South Gloucestershire and Stroud Academy Trust (A Company Limited by Guarantee)

Annual report and financial statements

For the year to 31 August 2019

Company Registration Number:

9353480 (England and Wales)

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Reference and Administrative Details

Members	South Gloucestershire and Stroud College V Bragg J Huggett I Lewis J Royall
Trustees	V Bragg (Chair) (resigned 29 November 2019) Katharine Dawson – known as Kate East (Vice Chair until 8 July 2019) P Eames (Trustee) N Johnson (Trustee) (Vice Chair 11 December 2019) H Bryan (Trustee) (resigned 2 October 2018) S Winstone (Trustee) (appointed 01 February 2019) J Cohen-Brand (Vice Chair from 09 July 2019, appointed Chair from 11 December 2019) S Shepherd (Trustee) A Morris-Wyatt (Trustee) (appointed 15 May 2019) C Stark (Trustee) (appointed 15 May 2019) K Hamblin (Chief Executive Officer & Accounting Officer), Ex Officio Trustee
Clerk to the Trustees *	K Lee
Senior Management team: Chief Executive Officer and Accounting Officer Deputy Chief Executive Officer Chief Financial Officer Director of Human Resources	 K Hamblin S Miles J Saunderson M Foster- Fitzgerald
Principal and registered office	Stratford Road, Stroud, Gloucestershire, GL5 4AH
Company registration number	9353480 (England and Wales)
Independent auditor	KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham B4 6GH
Bankers	Lloyds Bank plc, Commercial Banking, Canons House, Canons Ways, Bristol, BS1 5LL
Solicitors	Foot Anstey LLP, Senate Court, Southernhay Gardens, Exeter, EX1 1NT

* The Clerk is responsible for the Company Secretarial duties of South Gloucestershire and Stroud Academy 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.

South Gloucestershire and Stroud Academy Trust was incorporated on 12 December 2014 and it's first school Forest High School joined as a sponsored academy on 1 March 2015. Forest High School is a secondary academy for pupils aged 11 to 16 serving Cinderford in the Forest of Dean in Gloucestershire.

SGS Berkeley Green University Technical College opened in September 2017 and is a 14-19 school with a curriculum specialising in Advanced Manufacturing and Digital Technologies.

South Gloucestershire and Stroud Academy Trust also opened a Special Free School (Pegasus) in September 2017, supporting students within South Gloucestershire and north Bristol who have a statement diagnosing that they are have Autistic Spectrum Condition (ASC). A purpose built, £14m new school close was opened in Autumn 2019.

Structure, Governance and Management

Constitution

South Gloucestershire and Stroud Academy Trust ("SGSAT") 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 SGSAT are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as South Gloucestershire and Stroud Academy Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

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' Report (cont'd ...)

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006 (section 236) every Trustee or other officer of SGSAT shall be indemnified out of the assets of SGSAT against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, to which Judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to affairs of SGSAT.

Method of Recruitment and Appointment or Election of Trustees

As set out in the articles the following describes the name of any Body or person entitled to nominate or apportion one or more Trustees.

- The Members may appoint Trustees through such process as they may determine. South Gloucestershire and Stroud College also has the option to directly appoint one Trustee.
- Parent Trustees and Parent Local Governors (Note: In July 2019, the SGSAT Board approved the use of the terminology of Local School Board and School Board member for its constituent academies) shall be elected or appointed in accordance with the terms of reference determined by SGS Trustees from time to time. The elected or appointed Parent Local School Board member must be a parent of a registered pupil at one or more Academies at the time when he/she is elected or appointed.
- The Chief Executive Officer may, if they agree to so act and their appointment is ratified by the Members, be a Trustee.
- The Trustees may appoint Co-opted Trustees.

The total number of Trustees including the Chief Executive Officer who are employees of the Company shall not exceed one third of the total number of Trustees. An employee of SGSAT cannot be a member of SGSAT.

The Trustees each school year shall elect a Chair and Vice-Chair from among their number. A Trustee employed by SGSAT shall not be eligible for election as Chair or Vice-Chair.

Academy Trusts must also designate a named individual as its Accounting Officer. The Chief Executive Officer has been designated as the Accounting Officer for SGSAT.

Trustees are also responsible for the appointment of the Chief Financial Officer, Clerk to The Trustees and Headteachers of the Academies.

Arrangement for appointment of Staff School Board members are outlined in constituent Academies Terms of Reference documents. There are currently two Staff School Board members who sits on the School's Board at Forest High School. These are elected by staff members of the Academy and must be a member of staff at the time of election. Due to the newness of opening of SGS Berkeley Green UTC and SGS Pegasus and growth to full capacity in student numbers and staff, requirements for staff member roles in these academies will be reviewed in due course. From July 2019, responsibilities have been included in the Lead Roles of the Local School Board for oversight of staff wellbeing considerations at all Schools in SGSAT.

Requirement for Parent School Board members (previously called Parent Governors) are included in SGSATs Memorandum and Articles of Association which outline requirements of appointment at Local School Board level. Arrangements for appointment of Parent School Board members are also outlined in constituent Academies Terms of Reference documents. Parent School Board members have been appointed for the Local School Boards of Forest High School, SGS Berkeley University Technical College and SGS Pegasus School.

When searching for new Trustees, the Board of Trustees undertakes a skills/experience gap analysis, which incorporates requirements outlined in the DfE Competency Framework for Governance and National Governor Association guidance. Outcome from this provides the direction needed to search for new Trustees. The Board also has the option to use the South Gloucestershire and Stroud College Corporation Search Committee as part of this process. During 2018/19, two Trustees have been recruited to the Board via the DfE supported Academy Ambassadors Programme. All prospective Trustees are required to complete an application form, equal opportunities monitoring form and skills/experience audit form and are invited to meet with the Board of Trustees, should they possess the required skills/experience being sought. Following this meeting the Trustees then decide whether appointment is to be recommended. Appointment of new Trustees can either be via a recommendation from the Trustees to the members or Trustees may appoint Co-opted Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Board of Trustees has an agreed a Trustee Induction and Training Policy which is reviewed annually. This policy outlines arrangements which include Trustee induction training for the purpose of introduction to the work of SGSAT, understanding Trustees responsibilities and to be informed about the current development in SGSAT. A mentoring system is in place to enable an experienced Trustee to be paired with a newly appointed Trustee to mentor and support through the first 6 – 9 months of appointment.

High quality training and development arrangements via the National Governors Association and other providers are made available both for individual Trustees and the Board of Trustees as a whole so that collectively the Board of Trustees has the necessary skills and understanding to fulfil its responsibilities and to enable Trustees to make and effective contribution to the work of the Board. The Board of Trustees and Local School Boards undertake review of Board compilation of their skills/experience audit. This takes place annually as part of the approved calendar of business, or more frequently as required. During 2018/19 SGSAT and its constituent Academies was supported by a National Leader for Governance (NLG). Outcomes from the work of the NLG, alongside changes in Departmental guidance and the Ofsted Inspection Framework, have informed a review of Governance arrangements which took place during the end of the 2018/19 academic year, with new arrangements outlined in the SGSAT Scheme of Delegation and Terms of References of Trust Committees approved on 09 July 2019 for implementation in the 2019/20 Academic year.

A Trustee development and strategy event took place on 30 April 2019 which included a session from a National Governance Association (NGA) sourced National Leader for Governance, who is currently supporting SGSAT via the DfE funded and NGA supported Board Development Programme. Further involvement by the NGA supported National Leader for Governance is planned during 2019/20 and progressions have been made for other Trustees and Clerk to take part in DfE Funded and NGA supported

Development Programmes during the 2019/20 academic year. Training and Development requirements are reviewed annually, or sooner as required.

