

Company Registration Number: 10766406 (England & Wales)

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

M Brown
S A Little
C P Zarraga

Trustees

S A Little, Chair
Dame N J Stephenson, Chief Executive Officer and Accounting Officer (Nee Nelson)¹
M Brown (appointed 5 November 2019, resigned 20 November 2019)
A J Carter
J Eatock¹
S D Hanson
L Hurford¹
A D Oliver¹
J R Scott (appointed 1 May 2019)
D Starling¹
C M Wade
C P Zarraga (resigned 20 November 2019)
¹ Member of Finance and HR Committee

Company Registered Number

10766406

Company Name

Valour Multi-Academy Trust

Principal and registered office

Walbottle Village Primary School
The Green
Walbottle
Newcastle upon Tyne
Tyne and Wear
NE15 8JL

Company Secretary

D Thackray

VALOUR MULTI-ACADEMY TRUST
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MEMBERS/ TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019

Administrative details (continued)

Senior Management Team

Name	Office/position
Dame N J Stephenson	Chief Executive Officer
J Eatock	Headteacher (Beech Hill)
A D Oliver	Headteacher (Walbottle)
N Fielding	Deputy Headteacher
J Manning	Deputy Headteacher
S Peverall	Deputy Headteacher
K Telfer	Deputy Headteacher
A Greensitt	Chief Financial Officer

Independent Auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

Lloyds Bank plc
102 Grey Street
Newcastle upon Tyne
NE99 1SL

Solicitors

Muckle LLP
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

The academy trust operates two primary Academies in Newcastle upon Tyne for pupils aged 4 to 11. Its academies have a combined pupil capacity of 745 and had a roll of 661 on the school census in May 2019.

Structure, Governance and Management

Constitution

The multi academy trust is a company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of Valour Multi Academy Trust Limited are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Valour Multi Academy Trust.

The charitable company is known as Valour Multi Academy Trust.

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

Members' liability

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

Trustees' indemnities

Subject to the provisions of the Companies Act 2006, every member of the Local Governing Body or other officer or auditor of the Company acting in relation to the academy trust shall be indemnified out of the assets of the Company against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in 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 the affairs of the Company. Valour Academy Trust has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring on academy trust business.

VALOUR MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, Governance and Management (continued)

Method of Recruitment and Appointment or Election of Trustees

Community appointed

- The practical arrangements of the election of members of the Local Governing Body shall be the responsibility of the Local Governing Body but nobody shall become a member of the Local Governing Body until appointed by the Trustees.
- The Trustees may appoint persons who are representatives of the local community to serve as community members on the Local Governing Body, having regard to any recommendations and views of the Local Governing Body in relation to ensuring that the people serving on the Local Governing Body between them have an appropriate range of skills and experience and due attention is given to succession planning.

Staff appointed

- The Trustees may appoint persons who are employed at the academy trust to serve on the Local Governing Body through such process as they may determine, provided that the total number of such persons (including the Headteacher) does not exceed one third of the total number of persons on the Local Governing Body. The positions held by those employed at the academy trust (e.g. teaching and non-teaching staff) may be taken into account when considering appointments.
- Unless the Trustees agree otherwise, in the election of persons to serve on the Local Governing Body who are employed at the academy trust, the Local Governing Body shall invite nominations from all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the academy trust (excluding the Headteacher) and, where there are any contested posts, shall hold an election by a secret ballot. All arrangements for the calling and the conduct of the election and resolution of questions as to whether any person is an eligible candidate shall be determined by the Local Governing Body.
- The Headteacher shall be treated for all purposes as being an ex officio member of the Local Governing Body.

Parent appointed

- These shall be elected by parents of registered pupils at the academy trust and they must be a parent of a pupil at the academy trust at the time when he or she is elected. For the purpose of this document "parent" shall be interpreted in accordance with section 576(1) of the Education Act 1996.
- The Local Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of the parent to the Local Governing Body, including any question of whether a person is a parent of a registered pupil at the academy trust. Any election of persons who are to be the parents to the Local Governing Body shall be contested shall be held by a secret ballot.
- The arrangements made for the election of the parent to the Local Governing Body shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the academy trust by a registered pupil at the academy trust.

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

Structure, Governance and Management (continued)

- Where a vacancy for a parent member of the Local Governing Body is required to be filled by election, the Local Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the academy trust is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.
- The number of parent members of the Local Governing Body required shall be made up by persons nominated by the Local Governing Body if the number of parents standing for election is less than the number of vacancies.
- In appointing a person to be a parent member of the Local Governing Body pursuant to clause 5.2.10 above, the Trustees shall appoint a person who is the parent of a registered pupil at the academy trust or, where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Co-opted by the Local Governing Body

- The Trustees resolve that the Local Governing Body may itself co-opt up to 2 persons to serve on the Local Governing Body.
- The Local Governing Body may not co-opt a person who is employed at the academy trust if thereby the number of persons employed at the academy trust serving on the Local Governing Body would exceed one third of the total number of persons serving on the Local Governing Body (including the Headteacher).

Term of Office

- The term of office for any person serving on the Local Governing Body shall be 3 years save that:
- This time limit shall not apply to the Headteacher; and persons who are co-opted to the Local Governing Body shall serve for 3 years.
- Subject to remaining eligible to be a particular type of member on the Local Governing Body and to clause below, any person may be re-appointed or re-elected (including being co-opted again) to the Local Governing Body.

No person may be reappointed or re-elected at the end of their term after serving on the Local Governing Body for 6 years or more consecutively unless in the circumstances the Trustees decide to disapply the restriction set out in this clause

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new Trustees are given a tour of the academy trust and a chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budget, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

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

Structure, Governance and Management (continued)

Organisational structure

As a charity and company limited by guarantee, VALOUR Multi-Academy Trust (Company) is governed by a Board of Trustees (Trustees), who are legally responsible for, and oversee, the management and administration of the Company and the academies run by the Company. Beech Hill Primary and Walbottle Village Primary are the Company's academies.

The Company and the Trustees are accountable to external government agencies including (but not limited to) the Charity Commission, the Education and Skills Funding Agency and the Department for Education (including any successor bodies) for the quality of the education they provide and they are required to have systems in place through which they can assure themselves of quality, safety and good practice.

In order to assist the Trustees in the discharge of their responsibilities, the Trustees have established a Local Governing Body (Local Governing Body) at the academy trust pursuant to Articles 100-100A and 104 of the Financial Handbook.

The Trustees have resolved to delegate certain powers in respect of the academy trust to ensure the good governance of the academy trust at a local level.

