Current assets	236,594	824,954	18,685	1,080,233
Current liabilities	-	(240,977)	-	(240,977)
Non-current liabilities	-	-	-	-
Pension Scheme liability	-	(1,532,000)	-	(1,532,000)
Total net assets	236,594	(948,023)	5,108,697	4,397,268

20 Capital commitments

Contracted for, but not provided in the financial statements

2019 £	2018 £
-	-

21 Commitments under operating leases

Operating leases

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

	2019 £	2018 £
Amounts due within one year	12,018	5,539
Amounts due between one and five years	2,707	1,130
Amounts due after five years	-	-
	14,725	6,669

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

	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	5,310,531	(602,706)
Adjusted for:		
Cash transferred on conversion (note 32)	-	-
Depreciation (note 15)	447,145	395,183
Capital income re fixed assets transferred on conversion (note 32)	(6,458,519)	-
Capital grants from DfE and other capital income	(25,284)	(8,658)
Interest receivable (note 8)	(662)	(481)
Defined benefit pension scheme obligation inherited on conversion (note 32)	804,000	-
Defined benefit pension scheme cost less contributions payable (note 28)	354,000	215,000
Defined benefit pension scheme finance cost (note 28)	51,000	50,000
(Increase)/decrease in debtors	(42,044)	(132,623)
Increase/(decrease) in creditors	106,875	97,404
Net cash provided by operating activities	547,042	13,119

23 Cash flows from financing activities

	2019 £	2018 £
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash used in financing activities	-	-

24 Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	662	481
Purchase of tangible fixed assets	(41,521)	(4,738)
Capital grants from DfE Group	25,284	8,658
Net cash (used in)/provided by investing activities	(15,575)	4,401

25 Analysis of cash and cash equivalents

	At 1 Sept 2018 £	Transferred on conversion £	Cash flows £	At 31 August 2019 £
Cash at bank and in hand	911,745	-	531,467	1,443,212
	911,745	-	531,467	1,443,212

26 Contingent liabilities

There are no contingent liabilities that require disclosure.

27 Members liability

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

28 Pension and similar obligations

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

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

Contributions amounting to £78,669 were payable to the schemes at 31 August 2019 (2018: £40,366) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pension 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 Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in the 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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial 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%.

The pension costs paid to TPS in the period amounted to £210,933 (2018: £145,786).

A copy of the valuation report is on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

28 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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 and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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

28 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2019 was £312,000 (2018: £230,000), of which employer's contributions totalled £236,000 (2018: £174,000) and employees' contributions totalled £76,000 (2018: £56,000). The agreed contribution rates for future years (until 31 March 2020) are 19.3% for employers and 5.5-12.5% for employees. The full triennial valuation as at 31 March 2019 will conclude on 31 March 2020. New contribution rates will be set with effect from 1 April 2020.

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

Principal actuarial assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.80%	3.50%
Rate of increase for pensions in payment / inflation	2.30%	2.40%
Discount rate for scheme liabilities	1.80%	2.80%
Inflation assumption (CPI)	1.70%	2.40%
Commutation of pensions to lump sums	50.00%	50.00%

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis - Effect on Scheme Liabilities

	At 31 August 2019 £	At 31 August 2018 £
Discount rate +0.1%	6,963,000	3,573,000
Discount rate -0.1%	7,323,000	3,749,000
Mortality assumption - 1 year increase	N/A	N/A
Mortality assumption - 1 year decrease	N/A	N/A
CPI rate +0.1%	N/A	N/A
CPI rate -0.1%	N/A	N/A

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.7	23.4
Females	24.3	25.5
<i>Retiring in 20 years</i>		
Males	24.0	25.7
Females	25.7	27.9

28 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	2,407,000	1,491,000
Corporate bonds	732,000	362,000
Property	209,000	170,000
Cash and other liquid assets	140,000	106,000
Total market value of assets	3,488,000	2,129,000
Present value of scheme liabilities		
- Funded	(7,143,000)	(3,661,000)
Surplus/(deficit) in the scheme	(3,655,000)	(1,532,000)

The actual return on scheme assets was £112,000 (2018: £147,000).

Amounts recognised in the statement of financial activities

	2019 £	2018 £
Current service cost (net of employee contributions)	452,000	389,000
Past service cost	138,000	-
Net interest cost	51,000	50,000
Total amount recognised in the SOFA	641,000	439,000

28 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2019 £	2018 £
At 1 September	3,661,000	3,602,000
Upon conversion	1,693,000	-
Current service cost	452,000	389,000
Interest cost	121,000	99,000
Employee contributions	76,000	56,000
Actuarial (gain)/loss	1,029,000	(443,000)
Estimated benefits paid net of transfers in	(27,000)	(42,000)
Past service cost	138,000	-
At 31 August	<u>7,143,000</u>	<u>3,661,000</u>