Organisational Structure

Trust Board

The Board of Trustees has been in a period of growth and development since its establishment in March 2015. The Board currently comprises of 9 Trustees and will continue to review its membership and any further recruitment requirements during the 2019/20 academic year. The Chair of the Board of Trustees resigned on 29 November 2019 and arrangements for appointment of interim/permanent Chair will be considered by the Board at the meeting of 11 December 2019, to which these documents are presented.

To support the work of the Board it has established a Finance and Audit Committee which undertakes financial scrutiny. The Board has approved Terms of References for this committee. Membership of this committee is 3 Trustees and the committee also benefits from the involvement of an external independent co-opted member to provide an external perspective to the work of the committee. Members of the Senior Management Team are "in attendance" at Board meetings but have no voting rights.

Following the growth of SGSAT, in July 2019 the Board approved the establishment of a Curriculum and Quality Committee to enhance educational focus for SGSAT Board and its constituent Schools. This Committee holds its inaugural meeting in October 2019. Membership of this committee is 3 Trustees and will benefit from the involvement of an external independent co-opted member to provide specialist educationalist knowledge and perspective to the work of the Committee. The Deputy CEO is in attendance at this meeting.

The Scheme of Delegation explains the ways in which the Board of Trustees fulfil their responsibilities for the leadership and governance of SGSAT, the respective roles and responsibilities of the Trustees and the Local School Board. This covers the Structure, Roles and Responsibilities of Members, Trustees, Chief Executive Officer/Accounting Officer, School Headteacher, Local School Body, Central Functions, Budget Setting, Communications and Associated Policies. The Scheme of Delegation should be read in conjunction with the Articles and is reviewed on an annual basis by the SGSAT Board of Trustees. A review of Governance arrangements took place during 2018/19 and has been included in the SGSAT Scheme of Delegation and Terms of References of Trust Committees, as approved by the Board at their meeting of 9 July 2019, for implementation in the 2019/20 Academic year

Terms of References

The Board of Trustees have also agreed the terms of reference for the Local School Boards which clearly states their role, purpose, accountability and the quoracy requirements for each School. The School Board for each school reports directly through to the Board via its Chair, who is also a Trustee on the Board and also through reporting on School Quality Assurance activities on key areas and stakeholder engagement, to the Trust Curriculum & Quality Committee.

Trustees' Report (cont'd ...)

The main responsibilities of the Board are prescribed in the Funding Agreement between the Academy Trust and the Education Funding Agency and in the Academies Financial Handbook. The Chief Executive Officer is the Accounting Officer for SGSAT.

Arrangements for setting pay and remuneration of key management personnel

The setting of pay and remuneration of key management personnel within SGSAT such as Headteachers and Deputy CEO is undertaken with support from the Human Resources function of the Sponsor, South Gloucestershire and Stroud College ("SGS College"). These pay ranges are currently informed by the national agreed Teachers pay scales and decisions are made in line with affordability of SGSAT. The Board of Trustees review performance management processes and agree the pay and remuneration of key management personnel within SGSAT.

Remuneration and setting of pay for the Senior Management Team with supporting roles to SGSAT, namely, the Chief Executive Officer, Chief Financial Officer and Director of Human Resources is set through a defined appraisal and objective setting and review system by the Board of Trustees and this is overseen by the sponsor South Gloucestershire and Stroud College's Remuneration Committee, which is a committee of Corporation, This committee receives input from the Chair of Trustees to ensure a robust system of review in respect of pay and remuneration arrangements.

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

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 trade union	1

Percentage of time spent on facility time

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

Trustees' Report (cont'd ...)

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,547
Provide the total pay bill	£2,119,597
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.07%

Paid trade union activities - Trustees should refer to Statutory Instrument 2017 No. 328, The Trade Union (Facility Time Publication Requirements Regulations 2017 for calculation details.

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	66.67% 26 hours / 39 x 100

Related Parties and other Connected Charities and Organisations

SGSAT was established by SGS College. SGSAT has entered into Service Level Agreements with SGS College which cover the areas of Estates, Facilities & Procurement, IT, Human Resources, Payroll, Quality, UTC Curriculum Delivery, Marketing and Finance. These are reviewed on an annual basis.

The Academies Financial Handbook, Sept 19, includes updated guidance on requirements to related party transactions. Guidance has been received from the Education and Skills Funding Agency and Auditors to SGSAT to ensure that transactions for the academic year 2019/20 are compliant to new requirements.

In respect of key roles between SGS College and SGSAT, SGS Corporation is one of the five Members of SGSAT. Any Member signatory, on behalf of the College, is completed by the Chair of the Corporation, M Pascoe. J Huggett is a Member to SGSAT is also a Director of SGS Commercial Services, a subsidiary Company which has a separate legal entity to the SGS Corporation. P Eames is a Trustee of SGSAT and Chair of the Finance & Audit Committee and is also a Governor of SGS College Corporation. Under the provisions of the Articles of Association, K Hamblin (Ex Officio Trustee) and V Bragg (first Trustee of SGSAT) were appointed by SGS Corporation on 29 Jan 15.

K Hamblin, Chief Executive Officer, Accounting Officer and Ex Officio Trustee of SGSAT, is also the Chief Executive Officer and Accounting Officer of SGS College. J Saunderson is the Chief Financial Officer for SGSAT is also the Group Chief Financial Officer for SGS College. M Foster- Fitzgerald, the Director of Human Resources for SGSAT is also the Chief Group Services Officer for SGS College.

Trustees' Report (cont'd ...)

Objectives and Activities

Objects and Aims

The Objects and Aims as set out in SGSATs Articles of Association as the Governing document, are outlined as follows:

The purpose of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").

SGSAT has an aspiration to grow, primarily through the development of new SEND and Secondary schools. This strategy allows SGSAT to respond to the need for more school places within Gloucestershire, South Gloucestershire or the West of England. New schools provide a unique opportunity to develop a learning environment which reflects SGSAT's approach - which combines a curriculum rich in digital and engineering technology, a focus employability and an environment which is conducive to the transition of young people from ASC and SEMH schools into a mainstream setting.

These Objects and Aims are translated supported by SGSAT's Mission and Values as follows:

Our Mission

'The SGS Academy Trust will aim to focus on the development of the whole child by involving and effectively engaging with pupils, parents/carers, staff and the community in a supportive, aspirational and caring environment. We will aim for excellence in our teaching and and learning experiences and positively promote and nurture the academic, moral, social, physical and creative growth of the children in our care.'

Our Values

'We provide an essential service for our communities and will act with honesty, respect, responsibility and care.'

Objectives, Strategies and Activities

Trust Strategic Priorities

1. To be recognised as an outstanding Trust by all stakeholders
2. To be visionary and innovative in providing high quality educational experiences by anticipating and meeting demand
3. To enhance the quality of the experience we provide for our learners and our staff

Trustees' Report (cont'd ...)

