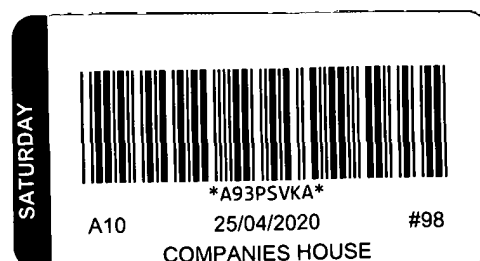


**CENTRAL SHROPSHIRE ACADEMY TRUST**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2019**

  
**Whittingham Riddell**  
*chartered accountants*



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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Trustees/members</b>	S Holgate, Member (appointed 4 September 2018) W Dowell, Member (appointed 4 September 2018) J Walton, Member (appointed 4 September 2018) C Mathews, Trustee (appointed 1 December 2018) J Woodall, Trustee (appointed 4 September 2018) C Benson, Trustee (appointed 4 September 2018) M Cribb OBE, Trustee (appointed 4 September 2018) M Kilby, Trustee (appointed 4 September 2018) M Mortimer, Trustee (appointed 4 September 2018) C Perry, Trustee (appointed 4 September 2018) J Parry, Trustee (appointed 4 September 2018, resigned 31 August 2019) A Sutton, Trustee (appointed 4 September 2018)
<b>Company registered number</b>	11552742
<b>Company name</b>	Central Shropshire Academy Trust
<b>Principal and registered office</b>	Belvidere School Crowmere Road Shrewsbury Shropshire SY2 5LA
<b>Chief executive officer</b>	Mr P Johnstone
<b>Senior management team</b>	Pete Johnstone, Executive Principal, Belvidere Headteacher and Accounting Officer Alan Doust, Meole Brace Headteacher Peter Lowe-Werrell, Mary Webb Headteacher Rob Carlyle, CSAT Finance Manager (Resigned 30 September 2019) Gwyneth Evans, CSAT Finance Manager (Appointed 30 September 2019)
<b>Independent auditors</b>	Whittingham Riddell LLP Chartered Accountants Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2019**

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

**Structure, governance and management**

**a. Constitution**

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Trust deed is the primary governing document of the Trust.

The charitable company is known as Central Shropshire Academy Trust, (also referred to as the Trust or CSAT).

The Trustees of Central Shropshire Academy Trust are also the directors of the charitable company for the purposes of company law.

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

**b. 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.

**c. Method of recruitment and appointment or election of Trustees**

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

**d. Policies adopted for the induction and training of Trustees**

There have been no new appointments of Trustees since the date of incorporation in September 2018. In future appointments, induction will involve an initial meeting with the Chair of Trustees and Executive Principal to establish a bespoke induction, tailored to the skills and experience of the newly appointed Trustee. The core elements of the induction will include:

- Introduction to all Trustees
- Introduction meetings with Key CSAT staff including the Executive Principal and Chief Finance Officer.
- Introductions to headteachers of all Academies within CSAT and tours of the sites.
- Provision of recent minutes of Trust Board Meetings and all committees
- Provision of key documents, including (but not limited to): Academies' Financial Handbook, DFE Governance Handbook, Improvement Plans, Budgets, Trust Financial Procedures Manual
- Safeguarding information for the trust, including the most recent version of Keeping Children Safe in Education.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**Structure, governance and management (continued)**

**e. Organisational structure**

The board of Trustees meets four times per year, as do each of the three main committees: Standards; Personnel; and Finance. Each School has a Local Governing Body appointed as a committee by the Trust. The Local Governing Bodies comprise members drawn from: parents/carers; staff; co-opted Governors.

The minutes of all three of the Trust committees are received at the meetings of the Trust Board, along with a verbal report from the chair of each committee about the meetings held.

Each Trustee is a link Trustee to one of the three Local Governing Bodies and is invited to meetings and other in school events. In addition, the Chair and Vice Chair of Trustees meet with the Chairs and Vice Chairs of the three Local Governing Bodies four times per year. Relationships and communications between the three local Governing Bodies and the Trust Board are positive and remain a priority for development.

Responsibilities of Trustees and Local Governing Bodies are set out in the Scheme of Delegation.