Leadership

The appointment of the Leadership team is governed by Article 107 of the Financial Handbook. The Trustees shall appoint the Chief Executive Officer (CEO) and Headteachers in consultation with the Local Governing Body. The Local Governing Body may delegate such of its powers and functions under this Scheme as it considers are required by the CEO for the internal organisation, management and control of the academy trust (including the implementation of all policies approved by the Trustees and the subcommittees and for the direction of the teaching and curriculum at the academy trust).

Other Staff

The subcommittees shall be responsible for the appointment and management of all other staff to be employed at the academy trust provided that the subcommittees shall:

- Comply with all policies dealing with staff issued by the Trustees from time to time;
- Take account of any pay terms set by the Trustees;
- Adopt any standard contracts or terms and conditions for the employment of staff issued by the Trustees;
- Manage any claims and disputes with staff members having regard to any advice and recommendations given by the Trustees; and
- The subcommittees shall carry out the performance management of all staff (including the CEO and leadership) at the academy trust and shall put in place procedures for the proper professional and personal development of staff.

During the year the academy trust continued to operate a unified management structure. The structure consists of 4 levels: the LAB, the Trustees, the Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Members; S Little, M Brown, C Zarraga

The Trustees; A Oliver, J Eatock, Dame N Stephenson, S Little, D Starling, L Hurford, S Hanson, C Wade, R Scott, A Carter, M Brown, C Zarraga

Senior Leadership; Dame N Stephenson, J Eatock, A Oliver

Management Team; S Peverall, K Telfer, N Fielding, J Manning, A Greensitt

VALOUR MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, Governance and Management (continued)

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The independent school achievement partner, through the process of performance management, will set the pay and remuneration of the CEO and Headteachers. These findings are then presented to the Trustees HR Committee for ratification. In turn the senior leadership will, through the process of performance management, consider middle leadership and teaching staff for progression through their pay scale. These recommendations are in turn ratified by the Trustees HR Committee.

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £000

Total cost of facility time	17
Total pay bill	2,629
Percentage of total pay bill spent on facility time	1 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100 %
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Related parties and other connected charities and organisations

The academy trust has no affiliation with any related parties.

VALOUR MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The Objects of the Company are set out in Article 4 and are as follows:

"The academy trust's objects ("the Objects") are specifically restricted to the following:

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 offering a broad and balanced curriculum ("the mainstream Academies") 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 schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies")."

Objectives, strategies and activities

The Trustees have overall legal responsibility and ultimate decision making authority for all the work and activities of the Company, including the establishing and running of schools and in particular the academy trust. This is largely exercised through strategic planning and the setting of policy. It is managed through business planning, monitoring of budgets, performance management, the setting of standards and the implementation of quality management processes. The Trustees have the power to direct change where required in accordance with the Company's Articles.

The Trustees have a statutory obligation as company Trustees to promote the success of the Company. In their capacity as charity Trustees, the Trustees also have a duty to further the Company's Objects.

Trustees shall have regard to the interests of the academy trust and the other academies for which the Company is responsible in deciding and implementing any policy or exercising any authority in respect of the academy trust.

- To raise the aspirations of each individual within our school community so everyone strives for personal excellence in everything they do;
- To help students build on their strengths and overcome their weaknesses;
- To prepare each child for the opportunities, responsibilities and experience of life and to develop enquiring minds.
- To encourage children to respect and care for themselves, others and their environment.
- To provide a broad, balanced and creative curriculum that combines excellence in teaching with enjoyment of learning.
- To instil in the children a high level of self-esteem and confidence in their own worth.

Public benefit

The academy trust's aims and achievements are set out within this report and have undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the academy trust should undertake.

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

Strategic report

Objects and Aims

HEADTEACHERS REPORT - BEECH HILL VILLAGE PRIMARY

Staff continuing professional development activities

All staff	Many staff have been involved in CPD/training such as STEM, writing assessment, moderations, performance management reviews, moderation and modelling techniques.
Senior leaders	<ul style="list-style-type: none">• NAHT training on 'Getting organised' and 'Introduction to employment law and representing members'• Reading audit focussing on the individual progress of reading and also a deeper reading audit looking at the direct teaching of group reading, with a focus on the use of questioning from children.• Managing the NQT programme and supporting 21 NQTs and their mentors this term.• Final PWP presentation day• Management Day at Jesmond Dene House (writing SDP and priorities for next year)• Sharing PWP expertise• Sharing good practice R.E. Year 1 transition/ PWP
Middle leaders	<ul style="list-style-type: none">• A number of staff have completed their NPQML and subsequently delivered staff meetings based on their project focus and these are already having an impact across school.• Middle leaders continue to play a leading role in implementing specific whole school targets.
Class teachers	<ul style="list-style-type: none">• Four teachers from Cragside visited to observe staff completing a deeper reading lesson with year six.• Staff attended EYFS White Rose maths training.• Staff attended Character initiatives training.
Support staff	Staff working on the 'Mindfulness' area following a school decision not to subscribe to the THRIVE programme this year. They will continue to work with children in small groups and on a 1:1 basis with gaps in their social and emotional skills.
Board members	<ul style="list-style-type: none">• Conducted a curriculum walk to look at reading across school and the comments clearly stated that the teaching of reading is highly effective.• The vice chair visited J Eatock to discuss poverty of language and how we are addressing this.

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

Strategic report (continued)

Objects and Aims (continued)

School Statistics

	2017-18	2018-19
Number on roll	457	456
Attendance (inc persistent absence)	94.3%	95.6%
Exclusions	0	0
SEN	18%	17%
Pupil Premium	48% (FSM 42%)	46% (FSM 42%)
EAL	9%	12%
In year admissions	10	1
In year leavers	5	2
% of matched pupils	49%	50%
Looked after children	3	3

Summary

10 out of 14 classes continue to reach their attendance target of 95%+, There have been regular meetings to monitor families with poor attendance, look at letters to be sent, and updating numbers.

Whilst continuing to give the message that holidays will not be authorised, we have a high volume of parents/carers completing holiday forms. These clearly state that holidays will not be authorised unless in exceptional circumstances and parents/carers may be issued with fines.

Fortnightly meetings are held to ensure there are no widening gaps between PP and Non-PP. If there are gaps it will be demonstrated the support that is being offered to improve this or to remove barriers. The gap is currently 1.8.

Other attendance/ punctuality initiatives continue in school and are regularly monitored, school council are also asked what other things we could do.

Behaviour remains outstanding across school – this has been commented on during the Mocksted as well as by visitors to school and members of the public. Children feel pride in being members of the community and love representing Beech Hill in sporting events.