4. To develop responsive partnerships with all our learners and staff, employers, public services, the local community and with other education providers
5. To ensure we have the necessary resources to support our Plan
6. To provide an environment in our schools that equips them for the delivery of high quality learning

Key activities and strategies during the year to achieve these objectives include:

- Ensuring the best available staffing for each school as they grow and in particular the recruitment and appointment of three new Headteachers to lead each school

- Appointment of Deputy CEO to oversee quality across SGSAT and ensure the new Headteachers lead their schools effectively

- Continued development, implementation and monitoring of a suite of Academy Trust policies and procedures that reflect the ethos of SGSAT

- Implement school improvement policies across the schools, securing the best possible collaboration between the three schools

- Consultation on and implementation of a new Trust Pay Policy

- Ongoing professional development for staff in all schools to ensure continuous improvement in both quality of teaching and learning and leadership

- Supporting development, enrichment and training interventions from school improvement partners and Sponsor as required

- Actively engaging in partnerships with universities, employers, teacher training providers, other Trusts and schools and government bodies wherever there is an opportunity to benefit

- Continuing to source external high performing mentors for key managers across the organisation

- Reviewing progress towards achieving SGSAT Strategic Plan at least annually

- Implementing a fair and rigorous annual cycle of performance management

- There is an annual skills audit to identify skill sets and gaps in the skills of all Board members and LSBs

- An ongoing programme of training, briefings and induction for Board and LSB members utilising internal and external resources ensures high standards of governance at all levels.

- SGSAT will monitor and review the governance framework and scheme of delegation annually as part of the self-evaluation and business cycle.

- Regular financial management information, including monthly management accounts, are prepared and monitored against financial plans to ensure ongoing financial health
- Support provided for new academies as they come on stream
- HR strategy developed for SGSAT
- Implement and monitor an overarching Trust and School risk register, incorporating academy primary risks to manage and mitigate ongoing risks
- Implement induction and probationary policies and procedures to facilitate internal secondments and succession plans across SGSAT and SGS College
- SGSAT will play a proactive and prominent role in the relevant Headteacher Groups
- The Deputy Chief Executive Officer will work wherever possible with local and national MATs to ensure positive relationships with the MAT Movement and the Regional Schools Commissioner (RSC).

Public Benefit

SGSAT confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing SGSAT's aims and objectives and in planning its future activities.

SGSAT has been established to maintain, carry on, manage and develop, for the public benefit education in the Gloucestershire, South Gloucestershire and West of England area; an academy trust offering a broad curriculum with a strong emphasis on digital and engineering technology; and the development of SEND specialist provision.

SGS Berkeley UTC has been developed to bridge the skills priority gap in Gloucestershire. The UTC is employer-led and specialises in Digital Technology and Engineering.

SGS Pegasus has been developed to provide specialist school provision for the children who are statemented as being on the Autistic Spectrum. This will provide local children to access education in their locality, which will benefit both the child and the local authority who will not have to pay to access education providers outside of the local authority.

All Trust Schools work towards their educational achievement targets and school focuses as set out in the Schools' Improvement Plans satisfied by the Board.

Achievements and Performance

SGSAT supported the second year of development of the University Technical College (UTC), working with the External DfE Advisers and the Baker Dearing Trust to ensure the best possible outcomes and destinations for the first cohort of students.

SGSAT worked with the UTC to recruit and retain students and staff for the UTC and to develop links with Higher Education (HE) providers, employers and government agencies.

SGSAT has worked with the DfE on the construction of SGS Pegasus Special Free School in South Gloucestershire, with expected opening in autumn 2019.

SGSAT has worked closely with the South Glos Local Authority (LA) to provide extra places for students with Autism Spectrum Conditions (ASC) during the year and to plan for further growth once the new build is opened.

SGSAT has significantly increased its operational capacity by the employment of the DCEO, which proved crucial in light of the departure of the Heads of SGS Berkeley Green and SGS Pegasus in October and December respectively; the DCEO acted as Executive

Head at the UTC and as Head at Pegasus for the remainder of the academic year, ensuring that both schools received positive Department of Education (DfE) monitoring reports during that time, whilst recruiting the best available candidates to lead the new schools from the start of the 2019-20 academic year.

There has been significant investment across SGSAT in HR and Finance systems and personnel which allows SGSAT to more work efficiently and effectively across the three schools.

Through our partnership with our sponsor, SGS College, SGSAT has renegotiated cleaning, facilities management and energy contracts on behalf of SGSAT leveraging their own contracted service needs, and as such, significant savings have been made in each of the three areas.

SGSAT has worked closely with other schools and organisations during the year as part of school improvement and development activities, including Gloucestershire's initial Teacher Training Programme (GiTEP), Bath Spa University, Gloucester University, Dean Magna and Balcarras secondary schools, New Horizons and New Siblands Special schools.

Key performance indicators

The DCEO has evaluated and reported on performance regularly for all schools, using a wide range of Curriculum, School Improvement, Key Stage Performance, Finance, HR, Safeguarding and Health and Safety KPI's.

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.

Trustees' Report (cont'd ...)

Financial Review

SGSAT reports net expenditure of £163k (2018: net expenditure of £667k) for the financial year, represented as follows:-

	2018/19 Actual £'000	2017/18 Actual £'000	2018/19 Budget £'000	2018/19 Forecast £'000
Operating (deficit)/surplus in year	170	(42)	42	155
FRS102 Pension costs	(107)	(160)		
Depreciation costs	(699)	(690)		
Capital grant	473	294		
Start up grants	237	326		
Start up expenditure	(237)	(395)		
	(163)	**(667)**		

Net assets for SGSAT at the year-end were £13,304k (2018: £14,123k). However this includes the pension liabilities of £1,642k (2018: £879k). Net current assets at 31 August 2019 were £290k (2018: £15k).

As at 31 August 2019 SGSAT had cash reserves of £761k (2018: £548k) and the net book value of tangible fixed assets was £14,760k (2018: £14,987k).

The majority of Trust's income is derived from grants provided by the ESFA (Education & Skills Funding Agency). In addition, income relating to special needs funding has also been received from the Local Authority (LA).

All of the grants received from the ESFA and the LA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

1. IMPROVING EDUCATIONAL OUTCOMES

Forest High School (FHS) was the first school in the SGSAT, when it was transferred from E-Act in early 2015. It was placed in special measures later that year, and exited in July 2018. It is now classed as 'Requires Improvement'. The school has 316 pupils aged between 11-16, with a capacity of 450. The accommodation is very poor in places and continues to require immediate and significant capital investment to ensure teaching can continue in some of the classrooms. This is being pursued by SGSAT through the channels open to us.

Trustees' Report (cont'd ...)

Forest High School exited special measures in July 2018. Although academic performance is on a generally upward trend, it is still not achieving national or local average performance when compared with other similar schools at Attainment 8 and Progress 8 measures. Due to small cohort size of 73 students at FHS, each student makes more than one per cent difference to the total figures, which leaves the school vulnerable to individual circumstances, like illness and absence. FHS provisional P8, at -0.51 is lower than last year's -0.39, but slightly above 2017's -0.59. English and Maths 4+ is improved at 60.3% (57% 2018).

The school continues to experience financial constraints due to its small size. Accommodation issues are also an issue. A £413,755 School Improvement Fund (SIF) bid to replace the roofs of the Technology and Science Blocks was secured along with a 50% grant 50% academy loan amounting to around £200K to replace roofs on the main teaching block and steps are being taken to dispose of unused land belonging to the School.

Further applications for Emergency Capital Support have been submitted. One is outstanding relating to the replacement of fire doors, fire alarms and fire compartmentalization throughout the school. In December 2019 two applications will be submitted under the CiF main round relating to further roof repairs and window/door replacements. Concrete cladding intrusive surveys, design optioneering, design solution and implementation are ongoing and SGSAT are in the process of instructing consultants to provide a "spend to save" analysis across the school estate; this being funded by way of a £20,000 grant from the DFE.

Systems have been developed to ensure that all Schools within SGSAT carefully monitors Pupil Premium expenditure and its impact on improving attainment for students on Free School Meals, Children from Service Families and Looked-After Children. Use of the grant is published annually on the school's website.