Operational management of the Trust is delegated to the Executive Principal by the Trust Board, and the CFO reports directly to the Executive Principal. The Executive Principal fulfils the role of Accounting Officer as required by the Academies' Financial Handbook.

**f. Arrangements for setting pay and remuneration of key management personnel**

The pay of the Executive Principal and Chief Finance Officer are set by the Trust Board and reviewed annually.

The Pay of Headteachers and senior Leaders in the academies is set by the Local Governing Bodies, following annual appraisal of those staff. Headteachers' Appraisals are carried out by Local Governing Bodies with representation from the Trust. The appraisal of other school-based senior leaders is carried out by the Headteachers.

All Teachers' pay is currently linked to pay ranges in line with the School Teachers' Pay and Conditions document, and the pay of non-teaching staff is linked to the Shropshire NJC pay scales.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**Strategic report (continued)**

**Achievements and performance (continued)**

**b. Going concern**

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the 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**

**a. Reserves policy**

The Trust's Reserves policy is stated within the Trust Financial Procedures manual. Trustees are mindful that GAG funding received by the Trust is intended for the benefit of those pupils being educated by the Trust at that time. That said, a workable operating surplus is necessary to ensure that schools can meet the demands of day to day budgeting fluctuations and be prepared for emergency capital needs. No minimum value of surplus, either designated to each school or held by the trust as an aggregate sum, is currently stated. Academies are expected to build such reserves into their budget planning, and likewise to set budget plans to utilise reserves for the benefits of current pupils as required.

The Trustees review the reserve balances annually for each academy, taking into account uncertainty over future funding, and spending plans for future developments.

At the year end total reserves were £29,267,717. Of this, £972,101 represented revenue reserves.

**b. Investment policy**

Currently no investment of surplus balances is taking place. We are looking at ways that such funds can be invested in short term mechanisms that would maximise return without significant risk, and would allow access to sums invested should it be necessary.

**c. Principal risks and uncertainties**

Major financial risks to the trust are as follows:

- Income – the vast majority of Trust income is from the ESFA in the form of the General Annual Grant (GAG) funding, in addition to other additional funds such as Pupil Premium, Teachers' Pay and Teachers' Pensions Grant. These are subject to variation due to Government spending priorities and education policy.
- Pupil Numbers – Projections are currently that all three schools will be full for the foreseeable future. Our funding via the GAG is dependent on pupil numbers.
- Fraud and mismanagement of funds – we comply with the Academies' Financial Handbook and our Trust Financial Procedures Manual to mitigate the risks of fraud and mismanagement of funds. We receive termly audit reports from our auditors and all recommendations are actioned without delay. Fraud is a standing agenda item of the Finance Committee.

The Trust maintains a risk register which lists measures in place to mitigate against each identified risk.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**Plans for future periods**

Although the Trust is a relatively new MAT, opportunities for growth by allowing other schools or academies to join CSAT will be considered carefully and progressed if they are believed to be to the benefit of all students. We will continue to invest in high quality teaching and learning in all CSAT academies and will seek to strengthen our Trust financially by providing a first class education for all our students.

**Employee involvement and employment of the disabled**

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Trust's equal opportunities policy, the Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

**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 10/12/2019 and signed on its behalf by:

*Chris Mathews*

**Chris Mathews**  
Chair of Trustees

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT**

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**Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that the 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 Executive Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.



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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**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 5 times during the period.

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

Trustee	Meetings attended	Out of a possible
S Holgate, Member	2	3
W Dowell, Member	2	3
J Walton, Member	1	3
C Mathews, Trustee	3	3
J Woodall, Trustee	4	5
C Benson, Trustee	4	5
M Cribb OBE, Trustee	4	5
M Kilby, Trustee	5	5
M Mortimer, Trustee	4	5
C Perry, Trustee	5	5
J Parry, Trustee	4	5
A Sutton, Trustee	1	5

The Trust Board has overall responsibility for the quality of education across the Trust as well as securing sound financial management. Responsibility is delegated through the Standards, Personnel and Finance committees

The Finance Committee is a sub-committee of the main board of Trustees. The committee has responsibility for ensuring the requirements of the Academies Financial Handbook are met and that the relevant finance and general purposes policies are in place. Its' remit includes monitoring the use of all public funds held within the Trust and providing advice, support and guidance on matters relating to finances and general purposes including health and safety. The Finance Committee satisfies the requirement to have an audit committee directing the Trust's programme of internal scrutiny and reporting to the Board on the adequacy of the trust's financial and other controls and management of risks. The day to day financial management is delegated to the Trust's Accounting Officer and CFO. The Audit Committee requirement is satisfied by the Finance Committee receiving regular reports from an appointed external auditor.