Unusually aggressive behaviour is extremely rare and is most often linked to other factors, including home circumstances. Each incident is dealt with while looking at the whole picture of the child and how best to make sure it doesn't happen again.

Data from all staff show that most children have performed as well as expected with some above. Evaluations show that staff know their children very well and are targeting children within class, during assembly times, small group interventions, streamed comprehension and reasoning and, where appropriate, in booster sessions.

VALOUR MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Objects and Aims (continued)

A thorough analysis of data will take place using both LA and DfE reports. As well as the whole school priorities, any gaps in attainment or progress highlighted through the statutory data, will be addressed immediately in the autumn term and throughout the year.

Progress meetings will take place in the coming weeks to discuss what is going well and which children are at risk of making less than expected progress. Following the meetings, support is targeted for the last few weeks and plans are made for the coming year around vulnerable groups including SEND and those who are more able. During this time, support staff deployment has been revisited and adjusted due to needs of specific year groups. A staff member will return from maternity leave after Easter and is being deployed to ensure progress for all groups, especially the middle attainers.

We track children from their starting points (up to year 2 based on EYFS results and year 6 based on their KS1 data), this allows teachers to ensure that children are on track to make at least expected progress with certain children highlighted and stretched to make BTE progress.

Data from Early Years shows that no children eligible for PP achieved exceeding at GLD – this will be a priority next year.

Progress against school priorities

PRIORITY 1 - To continue to improve the percentage of middle attaining children to reach expected and exceeding levels in all subjects across the school and particularly at the end of key stage assessments.

Conversations through evaluation books and while in the classroom, always include a discussion about middle attainers. All progress meetings and comments in evaluation book revolve around the middle attainers and how they are being targeted

PRIORITY 2 - Enrich the curriculum in order to eliminate poverty of experience/language.

The curriculum continues to be enriched through visitors into as well as visits out of school. This term, children are visiting Scotswood Gardens to complete the observations of the environment at different times of year as well as linking in with their class topics.

Vocabulary continues to be a focus around school with children using ambitious vocabulary both in their writing and their speech.

PRIORITY 3 - All staff to take leadership of CPD.

All staff have benefited from a range of whole staff training along with specific training around individual needs including maths and PWP. Work alongside DHTs along with peer observation where requested, ensures staff continue to work on their CPD.

PRIORITY 4 - To further develop the curriculum assessment procedures for foundation subjects.

This term, staff have been using the new tracker to input foundation subject data and everyone reports that it makes data collection easier and allows teachers to identify gaps and plan for future learning. This will pre-empt the work we will be doing next year on curriculum design.

PRIORITY 5 - To support and strengthen the mental well-being of children and staff.

Evaluation books are now regularly handed in fortnightly with an overview of the previous two weeks. Reports have been re-designed to ensure that teachers are not writing pages of generic comments, and rather are focusing on writing less but making it more personal.

**VALOUR MULTI-ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Strategic report (continued)

Objects and Aims (continued)

Work continues with vulnerable children and those who need to check in.

Yoga has proved popular in key stage one while the breathing exercises in year 4 and 5 continue and are proving popular.

Referrals for those children displaying signs of less good mental health continue and signposting for parents gives early support.

Overall effectiveness summary - Outstanding

Across school, practice, leadership, welfare, attainment and achievement continue to be outstanding. This is evidenced through regular monitoring and a recent Mocksted. Our whole school priorities continue to reflect our drive that all children achieve the very best they can, while celebrating their individuality and ensuring they have excellent experiences and develop life skills as well as academic ones. With regards to ensuring we remain outstanding, through research, working with other schools and continuing to strive for excellence, our future targets will focus on developing current targets and moving forward to improve further.

It has been great to welcome two new visitors into school this term. L Rochester – a member of the LAB- and L Hurford – a Trustee – have spent time looking at specific aspects of school.

Ofsted (last inspection September 2008)

Overall Effectiveness of the School - Outstanding
Effectiveness of the Early Years Foundation Stage - Good
Achievement and Standards - Outstanding
Personal development and Well-being - Outstanding
The Quality of Provision - Good
Leadership and Management - Good

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

Strategic report (continued)

Objects and Aims (continued)

HEADTEACHERS REPORT - WALBOTTLE VILLAGE PRIMARY

Staff continuing professional development activities

Senior leaders	Attend termly briefings keeping abreast of local and national priorities/developments and Primary Writing Project Training and has attended a school effectiveness training session with a focus on peer-to-peer support.
Middle leaders	Continue to carry out a research project with another teacher from Beech Hill. They are looking into transition from EY to KS1. Continuation of National Professional Qualification for Middle Leaders training.
Class teachers	All class teachers have received PWP training Our NQT has a personalised CPD programme and has attended internal and external training sessions other teachers, received planning and assessment support etc. All teachers have had reflective practice training.
Support staff	Most support staff have attended reflective practice training. The CFO and SBM attended the annual MAT conference.
Board members	Have all been into school looking at school improvement priorities.

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

Strategic report (continued)

Objects and Aims (continued)

School statistics

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EAL	9%	12%
In year admissions	10	1
In year leavers	5	2
% of matched pupils	49%	50%
Looked after children	3	3

Summary

We took in our first group of Rising Threes after the Easter break. The children have all settled in brilliantly and will be remaining with us in September. They are progressing well so far and will benefit greatly from having 4 terms in total in nursery.

Attendance is currently 95.6%. We are still greatly affected by term time holidays. From September to June last year, 535 sessions were lost to unauthorised term time holidays. For the same period this year, 744 sessions have been lost.

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

Strategic report (continued)

Objects and Aims (continued)

Pupil achievement

	16-17	17-18	18-19 TARGETS / % at age expected standard to date – numbers in brackets denote greater depth standard	
			TARGET	TO DATE
EYFS (GLD)	77%	69%	75%	79%
YEAR 1 PHONICS	86.7%	86.7%	80%	91%
KEY STAGE 1				
READING	82.6%	73%	80% (77%)	82% (25%)
WRITING	78.3%	70%	80% (77%)	75% (21%)
MATHS	82.6%	73%	80% (81%)	79% (25%)
KEY STAGE 2				
READING	58.3%	89%	75% (8%) 52%	75% (21%)
WRITING	83.3%	89%	78% (12%) 48%	71% (12%)
MATHS	83.3%	89%	75%(8%) 72%	75% (21%)
GPS	91.7%	94%		75% (17%)

Year 6 data in the right hand column is teacher assessment data for the end of year. You will see that the children have made excellent progress from their starting points. None of this cohort were exceeding when they left foundation stage. At the end of key stage 1, 8% achieved the greater depth standard. Again, our greater depth figures at end of year 6 reflect great progress. Based on foundation stage data, 52% of this cohort should achieve the standard in reading, 48% in writing and 72% in maths.