SGS Berkeley Green UTC ("the UTC") was brought into the SGS Academy Trust (SGSAT) in 2016 at the request of the Department for Education, prior to the opening of the UTC in September 2017. The UTC has been designed with a capacity of 660 (Published Admission Number of 130 per year) and currently has 232 on roll. The UTC looks to maximise the skills and resources available to it from the SGSAT, SGS College, the University of Gloucestershire and our Industrial Partners, all of whom are represented on our local governing body. The UTC has a distinctive role as the only UTC in Gloucestershire and will be a significant provider of specialist vocational education for 14-19 year olds in Gloucestershire, South Gloucestershire and further afield.

The UTC had its first set of external examination results in 2019.The small cohort number (91) made the UTC vulnerable to individual students' difficulties which were amplified in the first recruitment cohort. Results in our Certificate in Digital Applications and Certificate in Smart Product Design and Manufacture were excellent. We also achieved pleasing results in GCSE Biology, Maths and Sport.

It is our aim to create opportunities for students and open doors to the next stage of education, training or employment, and a large number of our GCSE and post 16 students have achieved the grades they need to take advantage of the opportunities we have helped them earn, with destinations including Renishaw, Unilever, GE Aviation, BT Openreach, GCHQ, The Army, Kier, The Royal Navy and more.

SGS Pegasus School is a specialist school for children who are on the Autistic Spectrum. The school opened in September 2017 with 27 pupils. There are currently 45 pupils, and the school is fully staffed, with approximately two support staff and one teacher for each seven children.

Pupils are taught in small classes using practical, flexible and creative approaches. The curriculum is personalised to offer pupils' learning experiences to ensure individuals achieve the best personal progress possible. A new school was opened in the Autumn of 2019. When the school is full, there will be a maximum of 80 children from 4-18.

2 FINANCIAL GOVERNANCE AND OVERSIGHT

During the Academic year 2018/19 Local Governing Bodies for the SGS Berkeley UTC and SGS Pegasus School, in accordance with the SGSAT Scheme of Delegation and their respective Terms of Reference, reviewed Financial Reports and expenditure against their School's Budget at each meeting of the LGB. Due to a strengthening in the Local Governing Body of Forest High School, this delegation of Financial oversight commenced from September 2018, and prior to this time, this responsibility was held by the SGSAT Board.

Due to changes in Departmental guidance, Ofsted Inspection Framework and financial pressures in the education sector, SGSAT Board of Trustees undertook a review of Governance including financial arrangements towards the end of the academic year 2018/19. This review considered the benefits of GAG pooling afforded to Multi Academy Trusts by the ESFA, to ensure that financial decision making is used to best support the objectives of SGSAT as a whole. Following approval by SGSAT Board at their meeting of 9 July 2019 this approach to financial management and oversight within SGSAT has been adopted for implementation in the 2019/20 academic year. The SGSAT Scheme of Delegation and Terms of Reference of the Local School Board reflect these new arrangements.

The Board of Trustees for SGSAT and Finance and Audit Committee review the management accounts, the external auditors' management report and the internal auditors' reports, and takes action on any recommendations made by them, ensuring that the SGSAT operates in accordance with the Financial Handbook and Funding Agreement. The Board of Trustees receives Management Accounts at every meeting of the Board. All financial reporting and decisions are made by the Board of Trustees for SGSAT, via recommendations from the Finance and Audit committee, where appropriate. Strategic risks to the academy are an agenda item at every Finance and Audit Committee Meeting.

SGSAT has appointed a Finance Director who oversees financial management and control within the three schools within SGSAT.

3 BETTER PURCHASING

a) FITNESS FOR PURPOSE
New contracts within SGSAT are procured where possible using the frameworks accessed by its Sponsor SGS College.

b) BENCHMARKING

This is an area we are developing at SGSAT. Whilst some benchmarking is done with our sponsor who we are presently collaborating with, further work is needed to ensure we achieve best value in all areas.

c) ECONOMIES OF SCALE

SGSAT has worked closely with its sponsor to reduce procurement costs. Catering provision has been re-tendered and the catering at Forest High School is now contributing a small income annually, rather than previously being subsidised.

The Berkeley Green UTC are benefitting from a site wide facilities management contract procured through SGS College's subsidiary company.

Energy – Energy for Forest High School and the UTC is procured via the YPO public sector framework. This has provided savings against the previous arrangements.

Franking machine at Forest High School – This was procured via the CCS Framework, with significant savings.

Photocopier change at Forest High School – The old agreement is now concluded and the new solution will save approximately £9k per annum whilst replacing the old copiers with new devices.

Stationery framework - The CPC framework provider has been rolled out across the Academy Trust generating savings.

Paper - Options from SGS College's provider have been offered to the schools.

Catering – This was tendered through SGS College in 2017/18 and continues to offer significant savings on previous arrangements.

Total Facilities Management – Continuing into year 2 at the UTC.

Cashless Catering – There are plans for this to be rolled out across both the UTC and Forest High School.

Buses – The UTC buses have been re-negotiated. Registering the route and moving to a daily rate has resulted in a saving.

Insurance – The Non-RPA elements of insurance have been moved to a new supplier (Motor, Travel, Engineering inspection) saving £1100 per annum.

Trustees' Report (cont'd ...)

Suppliers – Changes to the new supplier set up systems have allowed SGSAT access to all of the SGS College suppliers.

Other services such as Lanyards and ID badges have been set up to use across the Academy Trust to benefit from additional savings.

Reserves Policy

The principal policy on reserves is that accumulation of unspent GAG balances should not breach any limits thereon set out in the Funding agreement. The level of reserves should never be in deficit, excluding the deficit on the pension scheme.

Investment Policy

Officers regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.

If any funds were identified which were surplus to requirement, these would be transferred to a high interest deposit account rate. However this will not be the position for the next twelve months.

Principal risks and uncertainties

The Board of Trustees is responsible for the management of risks faced by the SGSAT.

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

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

The main risks to SGSAT which have been identified are:

- Risk of one or more schools in SGSAT moving into financial difficulties
- Risk of poor quality / inconsistent teaching and learning (Forest High School was inherited with an inadequate Ofsted grading which has now improved to required improvement).
- Risks of under recruitment of students at FHS and the UTC
- Poor accommodation at FHS will require investment to ensure the site remains safe, dry and warm.

Trustees' Report (cont'd ...)

Significant risks to individual schools within SGSAT are as follows:

- One or more of the schools in SGSAT moves into financial difficulties
- Poor quality / inconsistent teaching and learning
- Failure of a school to recruit/ keep high quality staff that have the skills and expertise to meet the strategic objectives of the school
- Poor self-evaluation and quality processes, including poor quality management information relating to student performance
- Budget exceeded in 2018/19
- Pay awards are not made due to financial constraints
- Deterioration of buildings at FHS:
    - Lack of automation and door controls an issue for accessibility, safeguarding and security;
    - Potential failure of concrete cladding system;
    - Structural failure of fire escape out of science block on first floor;
    - New permanent build is delayed.

Most of SGSAT's income is obtained from the DfE (via the ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 this section must include information on fundraising practices. The areas to cover are included in section 13 of the Act and include:

- approach to fundraising
- work with, and oversight of, any commercial participators / professional fundraisers
- fundraising conforming to recognised standards
- monitoring of fundraising carried out on its behalf
- fundraising complaints
- protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.

The Friends of Forest High School (FoFH) have raised funds for The Forest High School since their inception in February 2017. They hold various activities and all events are held with permission by the school and the small amount of funding raised is used to benefit students. FoFH hold a separate bank account and their funds are audited annually.