Attendance during the period at meetings was as follows:

Trustee	Meetings attended	Out of a possible
C Perry	4	4
C Benson	3	4
J Parry	1	2
J Woodall	3	4
M Mortimer	2	4
A Sutton	0	2

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of value for money**

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

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

- Establishing sound financial management systems and processes

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the period 1 January 2019 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 January 2019 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.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT (CONTINUED)**

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**The risk and control framework**

The 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 Whittingham Riddell 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 Trust's financial systems.

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

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

- testing of payroll systems;
- testing of purchase systems;
- testing of accounting procedures including bank reconciliations;
- testing of income;
- testing of items requiring special approval;
- testing of tendering activities;
- testing of asset maintenance; and
- testing of management reporting controls.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of effectiveness**

As accounting officer, the Executive Principal 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 financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

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



**Chris Mathews**  
Chair of Trustees

Date: 10/10/2019



**Pete Johnstone**  
Accounting Officer

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of Central Shropshire Academy Trust I have considered my responsibility to notify the Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the 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.

During the period under review, there has been a lack of regular reporting of management information to the Board for their scrutiny. The Board has strengthened their financial accounting resource and further measures have been taken to address this area. Going forward appropriate financial information will be reported on a regular basis for the Board's review.

Notwithstanding the lack of management information reporting during the year as noted above, I confirm that I and the Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the 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.



**Pete Johnstone**  
Accounting Officer

Date: 10/12/19.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE PERIOD ENDED 31 AUGUST 2019**

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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 period. 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 and signed on its behalf by:

  
Chris Mathews  
Chair of Trustees  
Date: 10/12/2019

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
CENTRAL SHROPSHIRE ACADEMY TRUST**

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**Opinion**

We have audited the financial statements of Central Shropshire Academy Trust (the 'Trust') for the period 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 Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the period 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 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 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.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**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 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.



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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the 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 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 Trust or to cease operations, or have no realistic alternative but to do so.

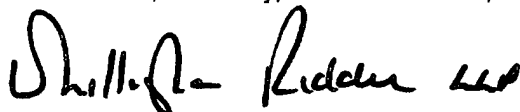
**Auditors' responsibilities for the audit of the financial statements**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

This report is made solely to the charitable 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 charitable 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 charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Malpass BA FCA (Senior statutory auditor)**

for and on behalf of

**Whittingham Riddell LLP**

Chartered Accountants

Statutory Auditors

Belmont House

Shrewsbury Business Park

Shrewsbury

Shropshire

SY2 6LG

Date: 19 December 2019

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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

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In accordance with the terms of our engagement letter dated 5 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 Central Shropshire Academy Trust during the period 1 January 2019 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 Central Shropshire 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 Central Shropshire 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 Central Shropshire Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Central Shropshire Academy Trust's funding agreement with the Secretary of State for Education dated 4 September 2018 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 January 2019 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 Trust's income and expenditure.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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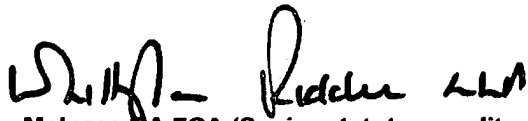
**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CENTRAL SHROPSHIRE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

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**Conclusion**

In the course of our work except for the matter listed below, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the period 1 January 2019 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.

As reported in the Accounting Officer's Statement in Regularity, Propriety and Compliance, there has been a lack of regular reporting of management information during the year which has prevented the Board from properly understanding and scrutinising the financial position of the Trust. This is not compliant with the requirements of the ESFA Academies Financial Handbook. Measures have been taken by the Trust to address this issue going forward and appropriate information will be provided to the Board on a regular basis for their scrutiny and review.