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

Strategic report (continued)

Objects and Aims (continued)

Leadership and management

ACTIVITY	AUTUMN 18	SPRING 19	SUMMER 19
LESSON OBSERVATIONS	Performance management lesson observations across school 2 x half termly NQT observations.	Early years audit performed in January 2019.	A. Oliver and HMI / OI have observed all teachers during our recent OFSTED inspection.
BOOK SCRUTINY	All curriculum subjects have been audited through a book scrutiny and environment scrutiny feedback provided for individual teachers by subject leaders SEN Audit	All curriculum subjects have been audited through a book scrutiny and environment scrutiny feedback provided for individual teachers by subject leaders Phase meetings have focused on consistency in marking, presentation and learning of vulnerable groups (SEN/Pupil Premium) across year groups	Over one hundred books were scrutinised as part of our inspection. Termly subject monitoring has taken place and books have been scrutinised Books have been scrutinised as part of key stage 1 and 2 moderation
PUPIL VOICE	SEN pupil voice survey	Foundation subject pupil voice Pupil voice questionnaire	The school council were amazing during our Mocksted and formal inspection. The school council, pupil governors and Head/Deputy boys/girls continue to meet regularly and put forward suggestions for school improvement wider community work.

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

Strategic report (continued)

Objects and Aims (continued)

Leadership and management (continued)

ACTIVITY	AUTUMN 18	SPRING 19	SUMMER 19
SUBJECT WALKS	SEN curriculum walk	Drop ins/curriculum walks have taken place in all classes across all times of the day to ensure consistency in the quality of teaching and learning. Teachers/TAs to receive feedback early April	A curriculum walk took place as part of both inspections. Trustees/Board members have conducted a curriculum walk with
PARENT VOICE	Parent voice meeting held 13.11.18 Facebook SEN review meetings Parent consultations Harvest	Parent voice meeting held on 3 rd April. Parent consultations took place 2 nd and 4 th April Parents continue to post on Facebook	A parent voice survey was sent out at the start of the term. The response was overwhelmingly positive.
STAFF VOICE	Performance management interviews Weekly evaluation books Phase meetings	Evaluation books Phase meetings Weekly briefing TA catch ups with DHT Staff OFSTED survey	Evaluation books Phase meetings Weekly briefing

Progress against school improvement priorities

PRIORITY 1 – To continue to raise standards in literacy through the Primary Writing Project (PWP).

The PWP has had a positive impact on standards across school. The proportion of children making expected or better than expected progress across school is excellent. Our GLD% at end of reception, phonic results at year 1, Key Stage 1 results (at standard and greater depth) are better than last year. Although teacher assessment results for our current year 6 cohort are lower than in previous years, this was expected. The children have all progressed well however with many making better than expected progress from their starting points. Staff and children continue to be enthused by the project. Staff members have met recently to talk about a couple of refinements they want to make.

VALOUR MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Objects and Aims (continued)

PRIORITY 2 – To improve the proportion of children working at greater depth across school.

The most able pupils are being challenged in all year groups. We have a greater proportion of our pupils exceeding the expectation for their age in each year group. You will see that we also have more children making better than expected progress across the different year groups. This will continue to be a focus next year with teachers concentrating on challenging the most able pupils at every stage of every lesson. Mrs Pevarall will be supporting this in classes, as she will be non-class based next year.

PRIORITY 3 – Further enrich the curriculum in order to eliminate poverty of language and experience

Visits out, visitors in, character building opportunities and structured weekly enrichment as well as the focus on vocabulary development across different subjects have all had a positive impact. There has been and continues to be a great focus on vocabulary development. This is clear to see when walking around school. Our environment is language rich. Children are using more ambitious vocabulary in their talk and writing. Our literacy curriculum has been resourced in such a way that children are immersed in language rich challenging texts, whatever their reading ability. High-level vocabulary is being introduced to children across the whole curriculum.

PRIORITY 4- Improve the mental health of pupils

Children are being provided with more opportunities to reflect and be mindful. The arts are being used to support this. For example, children will listen to a piece of music whilst reflected on their day or at the start of the day whilst thinking about those things they are thankful for. Staff attended mental health awareness training last term and have delivered staff CPD this term on the subject. This will be embedded further as we move through next year. We continue to buy into counselling for individual children through Barnardos.

PRIORITY 5- Further develop the opportunities for children to develop their scientific knowledge

New assessments are now in place so that accurate judgements can be made accurately and assessment information used effectively. The effectiveness of these assessments has been evaluated and some minor adjustments have been made. We have developed a great link with Northumbria University's STEM department. All staff have attended staff training, the children have all participated in STEM workshops led by university staff and parents and children have attended a family STEM workshop. Mrs Crompton (science lead) has been challenging staff to plan for and deliver regular investigative work with the children and evidence this appropriately.

Rising Threes

Our first group of Rising Threes started with us after Easter. They have settled in brilliantly. They have definitely given us things to think about around organisation and staffing.

Teaching School Update

Dame Nicola as NLE and Walbottle Teaching School Alliance are supporting a Northumberland school at the moment.

Ofsted (last inspection May 2019)

Leadership and Management - Good
Teaching and Learning - Good
Personal Development, Behaviour and Welfare - Outstanding
Outcome for Pupils - Good
Early Years Provision - Good

VALOUR MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Objects and Aims (continued)

Academy Trust key performance indicators

• Total income per student	£5,559
• Total GAG income per student	£3,807
• Direct Staff cost per student	£4,170
• Total costs per student	£5,298
• Staff costs as a % of total costs	79%
• Staff costs as % of total income	75%
• Student to teacher ratio	21:1

The above KPI's come directly from the management accounts of the trust, these may categorise items of income and expenditure differently to the statutory accounts.

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 they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

Reserves policy

The academy trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as Nursery provision, music tuition, school trips and uniform costs.
- To cover ongoing costs in relation to the running of the academy including catering provisions, after school clubs.

The level of reserves is reviewed by Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the Trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees therefor consider it is prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £200,000.

This is considered sufficient to cover

- Nursery provision
- Music Tuition
- Uniform cost
- School trips

The academy trust's current levels of free reserves are in surplus by £153,000, and therefore are considered to be below the level of reserves required for the ongoing needs of the academy trust. The academy trust aims to address this shortfall through additional funding and grant applications (e.g. business sponsorship, lottery funding etc.) and income from selling staff expertise.