Berkeley Green UTC and SGS Pegasus have not undertaken any fundraising activities during this year.

Plans for Future Periods

SGSAT will continue to work towards its educational targets and the improvement priorities defined in the respective School Improvement Plans and Trust strategic targets.

Trustees' Report (cont'd ...)

All schools will focus on establishing the best curriculum offer for the student body and meeting planned growth targets.

SGSAT will look to deliver the new build for SGS Pegasus and actively seek potential partners to grow the number of schools in SGSAT.

SGSAT adopted a strategy to respond to the hard-to-reach elements of the educational environment of South Gloucestershire and Gloucestershire, the communities which our Sponsor, SGS College serve. This by its very definition means that SGSAT has stepped into areas which will take time to grow, and financial performance will be challenging until the current schools are established and numbers create an economy of scale.

Despite the potential of SGSAT growing through the sponsorship of established schools, the fact that SGSAT had stepped into FHS and was in the process of a considerable turn-around at that school, it was felt that SGSAT should focus on that task, and the opening of two new free schools, rather than sponsor more established (but with their own quality issues) schools.

This has meant that SGSAT focussed on the growth or turnaround of three small schools, the financial performance remains challenging, however the medium term financial position will improve significantly for the following reasons:

- FHS: SGSAT is negotiating the annexation / disposal of assets which would provide significant capital investment into the school. The aim is for negotiations to be completed by 2020;
- FHS: The school has, for many years, has to staff for 2.5 forms of entry – the worst of all scenarios, however the school will move to 2 forms of entry, reducing costs significantly;
- FHS is now (almost) at break-even, although it has a legacy deficit built up before SGSAT sponsored the school;
- UTC: The UTC is in a start-up position. The Y10 numbers are growing, although the Y12 numbers have declined. This is because at Y12, students can access the specialist curriculum locally. The UTC has completed its job in keeping young people in STEM subjects, but the cost of getting to Berkeley is a barrier when there are local alternatives;
- UTC: 5000 houses are being built less than 400m from the UTC (Sharpness Eco-Village) and the UTC is accepted as the Upper School for the 11-16 provision which will be needed to support this major new town;
- Pegasus: The new school will be completed in October 2019, allowing considerable growth (above that planned in the Budget Forecast Return (BFR)); with demand such that the school could exceed its original (prudent) Published Admissions Number (PAN) by 30%.

Trustees' Report (cont'd ...)

Auditor

In so far as the Trustees are aware:

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

Approved by order of the Board of Trustees, as the company directors, on 11 December 2019 and signed on the Board's behalf by:

Jeannie Cohen-Brand
Chair of Trustees

Governance Statement

Scope of Responsibility

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

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

Governance

The information as governance included here supplements that described 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:

Trustees	Meetings	Out of a possible
V Bragg (Chair reappointed 09 July 2019) (resigned 29 Nov 19)	5	6
Katharine Dawson – known as Kate East (Vice-Chair until 9 July 2019)	4	6
K Hamblin (Chief Executive Officer and Accounting Officer)	6	6
P Eames	6	6
N Johnson	5	6
H Bryan (resigned 2 October 2018)	0	0
J Cohen-Brand (appointed Vice-Chair 9 July 2019)	3	6
S Winstone (appointed 1 Feb 2019)	4	4
C Stark (appointed 15 May 2019)	2	2
A Morris-Wyatt (appointed 15 May 2019)	2	2

As a developing and growing Trust, the appointment of additional Trustees with skills and experience to assist in the current growth of SGSAT has taken place and continues to further strengthen the Board.

The Finance and Audit Committee is a committee of the Board of Trustees and its purpose is to provide assurance over the suitability of, and compliance with, its financial systems and controls.

Governance Statement (cont'd ...)

The Finance and Audit Committee held 3 meetings during the 2018/19 academic year, in line with its terms of reference.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
P Eames (Chair)	3	3
N Johnson	3	3
A Morris-Wyatt (appointed 15 May 2019)	1	1

A Morris-Wyatt commenced appointment as a Trustee on 15 May 2019 and his membership of the Finance & Audit Committee was agreed by the Board on appointment.

The Finance & Audit Committee benefits from the involvement of an external independent co-opted member, R Milford who provides financial skills and experience, an external perspective to the work of the committee and has attended all Finance & Audit Committee meetings in the academic year 2018/2019.

With effect from September 2018, SGSAT Financial Accounts have been considered at meetings of SGSAT Board as well as the Finance and Audit Committee. The SGSAT Senior Management Team meets once a month with Finance being a standard agenda item. The Strategic Risk Register is an agenda item at all Finance and Audit Committee meetings and nominates a Lead Senior Management Team member for each risk. SGSAT has introduced comprehensive financial regulations applicable to all schools and these are reviewed on an annual basis.

In July 2019 the Board approved the establishment of a Curriculum and Quality Committee to enhance educational focus and oversight for SGSAT Board and its constituent Schools. This Committee held its inaugural meeting on 2 October 2019.

Trustee	Meetings attended	Out of a possible
J Cohen-Brand (Chair)	1	1
S Winstone	1	1
C Stark	1	1

The Committee will benefit from the involvement of an external independent co-opted member, D Potter which was approved by the Board at their meeting on 16 October 2019, to provide specialist educationalist knowledge and perspective to the work of the Committee. The independent co-opted member (designate) attended the inaugural meeting on 2 October 2019.

Governance Statement (cont'd ...)

A Governance self-assessment process has been annually used by SGSAT and put in place for review of Governance at Local School Board and Trust level. This process includes 360 review of the Chair of School Board/Chair of Trustees. At Local School

Level, this self-assessment focusses on review of the board in terms of skills, effectiveness, leadership and impact. It is framed around the areas of evaluation examined by the Inspectors of Ofsted when an Academy is inspected, guidance by the National Governors Association, and aligns to the six key features of effective governance set out in the DfE Governance Handbook. At Trust Level, previous Self-Assessment has used the All Party Parliamentary Group on Education Governance and Leadership '21 questions every Multi Academy Trust should ask itself'. Due to the support of the NGA National Leader for Governance via the DfE funded programme during the 2018/19 Academic year, this process has been facilitated by the NLG and online tools provided by the National Governance Association. These are based on the 'All Party Parliamentary Group on Education Governance and Leadership '21 questions every Multi Academy Trust should ask itself'. A Self Evaluation Outcome Discussion Event took place on 16 October 2019 to consider the outcomes of this survey the development of an action plan which will be presented to the Board at the 11 Dec 2019 meeting. Outcomes have been reviewed for progress by Local School Boards during the academic year 2018/2019. Outcomes and progress against actions will be reviewed by Local School Boards during the year and reported to SGS Academy Trust Board.

Review of Value for Money

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

The Accounting Officer considers how SGSAT's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by ensuring all renewed contracts are reviewed and tendered where appropriate by the SGS College Procurement team and implementing sound Financial Regulations which ensure value for money is obtained for any financial transaction.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control was in place in SGSAT at the year end and up to the date of approval of the annual report and financial statements.

The Chief Financial Officer has responsibility to ensure that the system of internal control is embedded within SGSAT.

Governance Statement (cont'd ...)

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 Risk Management Policy was reviewed at the Finance and Audit Committee meeting on 20 June 2019 and approved by the Board of Trustees on 9 July 2019 and is due for review in June 2021. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place from the approval date of the risk management policy to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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 Audit Committee of reports which indicate financial performance against the forecasts;
- clearly defined purchasing;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has appointed RSM as Internal Auditor.