**Andrew Malpass BA FCA (Senior statutory auditor)**

**for and on behalf of**

**Whittingham Riddell LLP**

Belmont House  
Shrewsbury Business Park  
Shrewsbury  
Shropshire  
SY2 6LG

Date: 19 December 2019

**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
<b>Income from:</b>					
Donations and capital grants	3	-	(4,509,951)	36,277,722	31,767,771
Charitable activities		-	9,617,108	-	9,617,108
Other trading activities		-	129,491	-	129,491
Investments	6	173	-	-	173
<b>Total income</b>		<b>173</b>	<b>5,236,648</b>	<b>36,277,722</b>	<b>41,514,543</b>
<b>Expenditure on:</b>					
Charitable activities	8	-	10,455,830	193,996	10,649,826
<b>Total expenditure</b>		<b>-</b>	<b>10,455,830</b>	<b>193,996</b>	<b>10,649,826</b>
<b>Net income/(expenditure)</b>		<b>173</b>	<b>(5,219,182)</b>	<b>36,083,726</b>	<b>30,864,717</b>
Transfers between funds	19	-	176,110	(176,110)	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>173</b>	<b>(5,043,072)</b>	<b>35,907,616</b>	<b>30,864,717</b>
<b>Other recognised gains/(losses):</b>					
Actuarial losses on defined benefit pension schemes	26	-	(1,597,000)	-	(1,597,000)
<b>Net movement in funds</b>		<b>173</b>	<b>(6,640,072)</b>	<b>35,907,616</b>	<b>29,267,717</b>
<b>Reconciliation of funds:</b>					
Net movement in funds		173	(6,640,072)	35,907,616	29,267,717
<b>Total funds carried forward</b>		<b>173</b>	<b>(6,640,072)</b>	<b>35,907,616</b>	<b>29,267,717</b>

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

The notes on pages 24 to 47 form part of these financial statements.

**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £
<b>Fixed assets</b>		
Tangible assets	15	35,907,616
		<u>35,907,616</u>
<b>Current assets</b>		
Stocks	16	7,768
Debtors	17	268,805
Cash at bank and in hand		1,409,268
		<u>1,685,841</u>
Creditors: amounts falling due within one year	18	(713,740)
<b>Net current assets</b>		<u>972,101</u>
<b>Total assets less current liabilities</b>		<u>36,879,717</u>
<b>Net assets excluding pension liability</b>		<u>36,879,717</u>
Defined benefit pension scheme liability	26	(7,612,000)
<b>Total net assets</b>		<u><u>29,267,717</u></u>

**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

**BALANCE SHEET (CONTINUED)**  
AS AT 31 AUGUST 2019

	Note	2019 £
<b>Funds of the Trust</b>		
<b>Restricted funds:</b>		
Fixed asset funds	19	35,907,616
Restricted income funds	19	971,928
Restricted funds excluding pension asset	19	36,879,544
Pension reserve	19	(7,612,000)
<b>Total restricted funds</b>	19	<b>29,267,544</b>
<b>Unrestricted income funds</b>	19	<b>173</b>
<b>Total funds</b>		<b>29,267,717</b>

The financial statements on pages 20 to 47 were approved by the Trustees, and authorised for issue on 10/12/2019 and are signed on their behalf, by:

*C. Mathews*

**Chris Mathews**  
Chair of Trustees

Date: 10/12/2019

The notes on pages 24 to 47 form part of these financial statements.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 AUGUST 2019**

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	Note	2019 £
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	21	37,511,053
<b>Cash flows from investing activities</b>	23	(36,101,612)
<b>Cash flows from financing activities</b>	22	(173)
<b>Change in cash and cash equivalents in the period</b>		<b>1,409,268</b>
<b>Cash and cash equivalents at the end of the period</b>	24	<u><u>1,409,268</u></u>

The notes on pages 24 to 47 form part of these financial statements

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**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 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.

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

**1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.



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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. Accounting policies (continued)**

**1.3 Income**

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

- **Grants**

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

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

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

- **Sponsorship income**

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

- **Donations**

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

- **Transfer on conversion**

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

**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.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. Accounting policies (continued)**

**1.4 Expenditure (continued)**

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Interest receivable**

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

**1.6 Tangible fixed assets**

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:

Long-term leasehold property	- 125 years
Furniture and equipment	- 10 years
Computer equipment	- 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 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.8 Debtors**

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

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. Accounting policies (continued)**

**1.9 Cash at bank and in hand**

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

**1.10 Liabilities**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

**1.11 Financial instruments**

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. Accounting policies (continued)**

**1.12 Pensions**

The Trust operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Trust to the fund in respect of the period.