VALOUR MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Investment policy

The Trustees aim to maximise investment return whilst minimising risks to the principal sum. All free funds are held in a deposit account at market rates. It is proposed to investigate secure deposit accounts, and to manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £75,000 with any PRA (Prudential Regulation Authority) authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA)).

Principal risks and uncertainties

The academy trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection. The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks.

Principal funding

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

The academy also received grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2019, total expenditure of £3,603,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The in-year surplus, excluding the pension reserve and restricted fixed asset funds, was £129,000.

The academy held fund balances at 31 August 2019 of £2,360,000 comprising £322,000 of restricted general funds, £2,746,000 of restricted fixed asset funds, pension deficit of £904,000 and £196,000 of unrestricted funds. The total of restricted general funds, excluding pension reserve, plus unrestricted funds as at 31 August 2019 was £518,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2019 the net book value of fixed assets was £2,716,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £904,000 recognised on the balance sheet.

VALOUR MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

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

Plans for future periods

- All staff to observe good practice across the academy trust.
- Subject audits identify needs of staff and rapid intervention of support / training is provided where applicable.
- Literacy and Maths leads have designated times to support staff in their CDP of Maths and Literacy – especially NQTs/ NQT +1 staff.
- Maths and Literacy staff training/meeting once a month.
- In house training with maths and Literacy leads where applicable – especially NQTs/ NQT +1 staff.
- External of Maths to verify maths leaders' judgements and identify any maths CDP requirements.
- PE Coordinators to continue to be part of the Newcastle SLA and meet with Helen Taylor half termly. They will also attend subject leader training and the annual conference.
- Science coordinator to attend termly primary science subject leaders meetings and report back to staff. Staff meeting termly in science focusing on priorities from scrutiny and new developments in Science e.g. science and numeracy, science capital.
- DHTs to be released for one afternoon per week to work with staff on personalised CPD around teaching and learning.
- To enhance and continue the leadership development program, using funding from the teaching schools budget.
- To develop the leadership skills and provide direction for new teaching schools opening in Newcastle and share our expertise on a system wide level.
- Ensure parents feel equipped to support their children before and during assessments. SATs meetings for years 2 and 6, Phonics meeting for year 1. Calculation meetings, Grammar training, EYFS meeting re Tapestry and ongoing assessment.
- Continue to develop parental engagement, 1 x yearly class assembly, 1 x yearly book look. Yearly celebration of family learning, provide parent and child science sessions.
- Support other schools/academies with financial/administration expertise.

- Provide enrichment activities:
 - 1) Structured Enrichment time drawing on the strength of teachers and interests of children (linked to pupil voice interview),
 - 2) Provide career opportunities – invite professionals into school (police, fire brigade, Greggs etc.)

Funds held as custodian on behalf of others

The academy trust is not a custodian and does not hold any funds on behalf of others.

VALOUR MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2019 and signed on its behalf by:

S A Little
Chair



VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the period. The Board met less than 6 times due to the clearly established committees/portfolio groups of Trustees who can deal with specific areas of responsibility following robust terms of reference.

Trustee Meetings attended out of a possible was as follows:

Trustee	Meetings attended	Out of a possible
S A Little, Chair	0	3
L Hurford (vice chair)	3	3
Dame N J Stephenson, Chief Executive and Accounting Officer	3	3
A D Oliver, Staff Trustee	3	3
D Starling	1	3
C M Wade	2	3
J R Scott (appointed 01 May 2019)	2	2
C P Zarraga	0	0

The chair did not attend any meetings in the year due to personal circumstances. The meetings were headed by the vice chair, L Hurford who attended all meetings. One trustee, C M Wade, resigned on 15 May 2019 and a new Trustee, J R Scott, was appointed. C P Zarraga was listed as a Trustee in the year however did not attend any Trustee meetings to ensure, as a member, independence remained.

The Finance and HR Committee is a sub-committee of the main Board of Trustees and it will meet once per term, or as required by the Trustees. No business can be conducted unless a quorum of members is present.

The main responsibilities of the Finance and HR Committee are detailed below:

- Initial review and authorisation of the annual budget;
- Approve the financial statements for filing in accordance with Companies Act and ESFA requirements;
- Responsible to the LAB for ensuring compliance with the Funding Agreement and all relevant financial regulations relating to the academy trust are observed;
- Oversee capital investment programmes;
- Regular monitoring of actual expenditure and income against budget;
- Authorising the purchases of goods and services of value in excess of £25,000 but less than £50,000;•
- Reviewing the reports of the Internal Assurance Service on the effectiveness of the financial procedures and controls;
- Authorising the disposal of fixed assets with a value of greater than £10,000;
- Authorising all virements to and within budget headings.
- Establish, monitor and review employment policies on behalf of the LAB;
- Ensuring good financial management and effective internal controls;
- Compliance with the funding agreement and this handbook;

VALOUR MULTI-ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

- Ensuring sufficient rigour and scrutiny in the budget management process to understand and address variances between the budget forecast and actual income and expenditure;
- Receiving and considering information on the financial performance of the trust at least three times a year, taking action to ensure ongoing viability;
- Must notify ESFA if the Board of Trustees formally proposes to set a deficit revenue budget for the current financial year which it is unable to address, after unspent funds from previous years are taken into account;
- Must have a cautious approach to investments;
- Must refer any novel and/or contentious transaction to ESFA for explicit prior authorisation;
- Must obtain ESFA's prior approval before borrowing, including finance leases and overdraft facilities, of any duration;
- Must obtain ESFA's prior approval for writing off debts and losses, and entering into guarantees, letters of comfort and indemnities beyond limits specified in this handbook;
- Must, in respect of staff severance payments, consider the following before making a binding commitment:
 - Whether the proposed payment to be in the interests of the trust;
 - Whether a payment is justified and value for money, based on a legal assessment of the case;
 - Review the level of settlement, which must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award in the circumstances.
 - Must obtain ESFA's prior approval for the non-contractual/non-statutory element of a staff severance payment, or compensation payment, of £50,000 or more before making a binding settlement offer;
 - Must not accept a settlement for a staff severance payment unless it satisfies the conditions in the ESFA handbook;
 - Must consider, when making a compensation payment, whether the proposed payment is based on a careful appraisal of the facts, including legal advice, and that value for money will be achieved;
- Must obtain ESFA's prior approval for ex gratia payments of any value;
- Must obtain ESFA's prior approval, before entering into the acquisition and disposal of fixed assets beyond limits specified by this handbook;
- Must ensure a lease arrangement, or disposal, achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money;
- Must obtain ESFA's prior approval before entering into lease arrangements beyond limits specified in the handbook.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Dame N Stephenson	3	3
J Eatock	3	3
L Hurford	3	3
A D Oliver	3	3
D Starling	1	3