The role of the Internal Auditor includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In line with the Financial Handbook issued with effect from 1 September 2018, the internal auditors undertook a review of core controls in respect of financial areas (such as delegated financial authorities, budgeting processes and financial management), and operational areas (such as governance, business planning and risk management arrangements).

Three times a year, the auditor reports to the Board of Trustees, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of works as planned.

Some control weaknesses were identified and the report gave reasonable assurance that controls are suitably designed and consistently applied.

The Trustees monitor recommendations through an audit action plan which it reviews at each Finance and Audit Committee.

Governance Statement (cont'd ...)

Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the Chief Financial Officer within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 11 December 2019 and signed on its behalf by:

Jeannie Cohen-Brand
Chair of Trustees

K Hamblin
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of SGSAT I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 to 2019.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018 to 2019.

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.

K Hamblin
Accounting Officer
11 December 2019

Statement of Trustees' Responsibilities in Respect of Trustees' Annual Report and the Financial Statements

The Trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.* The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's 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 (FRS 102) and the Academies Accounts Direction 2018 to 2019;
- make judgements and 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 the ESFA/Department for Education have been applied for the purposes intended.

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements (cont'd ...)

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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Jeannie Cohen-Brand
Chair of Trustees

Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust

Opinion

We have audited the financial statements of South Gloucestershire and Stroud Academy Trust ("the charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;

- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland;*

- have been prepared in accordance with the requirements of the Companies Act 2006; and

- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2018 to 2019* issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the charitable company's business model, including the impact of Brexit, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust (cont'd ...)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

Other information

The Trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Report and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust (cont'd ...)

Trustees' responsibilities

As explained more fully in their statement set out on page 28, the Trustees (who are 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company'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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Anthony Felthouse (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham

19 December 2019

Independent Reporting Accountant's Assurance Report on Regularity to South Gloucestershire and Stroud Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 9 November 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 South Gloucestershire and Stroud Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 27 February 2015 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to South Gloucestershire and Stroud Academy Trust and the Education and Skills Funding Agency (cont'd...)

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 our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Headteacher on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2018;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Annex B of the Academies Accounts Direction 2018 to 2019.

Independent Reporting Accountant's Assurance Report on Regularity to South Gloucestershire and Stroud Academy Trust and the Education and Skills Funding Agency (cont'd...)

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.

Anthony Felthouse
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

19 December 2019

South Gloucestershire and Stroud Academy Trust

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

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	**Total 2019**	Total 2018
Income and endowments from:		£000	£000	£000	**£000**	£000
Donations and capital grants	2	-	-	473	**473**	294
Charitable activities:						
Funding for the academy trust's educational operations	3	-	4,915	-	**4,915**	4,098
Other trading activities	4	366	-	-	**366**	207
Total		366	4,915	473	**5,754**	4,599
Expenditure on:						
Raising funds	5	25	-	-	**25**	10
Charitable activities:						
Academy trust educational operations	6	-	5,193	699	**5,892**	5,256
Total		25	5,193	699	**5,917**	5,266
Net income / (expenditure)		**341**	**(278)**	**(226)**	**(163)**	(667)
Transfers between funds	15	**-**	**-**	**-**	**-**	-
Other recognised gains / (losses):						
Actuarial gains on defined benefit pension schemes	15,22	-	(656)	-	**(656)**	226
Net movement in funds		341	(934)	(226)	**(819)**	(441)
Reconciliation of funds						
Total funds brought forward		530	(1,394)	14,987	**14,123**	14,968
Opening reserves adjustment					**-**	(404)
Total funds carried forward		871	(2,328)	14,761	**13,304**	14,123

The financial statements on pages 36-57 were approved by the trustees, and authorised for issue on 11 December 2019 and are signed on their behalf by:

Jeannie Cohen-Brand
Chair

Kevin Hamblin
Accounting Officer

South Gloucestershire and Stroud Academy Trust

Balance Sheet
as at 31 August 2019

Company Number 09353480

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	11		**14,760**		**14,987**
Current assets					
Debtors	12	**243**		**418**	
Cash at bank and in hand	20	**761**		**548**	
		1,004		966	
Liabilities					
Creditors: Amounts falling due within one year	13a	**(714)**		**(951)**	
Net current assets			**290**		15
Total assets less current liabilities			**15,050**		15,002
Creditors: Amounts falling due after more than one year	13b		**(104)**		-
Net assets excluding pension liability			**14,946**		15,002
Defined benefit pension scheme liability	22		**(1,642)**		**(879)**
Total net assets			**13,304**		14,123
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	14	**14,761**		**14,987**	
. Restricted income fund	14	**(686)**		**(515)**	
. Pension reserve	14	**(1,642)**		**(879)**	
Total restricted funds			**12,433**		13,593
Unrestricted income funds	14		**871**		**530**
Total funds			**13,304**		14,123

The financial statements on pages 36-57 were approved by the trustees, and authorised for issue on 11 December 2019 and are signed on their behalf by:

Jeannie Cohen-Brand
Chair of Trustees

South Gloucestershire and Stroud Academy Trust

Statement of Cash Flows
for the year ended 31 August 2019

	Notes	2019	2018
		£000	£000
Cash flows from operating activities			
Net cash provided by operating activities	18	**213**	(9)
Cash flows from investing activities	19	**0**	(6)
Change in cash and cash equivalents in the reporting period		**213**	(15)
Cash and cash equivalents at 1 September		**548**	563
Cash and cash equivalents at the 31 August	20	**761**	548

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 (FRS102), 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 (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

South Gloucestershire and Stroud Academy Trust meets the definition of a public benefit entity under FRS 102.

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 no 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

1 Statement of Accounting Policies *(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, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.
- **Donated goods, facilities and services**
  Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **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 irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

1 Statement of Accounting Policies *(continued)*

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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

• Freehold buildings	**up to 50 years**
• Long leasehold land	**length of the lease**
• Leasehold buildings	**length of the lease or useful economic life, if lower**
• Fixtures, fittings and equipment	**up to 5 years**
• ICT hardware	**up to 5 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.

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 of 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)*

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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, 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 scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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 Education and Skills Funding Agency/Department for Education.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed in 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.

2 Donations and capital grants

	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Capital Grant UTC	75	**75**	208
Funds adjustment prior year retention UTC	(24)	**(24)**	-
Capital Grant Pegasus	4	**4**	42
Capital Grant Forest High School	218	**218**	44
Donated fixed assets - Transfer of Land, Pegasus	200	**200**	-
	473	**473**	294

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE / EFA grants				
. General Annual Grant (GAG)	-	3,624	**3,624**	2,926
. Pupil Premium	-	132	**132**	129
. Start Up Grants	-	237	**237**	326
. Other DfE/EFA grants	-	239	**239**	247
	-	4,232	**4,232**	3,628
Other Government Funding				
. Local authority funding	-	683	**683**	470
	-	4,915	**4,915**	4,098

4 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Hire of facilities	155	-	**155**	128
Other income generating activities	211	-	**211**	79
	366	-	**366**	**207**

5 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2019	2018
	£000	£000	£000	£000	£000
Expenditure on raising funds:					
. Direct costs	-	-	25	**25**	10
. Allocated support costs	-	-	-	**-**	-
Academy's educational operations:					
. Direct costs	2,288	-	198	**2,486**	2,039
. Allocated support costs	1,467	406	1,533	**3,406**	3,217
	3,755	406	1,756	**5,917**	5,266

Net income for the period includes:

	2019	2018
	£000	£000
Operating lease rentals	-	-
Depreciation	**699**	690
Fees payable to auditor for:		
- audit	**19**	19
- other services	**4**	-