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

	2019 £	2018 £
At 1 September	2,129,000	1,808,000
Upon conversion	889,000	-
Interest income	70,000	49,000
Expected return on assets	115,000	84,000
Employer contributions	236,000	174,000
Employee contributions	76,000	56,000
Estimated benefits paid plus unfunded net of transfers in	(27,000)	(42,000)
At 31 August	<u>3,488,000</u>	<u>2,129,000</u>

Reconciliation of opening and closing deficit

	2019		2018	
	£	£	£	£
Pension deficit at 1 September		(1,532,000)		(1,794,000)
Current service cost	(452,000)		(389,000)	
Past service cost	(138,000)		-	
Employer contributions	236,000		174,000	
Additional pension cost		(354,000)		(215,000)
Other finance costs		(51,000)		(50,000)
Deficits transferred on conversion of new schools		(804,000)		-
Actuarial gains/(losses)		(914,000)		527,000
Pension deficit at 31 August		<u>(3,655,000)</u>		<u>(1,532,000)</u>

29 Related party transactions

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

The following related party transactions took place in the period of account.

Expenditure Related Party Transactions

Mr R Willett

Mr R Willett (spouse of Mrs M Willett, Trustee and Accounting Officer) is employed by the academy as Additional Educational Needs Coordinator (having previously been employed by the predecessor local authority maintained school since 2007). Mr Willett's remuneration during the year was £46,699 (2018: £45,535), employer pension contributions amounted to £3,842 (2018: £8,788) and expenses were £Nil (2018: £444). The balance due to Mr R Willett as at 31 August 2019 was £Nil (2018: £Nil).

Mr R Willett's appointment was made in open competition and Mrs M Willett was not involved in the decision-making process regarding appointment. Mr R Willett is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a trustee.

Ms K Hunston

Ms K Hunston (daughter of Mrs S Hunston, Chief Operating Officer) was employed by the academy as a Teaching Assistant in the year-ended 31 August 2019. Ms Hunston's remuneration during the year ending 31 August 2019 was £14,299 (2018: £8,430), employer pension contributions amounted to £809 (2018: £1,627) and expenses were £Nil (2018: £Nil). The balance due to Ms K Hunston as at 31 August 2019 was £Nil (2018: £Nil).

Ms K Hunston's appointment was made in open competition and Mrs S Hunston was not involved in the decision-making process regarding appointment. Ms K Hunston is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

30 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £4,311 (2018: £4,975) and disbursed £4,096 (2018: £4,975) from the fund. £215 was retained by the academy trust for admin costs (2018: £Nil). An amount of £Nil (2018: £Nil) (including brought forward from prior years) is included in other creditors relating to undistributed funds that are repayable to ESFA.

31 Events after the balance sheet date

The Gallery Trust has committed to transferring in the following schools during the Spring Term of 2019/20:

- Springfield School
Community special school
- Northfield School (to be known as Orion Academy with effect from conversion)
Community special school
- Northern House School (to be known as Northern House Academy with effect from transfer)
Academy rebrokerage from another Trust (Northern House School Academy Trust)
- Mabel Prichard School
Community special school

32 Conversion to an Academy Trust

On 1 June 2019 Bardwell School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Gallery Trust from Oxfordshire County Council for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net gain in the Statement of Financial Activities as "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 SOFA.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total £
Bardwell School				
Tangible fixed assets:				
Land			1,396,000	1,396,000
Leasehold buildings			5,054,000	5,054,000
Other tangible fixed assets			8,519	8,519
Current assets				
Budget surplus / (deficit) on ESFA funds	-	-	-	-
Budget surplus / (deficit) on LA funds	100,344	-	-	100,344
	100,344	-	6,458,519	6,558,863
Current liabilities				
Prudential Loan - due within < 12 months	(1,799)			(1,799)
Non-current liabilities				
LGPS pension deficit		(804,000)		(804,000)
Prudential Loan - due within > 12 months	(10,794)			(10,794)
Net assets / (liabilities)	87,751	(804,000)	6,458,519	5,742,270

The above net assets include £100,344 that was accrued at 31 August 2019.

33 Teaching School Trading Account

		2019		2018	
		£	£	£	£
Income					
	Direct Income				
	National College Grants	60,000		-	
	Other Income				
	Fundraising and other trading activities	-		-	
Total Income			60,000		-
Expenditure					
	Direct costs				
	Direct staff costs	43,871		-	
	Staff development	1,205		-	
	Total direct costs		45,076		-
	Other costs				
	Support staff costs	13,158		-	
	Technology costs	33		-	
	Other support costs	438		-	
	Share of governance costs	1,295		-	
	Total indirect costs		14,924		-
Total Expenditure			60,000		-
Transfers between funds excluding depreciation		-		-	
Surplus/(Deficit) from all sources			-		-
Teaching school balances at 1 September			-		-
Teaching school balances at 31 August			-		-