VALOUR MULTI-ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of Value for Money

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

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Reviewing service level agreements and comparing best value;
- Reviewing the use of outside contractors and attempting to use more "in house resources";
- Comparing finance systems and choosing best value and most suitable for the academy trust;
- Moving away from Newcastle City Council insurance and appointing a company which meets all requirements of the academy trust at a more cost effective price.
- Review the staff insurance scheme once all maternity leave is completed

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

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

VALOUR MULTI-ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- testing of purchase systems;
- testing of petty cash/expenses procedures;
- testing of income;
- testing of accounting systems and management information produced;
- testing of Director appointments/resignations and declarations of interest;
- testing of gifts and hospitality & honorarium/ex-gratia payments;
- testing of information technology strategy;
- testing of fixed assets;
- testing of VAT and Corporation tax position;
- review of budgeting and financial management including purchasing and income;
- testing of control account/bank reconciliations.

On a termly basis, the external auditors report to the Board of Trustees through the Finance and HR Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The External Auditor has delivered their schedule of work as planned and there were no control issues raised as a result of their work.

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 external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

VALOUR MULTI-ACADEMY TRUST
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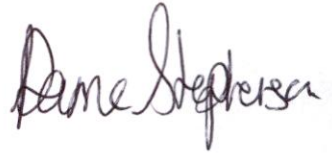
GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Trustees on 12 December 2019 and signed on their behalf by:

S A Little
Chair



Dame N J Stephenson
Accounting Officer



VALOUR MULTI-ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Valour Multi-Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) 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.

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

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



Dame N J Stephenson

Accounting Officer

Date: 12 December 2019

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 12 December 2019 and signed on its behalf by:



S A Little
Chair

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
VALOUR MULTI-ACADEMY TRUST**

Opinion

We have audited the financial statements of Valour Multi-Academy Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

VALOUR MULTI-ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
VALOUR MULTI-ACADEMY TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
VALOUR MULTI-ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Christopher Beaumont BA(Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants

Statutory Auditors

140 Coniscliffe Road

Darlington

County Durham

DL3 7RT

12 December 2019

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Valour Multi-Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Valour Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Valour Multi-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 Valour Multi-Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Valour Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 23 May 2017 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO VALOUR
MULTI-ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

Conclusion

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



Reporting Accountant

Clive Owen LLP
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 12 December 2019

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	-	-	41	41	14
Charitable activities	4	52	3,265	-	3,317	3,141
Teaching schools	25	-	131	-	131	98
Other trading activities	5	66	-	-	66	37
Total income		118	3,396	41	3,555	3,290
Expenditure on:						
Charitable activities	6	75	3,360	104	3,539	3,373
Teaching schools	25	-	64	-	64	20
Other expenditure		-	-	-	-	-
Total expenditure		75	3,424	104	3,603	3,393
Net income / (expenditure)		43	(28)	(63)	(48)	(103)
Transfers between funds	17	-	(2)	2	-	-
Net movement in funds before other recognised gains/(losses)		43	(30)	(61)	(48)	(103)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(324)	-	(324)	156
Net movement in funds		43	(354)	(61)	(372)	53
Reconciliation of funds:						
Total funds brought forward		153	(228)	2,807	2,732	2,679
Net movement in funds		43	(354)	(61)	(372)	53
Total funds carried forward		196	(582)	2,746	2,360	2,732

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 10766406

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	2,716	2,793
		2,716	2,793
Current assets			
Debtors	15	157	113
Cash at bank and in hand		689	525
		846	638
Creditors: amounts falling due within one year	16	(298)	(235)
Net current assets		548	403
Total assets less current liabilities		3,264	3,196
Net assets excluding pension liability		3,264	3,196
Defined benefit pension scheme liability	22	(904)	(464)
Total net assets		2,360	2,732
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	17	2,746	2,807
Restricted income funds	17	322	236
		3,068	3,043
Restricted funds excluding pension asset	17	3,068	3,043
Pension reserve	17	(904)	(464)
Total restricted funds	17	2,164	2,579
Unrestricted income funds	17	196	153
Total funds		2,360	2,732

The financial statements on pages 35 to 63 were approved by the Trustees, and authorised for issue on 12 December 2019 and are signed on their behalf, by:

S A Little
Chair



VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	150	130
Cash flows from investing activities	20	14	8
Change in cash and cash equivalents in the year		164	138
Cash and cash equivalents at the beginning of the year		525	387
Cash and cash equivalents at the end of the year	21	<u>689</u>	<u>525</u>

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Valour Multi-Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 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 the funders where the asset acquired or created is held for a specific purpose.

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

1.3 Income

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

• **Grants**

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

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

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

• **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 year it is receivable and to the extent the academy trust has provided the goods or services.

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income (continued)

• **Transfer on conversion**

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

1.4 Expenditure

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

• **Charitable activities**

These are costs incurred on the academy 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.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust 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.

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Freehold buildings	- Over 50 years
Freehold land	- None provided
Furniture and equipment	- Over 5 years
Computer equipment	- Over 3 & 5 years

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

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.8 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.

1.9 Debtors

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

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.10 Cash at bank and in hand

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

1.11 Liabilities and Provisions

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

1.13 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.13 Pensions (continued)

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.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £104,000.

Critical areas of judgment:

LGPS Pension - There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £68,000 as at 31 August 2019.

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

2. Critical accounting estimates and areas of judgment (continued)

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £7,000 which has been assessed to be immaterial to the financial statements.

3. Income from donations and capital grants

	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Capital Grants	41	41	14
	41	41	14
Total 2018	14	14	
	14	14	

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

4. Funding for the academy trust's academy's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,539	2,539	2,420
Pupil Premium	-	377	377	282
Sports premium grant	-	38	38	38
UIFSM	-	73	73	33
Rates	-	3	3	-
Other DfE Group grants	-	20	20	-
	-	3,050	3,050	2,773
Other Government grants				
SEN	-	49	49	22
Early Years Funding	-	145	145	116
Local Authority grants	-	19	19	161
Other Government grants	-	-	-	10
	-	213	213	309
Other funding				
Non Government grants	-	-	-	12
Government non grant income	-	2	2	1
Student Trips	14	-	14	9
Student Catering	38	-	38	37
	52	2	54	59
	52	3,265	3,317	3,141
Total 2018	46	3,095	3,141	

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

5. Income from other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Rental income	4	4	4
Receipts from Supply Teacher Insurance claims	15	15	4
Other Income	47	47	29
	<u>66</u>	<u>66</u>	<u>37</u>

6. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	2,363	-	234	2,597	2,460
Allocated support costs	371	200	371	942	913
Teaching school	-	-	64	64	20
	<u>2,734</u>	<u>200</u>	<u>669</u>	<u>3,603</u>	<u>3,393</u>
Total 2018	<u>2,509</u>	<u>185</u>	<u>699</u>	<u>3,393</u>	

In 2019, of the total expenditure, £75,000 (2018 - £84,000) was to unrestricted funds, £3,424,000 (2018 - £3,182,000) was to restricted funds and £104,000 (2018 - £127,000) was to restricted fixed asset funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments during the year.