6 Charitable Activities

	Total	Total
	2019	2018
	£000	£000
Direct costs - raising funds	**25**	10
Direct costs – educational operations	**2,486**	2,039
Support costs – educational operations	**3,406**	3,217
	5,917	5,266

Analysis of support costs	Educational operations	Total 2019	Total 2018
	£000	£000	£000
Support staff costs	1,467	**1,467**	1,384
Depreciation	699	**699**	690
Technology costs	42	**42**	41
Premises costs	406	**406**	514
Other support costs	792	**792**	568
Governance costs	-	**-**	20
Total support costs	3,406	**3,406**	3,217

7 Staff

a. Staff costs

Staff costs during the period were:

	Total 2019 £000	Total 2018 £000
Wages and salaries	**2,788**	2,381
Social security costs	**261**	230
Operating costs of defined benefit pension schemes	**575**	572
	3,624	3,183
Supply staff costs	**112**	96
Other staff costs	**19**	10
Staff restructuring costs	**-**	1
	3,755	3,290

b. Staff numbers

The average number of persons employed by the academy during the period was as follows, excluding Invigilator and Supply Staff:

	Headcount **2019 No.**	Headcount 2018 No.	Full Time Equivalent **2019 No.**	Full Time Equivalent 2018 No.
Teachers	**40**	34	**38**	31
Administration and support	**59**	54	**40**	37
Management	**14**	13	**11**	10
	113	101	**89**	78

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

	2019 No.	2018 No.
£60,001 - £70,000	**-**	1
£70,001 - £80,000	**-**	1
£80,001 - £90,000	**2**	1

As at 31st August 2019 there were no Headteachers at the UTC or Pegusus, they were appointed on 1st September 2019.

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (excluding employer pension contributions) received by key management personnel for their services to the academy trust was £113,529 (2018: £82,405).

8 Related Party Transactions - Trustees' Remuneration and Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

Chief Executive Officer
. Remuneration £20,000 (2018: £20,000)
. Employer's pension contributions paid £0 (2018: £0)

During the period ended 31 August 2019, travel and subsistence expenses totalling £395 were reimbursed or paid directly to 2 trustees (2018: £1,079).

Other related party transactions involving the trustees are set out in note 23.

9 Trustees' and Officers' Insurance

The trust participates in the Department for Education's Risk Protection Arrangement (RPA). The RPA is not an insurance scheme but is a mechanism through which the costs of risks that materialise from 1 September 2014 will be covered by government funds. The scheme includes governors liability expense for £10,000, any one claim and the cost for the period ended 31 August 2019 was included within the charge for the whole scheme of £11,235 (2018: £13,915).

10 Central Services

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

§ Recruitment and Human Resources
§ Finance Services
§ Premises Support
§ Executive Headship
§ Educational Support

The Trust charges a maximum of 4.9% of General Annual Grant.

The actual amounts charged during the year were as follows:

	2019	2018
	£000	£000
Forest High School	**88**	86
Pegasus	**20**	22
Berkeley UTC	**77**	57
	185	165

11 Tangible Fixed Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Assets under Construction	Furniture and Equipment	Computer Hardware	Motor Vehicles	**Total**
	£000	£000	£000	£000	£000	£000	**£000**
Cost							
At 1 September 2018	5,000	11,493	44	98	744	28	17,407
Additions	-	200	217	38	41	-	497
Disposals		(25)			(30)		(55)
At 31 August 2019	5,000	11,668	261	136	755	28	**17,849**
Depreciation							
At 1 September 2018	1,893	226	-	40	233	28	2,420
Charged in year	315	226	-	23	135	-	699
Disposals	-	-	-	-	(30)	-	(30)
At 31 August 2019	2,208	452	-	63	338	28	**3,089**
Net book values							
At 31 August 2018	3,107	11,267	44	58	511	-	**14,987**
At 31 August 2019	2,792	11,216	261	73	417	-	**14,760**

12 Debtors

	2019	2018
	£000	£000
Trade debtors	**47**	23
VAT recoverable	**66**	157
Prepayments and accrued income	**130**	238
	243	418

13 a. Creditors: Amounts Falling due within one year

	2019	2018
	£000	£000
Trade creditors	**27**	**64**
Other taxation and social security	**161**	**164**
Accruals	**164**	**289**
Deferred income	**352**	**434**
Bursary and DofE	**10**	**-**
	714	**951**

	2019	2018
Deferred Income	**£000**	£000
Deferred Income at 1 September	**434**	**256**
Released from previous years	**(98)**	**(256)**
Resources deferred in the year	**16**	**434**
Deferred Income at 31 August	**352**	434

b. Creditors: Amounts Falling due after more than one year

	2019	2018
	£000	£000
Deferred income - loan repayable over a 10 year term	**104**	**-**

14 Funds

	Balance at 1 September 2018	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2019
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	(619)	3,624	(3,691)	-	**(686)**
Start Up Grant	-	237	(237)	-	**-**
Pupil Premium	103	132	(235)	-	**-**
UTC Transfer in	-	-	-	-	**-**
Other DFE Grants	-	239	(239)	-	**-**
LEA Funding	-	683	(683)	-	**-**
Pension reserve	(879)		(107)	(656)	**(1,642)**
	(1,395)	4,915	(5,192)	(656)	**(2,328)**
Restricted fixed asset funds					
Transfer on conversion UTC	1,186	-	-	-	**1,186**
DfE/EFA capital grants - UTC	10,567	51	(362)	-	**10,256**
Capital expenditure from Unrestricted Reserves - UTC	21	-	-	-	**21**
Transfer on conversion FHS	3,468	-	-	-	**3,468**
DfE/EFA capital grants - FHS	(292)	218	(328)	-	**(402)**
DfE/EFA capital grants - PEG	38	4	(9)	-	**32**
Donated fixed assets - Transfer of Land, Pegasus	-	200	-	-	**200**
	14,988	473	(699)	-	**14,761**
Total restricted funds	**13,593**	**5,388**	**(5,891)**	**(656)**	**12,433**
Total unrestricted funds	530	**366**	**(25)**	-	**871**
Total funds	**14,123**	**5,754**	**(5,917)**	**(656)**	**13,304**

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

Restricted general funds are held to be applied to delivering, developing and supporting Educational Activities. These funds constitute the balance of unspent grants received from the ESFA and other funding bodies which were received to deliver, develop and support educational activities as set out in the applicable funding agreements

Restricted fixed asset funds are held to be applied to meet the costs of writing down assets purchased using grants for specific purposes and assets transferred from other organisations with restrictions attached.