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

7. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	2,597	942	3,539	3,373
Total 2018	2,460	913	3,373	

Analysis of direct costs

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	2,363	2,171
Educational supplies	99	117
Staff development	20	18
Technology costs	29	30
Educational consultancy	39	52
Supply insurance	10	14
Other costs	37	58
	2,597	2,460

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Net interest cost on pension scheme	11	13
Staff costs	371	338
Depreciation	104	127
Technology costs	14	25
Staff expenses	13	13
Maintenance of premises	25	33
Cleaning	5	3
Other premises costs	34	16
Energy	28	15
Rent & rates	6	19
Special facilities	5	5
Catering	201	198
Other insurance premiums	20	19
Operating lease rentals	1	4
Security	5	4
Other costs	31	26
Governance costs	68	55
	942	913
	942	913

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	10	3
Depreciation of tangible fixed assets	104	127
Fees paid to auditors for:		
- audit	9	8
- other services	4	3
	127	131
	127	131

VALOUR MULTI-ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Net Interest Cost on Pension Scheme

	2019 £000	2018 £000
Interest income on pension scheme assets	32	23
Interest on pension scheme liabilities	(43)	(36)
	(11)	(13)
	(11)	(13)

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	2,062	1,896
Social security costs	188	171
Pension costs	467	387
	2,717	2,454
Agency staff costs	17	55
	2,734	2,509

Included within the operating costs of defined benefit pension schemes is £105,000 (2018 - £53,000) in respect of movements in the LGPS pension deficit.

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	37	30
Administration & Support	47	51
Management	3	8
	87	89
	87	89

VALOUR MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	-
In the band £120,001 - £130,000	-	1
	-	1

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £613,000 (2018 : £632,000).

11. Central services

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

- Chief Executive Officer staff costs
- Chief Finance Officer staff costs
- Human resources costs
- Financial services and legal services

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

Central costs split on percentage of income 2/3 Beech Hill Primary, 1/3 Walbottle Village Primary

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Beech Hill Primary School	149	137
Walbottle Village Primary School	74	68
Total	223	205

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12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£000	£000
Dame N J Stephenson	Remuneration	100 - 105	125 - 130
	Pension contributions paid	15 - 20	15 - 20
J Eatock	Remuneration	75 - 80	95 - 100
	Pension contributions paid	10 - 15	10 - 15
A D Oliver	Remuneration	65 - 70	80 - 85
	Pension contributions paid	10 - 15	10 - 15

During the year ended 31 August 2019, no Trustee received any benefits in kind (2018 - £NIL).

During the year ended 31 August 2019, no Trustees received any reimbursement of expenses (2018 - £NIL).

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was not separately identifiable (2018 - not separately identifiable).

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14. Tangible fixed assets

	Freehold buildings £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2018	2,765	89	89	2,943
Additions	-	-	27	27
At 31 August 2019	2,765	89	116	2,970
Depreciation				
At 1 September 2018	56	38	56	150
Charge for the year	45	35	24	104
At 31 August 2019	101	73	80	254
Net book value				
At 31 August 2019	2,664	16	36	2,716
At 31 August 2018	2,709	51	33	2,793

15. Debtors

	2019 £000	2018 £000
VAT recoverable	56	29
Prepayments and accrued income	101	84
	157	113

16. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	78	64
Other taxation and social security	45	43
Other creditors	76	40
Accruals and deferred income	99	88
	298	235
	2019	2018

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16. Creditors: Amounts falling due within one year (continued)

	2019 £000	2018 £000
	£000	£000
Deferred income at 1 September 2018	49	46
Resources deferred during the year	84	49
Amounts released from previous periods	(49)	(46)
	<u>84</u>	<u>49</u>
	<u><u>84</u></u>	<u><u>49</u></u>

At the balance sheet date the academy trust was holding deferred income relating to funds received in advance in respect of UIFSM and Early Years income.

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17. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
Unrestricted fund	153	118	(75)	-	-	196
Restricted general funds						
General Annual Grant (GAG)	153	2,539	(2,518)	(2)	-	172
Pupil Premium	-	377	(377)	-	-	-
Other DfE/ESFA Grants	-	134	(134)	-	-	-
SEN	-	49	(49)	-	-	-
Other Government Grants	-	164	(164)	-	-	-
Teaching School	83	131	(64)	-	-	150
Other Grants	-	2	(2)	-	-	-
Pension reserve	(464)	-	(116)	-	(324)	(904)
	(228)	3,396	(3,424)	(2)	(324)	(582)
Restricted fixed asset funds						
Assets inherited on conversion	2,788	-	(102)	-	-	2,686
DfE/ESFA capital grants	14	41	(2)	-	-	53
Capital expenditure from GAG	5	-	-	2	-	7
	2,807	41	(104)	2	-	2,746
Total Restricted funds	2,579	3,437	(3,528)	-	(324)	2,164
Total funds	2,732	3,555	(3,603)	-	(324)	2,360

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17. Statement of funds (continued)

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

The General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA grants is the Teachers Pay award grant to cover increases in teachers salaries.

SEN is funding for pupils with Special Educational Needs and Other Government grants includes Early Years funding and monies received from the local authority.

Teaching Schools is funding for the provision of teachers training and towards the facilities and services necessary for such an activity.

Other Government Grants are received from Newcastle City Council to cover Special Education Needs and Early Years.

Other Grants relate to income received from Ofsted.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets. A transfer has been made from GAG to offset the depreciation charged against assets purchased with GAG funding.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Beech Hill Primary School	124	98
Walbottle Village Primary School	264	208
Central Services	(20)	-
Teaching Schools	150	83
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	518	389
Restricted fixed asset fund	2,746	2,807
Pension reserve	(904)	(464)
	<hr/>	<hr/>
Total	2,360	2,732
	<hr/> <hr/>	<hr/> <hr/>

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

17. Statement of funds (continued)

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £000
Central Services	20
	20

The central services recharge did not fully cover the central services expenditure by £20,000.

The academy trust is taking the following action to return the academy to surplus:

Undercharge to be invoiced to the relevant academies within the academy trust in 2019/20.

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
Beech Hill Primary School	1,557	176	78	342	2,153	2,254
Walbottle Village Primary School	699	110	21	205	1,035	1,012
Central Services	107	85	-	55	247	-
Teaching Schools	-	-	-	64	64	-
Academy trust	2,363	371	99	666	3,499	3,266

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Unrestricted fund	153	84	(84)	-	-	153
	<u>153</u>	<u>84</u>	<u>(84)</u>	<u>-</u>	<u>-</u>	<u>153</u>
Restricted general funds						
General Annual Grant (GAG)	161	2,420	(2,422)	(6)	-	153
Pupil Premium	-	282	(282)	-	-	-
Other DfE/ESFA Grants	-	71	(71)	-	-	-
Other Government Grants	-	309	(309)	-	-	-
Teaching School	5	98	(20)	-	-	83
Other Grants	-	12	(12)	-	-	-
Pension reserve	(554)	-	(66)	-	156	(464)
	<u>(388)</u>	<u>3,192</u>	<u>(3,182)</u>	<u>(6)</u>	<u>156</u>	<u>(228)</u>
Restricted fixed asset funds						
Assets inherited on conversion	2,914	-	(126)	-	-	2,788
DfE/ESFA capital grants	-	14	-	-	-	14
Capital expenditure from GAG	-	-	(1)	6	-	5
	<u>2,914</u>	<u>14</u>	<u>(127)</u>	<u>6</u>	<u>-</u>	<u>2,807</u>
Total Restricted funds	<u>2,526</u>	<u>3,206</u>	<u>(3,309)</u>	<u>-</u>	<u>156</u>	<u>2,579</u>
Total funds	<u><u>2,679</u></u>	<u><u>3,290</u></u>	<u><u>(3,393)</u></u>	<u><u>-</u></u>	<u><u>156</u></u>	<u><u>2,732</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	2,716	2,716
Current assets	378	438	30	846
Creditors due within one year	(182)	(116)	-	(298)
Provisions for liabilities and charges	-	(904)	-	(904)
Total	196	(582)	2,746	2,360

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	2,793	2,793
Current assets	162	462	14	638
Creditors due within one year	(9)	(226)	-	(235)
Provisions for liabilities and charges	-	(464)	-	(464)
Total	153	(228)	2,807	2,732

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NOTES TO THE FINANCIAL STATEMENTS
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19. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of Financial Activities)	(48)	(103)
Adjustments for:		
Depreciation	104	127
Capital grants from DfE and other capital income	(41)	(14)
Defined benefit pension scheme cost less contributions payable	105	53
Defined benefit pension scheme finance cost	11	13
(Increase)/Decrease in debtors	(44)	77
Increase/(decrease) in creditors	63	(23)
Net cash provided by operating activities	150	130

20. Cash flows from investing activities

	2019 £000	2018 £000
Purchase of tangible fixed assets	(27)	(6)
Capital grants from DfE Group	41	14
Net cash provided by investing activities	14	8

21. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	689	525
Total cash and cash equivalents	689	525

22. Pension commitments

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

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

Contributions amounting to £43,000 were payable to the schemes at 31 August 2019 (2018 - £40,000) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended) 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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was prepared for the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

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

The employer's pension costs paid to TPS in the year amounted to £235,000 (2018 - £214,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

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22. Pension commitments (continued)

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 £156,000 (2018 - £151,000), of which employer's contributions totalled £127,000 (2018 - £125,000) and employees' contributions totalled £ 29,000 (2018 - £26,000). The agreed contribution rates for future years are 25.2% per cent for employers and 5.5 - 12.5% per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.60	3.50
Rate of increase for pensions in payment/inflation	2.10	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.10	2.00
Commutation of pensions to lump sums	75.00	75.00

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.9	22.9
Females	25.1	26.4
<i>Retiring in 20 years</i>		
Males	23.6	25.1
Females	26.9	28.7

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	2,160	1,503
Discount rate -0.1%	2,259	1,572
Mortality assumption - 1 year increase	2,135	1,494
Mortality assumption - 1 year decrease	2,284	1,580
CPI rate +0.1%	2,235	1,555
CPI rate -0.1%	2,183	1,519

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22. Pension commitments (continued)

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	855	724
Government bonds	54	43
Corporate bonds	149	120
Property	112	91
Cash	27	24
Other	108	71
Total market value of assets	<u>1,305</u>	<u>1,073</u>

The actual return on scheme assets was £80,000 (2018 - £65,000).

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

	2019 £000	2018 £000
Current service cost	(164)	(178)
Past service cost	(68)	-
Interest income	32	23
Interest cost	(43)	(36)
Total amount recognised in the Statement of Financial Activities	<u>(243)</u>	<u>(191)</u>

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

	2019 £000	2018 £000
At 1 September	1,537	1,415
Past service cost	68	-
Current service cost	164	178
Interest cost	43	36
Employee contributions	29	26
Actuarial losses/(gains)	372	(114)
Benefits paid	(4)	(4)
At 31 August	<u>2,209</u>	<u>1,537</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

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

	2019 £000	2018 £000
At 1 September	1,073	861
Interest income	32	23
Actuarial gains	48	42
Employer contributions	127	125
Employee contributions	29	26
Benefits paid	(4)	(4)
At 31 August	<u>1,305</u>	<u>1,073</u>

23. Operating lease commitments

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Within 1 year	6	3
Between 1 and 5 years	4	1
	<u>10</u>	<u>4</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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24. 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transaction

Schools Northeast - a company in which Dame N J Stephenson and C P Zarraga have a directorship:

- The academy trust incurred training services from Schools Northeast totalling £Nil (2018: £1,000) during the period. There were no amounts outstanding at 31 August 2019.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

Other related party transactions relating to Trustees' remuneration and expenses are already disclosed in note 12.

25. Teaching school trading account

	2019	2019	2018	2018
	£000	£000	£000	£000
Income				
Direct income				
Schools Direct income	131		98	
Total income		131		98
Expenditure				
Direct expenditure				
Schools Direct Expenditure	61		17	
Other cost	3		3	
Total direct expenditure	64		20	
Other expenditure				
Total expenditure		64		20
Surplus from all sources		67		78
Teaching school balances at 1 September 2018		83		5
Teaching school balances at 31 August 2019		150		83