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

14 Funds (cont)

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

	Balance at 1 September 2017	Opening adjustments	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000	£000
Restricted general funds						
General Annual Grant (GAG)	(312)	-	2,926	(3,233)	-	**(619)**
Start Up Grant	69	-	326	(395)	-	**-**
Pupil Premium	-	-	129	(26)	-	**103**
UTC Transfer in	36	-	-	(36)	-	**-**
Other DFE Grants	-	-	247	(247)	-	**-**
LEA Grants	-	-	469	(469)	-	**-**
Pension reserve	(945)	-	-	(160)	226	**(879)**
	(1,152)	-	4,097	(4,566)	226	**(1,395)**
Restricted fixed asset funds						
Transfer on conversion UTC	1,186	-	-	-	-	**1,186**
DfE/EFA capital grants - UTC	11,112	(405)	208	(347)	-	**10,568**
Capital expenditure from Unrestricted Reserves - UTC	15	-	7	(1)	-	**21**
Transfer on conversion FHS	3,468	-	-	-	-	**3,468**
DfE/EFA capital grants - FHS	-		44	(336)	-	**(292)**
DfE/EFA capital grants - PEG	-		43	(6)	-	**37**
Private sector capital sponsorship	-		-	-	-	**-**
	15,780	(405)	302	(690)	-	**14,988**
Total restricted funds	**14,628**	**(405)**	**4,399**	**(5,256)**	**226**	**13,593**
Total unrestricted funds	340		**207**	**(10)**	(7)	**530**
Total funds	**14,968**	**(405)**	**4,606**	**(5,266)**	**219**	**14,123**

14 Funds *(continued)*

Analysis of academies by fund balance

Fund balances at 31 August were allocated as follows:	Total 2019	Total 2018
	£000	£000
Forest High School	(290)	(242)
Pegasus Free School	209	98
UTC academy	189	124
Central services	77	35
Total before fixed assets and pension reserve	185	15
Restricted fixed asset fund	14,761	14,987
Pension reserve	(1,642)	(879)
Total	13,304	14,123

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2019	Total 2018
	£000	£000	£000	£000	£000	£000
Forest High School	1,274	207	209	470	2,160	2,270
Pegasus Free School	617	58	73	165	913	758
UTC Academy	982	136	301	352	1,771	1,219
Central services	-	287	6	82	375	328
Academy Trust	2,873	688	589	1,069	5,219	4,575

15 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
	£000	£000	£000	£000
Tangible fixed assets	-	-	14,760	14,760
Current assets	871	133	-	1,004
Current liabilities	-	(818)	-	(818)
Pension scheme liability	-	(1,642)	-	(1,642)
Total net assets	871	(2,328)	14,761	13,304

16 Capital Commitments

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

17 Commitments under operating leases

Operating Leases

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

	2019	2018
	£000	£000
Amounts due within one year	**-**	-
Amounts due between one and five years	**18**	-
Amounts due after five years	**-**	-
	18	-

18 Reconciliation of Net Expenditure to Net Cash Flow from Operating Activities

	2019	2018
	£000	£000
Net Expenditure for the reporting period (as per the statement of financial activities)	**(163)**	(667)
Adjusted for:		
Depreciation charges (note 11)	**699**	690
Capital grants from DfE and other capital income	**(473)**	(294)
Defined benefit pension scheme cost less contributions payable (note 22)	**82**	133
Defined benefit pension scheme finance cost (note 22)	**25**	27
Decrease in debtors	**175**	2,892
Decrease in creditors	**(132)**	(2,790)
Net cash provided by Operating Activities	**213**	(9)

19 Cash Flows from Investing Activities

	2019	2018
	£000	£000
Purchase of tangible fixed assets	**(297)**	(301)
Capital grants from DfE/ESFA	**297**	295
Net cash (used in)/provided by investing activities	**-**	(6)

20 Analysis cash and cash equivalents

	At 31 August 2019	At 31 August 2018
	£000	£000
Cash in hand and at bank	761	548
Total cash and cash equivalents	**761**	548

21 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.

22 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 Gloucestershire County Council and Avon. Both are multi-employer defined benefit pension schemes.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.4% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million.
- an employer
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1% The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The pension costs paid to TPS in the period amounted to £277,791 (2018: £237,929)

22 Pension and Similar Obligations (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2019 was £249,000 (2018: £239,000), of which employer's contributions totalled £203,000 (2018: £195,000) and employees' contributions totalled £46,000 (2018: £44,000) The agreed contribution rates for future years are 30.2% per cent for employers and 5.5% to 12.5% per cent for employees (TBC).

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

Principal Actuarial Assumptions	**At 31 August 2019 ***	**At 31 August 2019 ****	**At 31 August 2018 ***	**At 31 August 2018 ****
Rate of increase in salaries	**2.60%**	**3.50%**	**2.80%**	**3.70%**
Rate of increase for pensions in payment/inflation	**2.30%**	**2.10%**	**2.30%**	**2.30%**
Discount rate for scheme liabilities	**1.87%**	**1.80%**	**2.60%**	**2.90%**
Commutation of pensions to lump sums pre-April 2008 service	**35.00%**		**35.00%**	
Commutation of pensions to lump sums post-April 2008 service	**68.00%**		**68.00%**	

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 2019 ****	**At 31 August 2018 ***	**At 31 August 2018 ****
Retiring today				
Males	**22.4**	**23.7**	**22.4**	**26.1**
Females	**24.6**	**26.2**	**24.6**	**0.0**
Retiring in 20 years				
Males	**24.0**	**26.3**	**24.0**	**28.8**
Females	**26.4**	**29.0**	**26.4**	**0.0**

* Berkeley UTC, Central and Forest High

** Pegasus

The academy's share of the assets in the schemes were:

	Fair value at 31 August 2019	**Fair value at 31 August 2018**
	£000	**£000**
Equity instruments	**1,206**	**1,064**
Bonds	**455**	**332**
Property	**148**	**127**
Cash	**79**	**47**
Total market value of assets	**1,888**	**1,570**

The actual return on scheme assets was £64,000 (2018: £43,000).

22 Pension and Similar Obligations (continued)

Amounts recognised in the statement of financial activities

	2019	2018
	£000	£000
Current service cost (net of employee contributions)	(82)	(133)
Interest Cost	(25)	(27)
Actuarial (loss)/gain	(656)	226
Total operating charge	(763)	66

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

	2019	2018
	£000	£000
At 1 September	2,449	2,215
Current service cost	284	305
Interest cost	72	60
Employee contributions	46	44
Actuarial (loss)/gain	717	(189)
Benefits paid	(38)	(34)
Business Combinations	-	48
At 31 August	3,530	2,449

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

	2019	2018
	£000	£000
At 1 September	1,570	1,270
Interest income	47	34
Actuarial (loss)/gain	61	40
Administration expenses	(1)	(1)
Employer contributions	203	172
Employee contributions	46	67
Benefits paid	(38)	(32)
Business Combinations	-	20
At 31 August	1,888	1,570
Defined benefit pension scheme liability	(1,642)	(879)

On 26 October, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

23 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

The members of the Trust include South Gloucestershire and Stroud College (the College) and the College's Chairman M Pascoe (replaced J Hugget during the year). The trustees of the trust include the Chief Executive Officer of the College who is also appointed as the Chief Executive Officer of the Academy Trust.

Expenditure Related Party Transactions:

South Gloucestershire and Stroud College:
- The Academy was charged £86,002 including VAT (2018 - £164,167 inclusive of SGSAT staff recruited and paid via SGS College payroll prior to transferring to the SGSAT payroll once new school operational) for salary recharges.
- The Academy was charged £78,271 including VAT (2018 - £83,198) for the Service Level Agreements and reimbursements.

The above £86,002 and £78,271 have been provided 'at no more than cost' and the College has provided a

Commercial Services Ltd (CSL)
- The Academy was charged £34,493 including VAT for staff recharges and the UTC fenced games area.

Income Related Party Transactions:
South Gloucestershire and Stroud College:
- The Academy charged £26,748 for salary recharges
- The Academy charged £8,478 for other recharges and reimbursements.

In entering into the transactions the trust has complied with the requirements of ESFA's Academies Financial Handbook 2018.

24 Agency Arrangements

Statement of Accounting Policies - 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, where applied this would be recognised in the statement of financial activities.

Funds received and paid and balances held

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the academy trust received £10,406 and disbursed £6,825 from the fund. An amount of £3,581 is in included in other creditors relating to undistributed funds that is repayable to ESFA.

Comparatives for the accounting period ending 31 August 2018 are £5,364 received, £2,400 disbursed and £2,964 included in other creditors.