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

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

**1.13 Conversion to an academy trust**

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

The assets and liabilities transferred on conversion from Meole Brace, Mary Webb and Belvidere to the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.14 Fund accounting**

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

**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 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 26, 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.

Land and Building introduced on conversion

These are valued by reference to the ESFA valuation report. In the absence of this valuation for the period ended 31 August 2019, the values introduced have been determined by reference to the net book value the assets were held by the Local Authority.

**CENTRAL SHROPSHIRE ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2019**

**3. Income from donations and capital grants**

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	(4,509,951)	36,082,900	31,572,949
Devolved formula capital grants	-	194,822	194,822
	<u>(4,509,951)</u>	<u>36,277,722</u>	<u>31,767,771</u>

**4. Funding for the Trust's direct costs - activities**

	Restricted funds 2019 £	Total funds 2019 £
<b>DfE/ESFA grants</b>		
General Annual Grant (GAG)	8,505,608	8,505,608
Other DfE / ESFA Grant Income	46,038	46,038
Pupil Premium	268,582	268,582
Local Authority - SEN	195,013	195,013
Local Authority - Other Grants	15,271	15,271
Other Income	39,932	39,932
Rates reclaim	15,463	15,463
School Fund	531,201	531,201
	<u>9,617,108</u>	<u>9,617,108</u>

**CENTRAL SHROPSHIRE ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2019**

**5. Income from other trading activities**

	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>
Lettings income	25,329	<b>25,329</b>
School meals/ catering income	83,615	<b>83,615</b>
Other income	20,547	<b>20,547</b>
	<u>129,491</u>	<u><b>129,491</b></u>

**6. Investment income**

	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>
Investment income - local cash	173	<b>173</b>
	<u>173</u>	<u><b>173</b></u>

**7. Expenditure**

	<b>Staff Costs 2019 £</b>	<b>Premises 2019 £</b>	<b>Other 2019 £</b>	<b>Total 2019 £</b>
Educational activities:				
Direct costs	6,710,889	-	1,081,893	<b>7,792,782</b>
Allocated support costs	1,448,650	339,358	1,069,036	<b>2,857,044</b>
	<u>8,159,539</u>	<u>339,358</u>	<u>2,150,929</u>	<u><b>10,649,826</b></u>

**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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

**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>
Educational activities	10,649,826	<b>10,649,826</b>

**9. Analysis of expenditure by activities**

	<b>Educational activities 2019 £</b>	<b>Support costs 2019 £</b>	<b>Total funds 2019 £</b>
Educational activities	7,792,782	2,857,044	<b>10,649,826</b>

**Analysis of direct costs**

	<b>Educational activities 2019 £</b>	<b>Total funds 2019 £</b>
Staff costs	6,710,889	<b>6,710,889</b>
Educational Supplies	731,290	<b>731,290</b>
Examination Fees	191,458	<b>191,458</b>
Technology Costs	136,667	<b>136,667</b>
Other costs	22,478	<b>22,478</b>
	<b>7,792,782</b>	<b>7,792,782</b>



**CENTRAL SHROPSHIRE ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2019**

**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Educational activities 2019 £</b>	<b>Total funds 2019 £</b>
Staff costs	1,448,650	1,448,650
Depreciation	193,996	193,996
Other Staff Costs	188,434	188,434
Other costs	250,226	250,226
Rates	35,216	35,216
Energy	116,927	116,927
Risk Protection Arrangement Fees	126,389	126,389
Maintenance of Premises	137,247	137,247
Cleaning and Caretaking	186,343	186,343
Operating Leases	1,682	1,682
Security	2,710	2,710
Transport	2,502	2,502
Catering	19,606	19,606
Other Premises Costs	36,520	36,520
Legal and Professional	110,596	110,596
	<u>2,857,044</u>	<u>2,857,044</u>

**10. Net income/(expenditure)**

Net income/(expenditure) for the period includes:

	<b>2019 £</b>
Depreciation of tangible fixed assets	193,996
Fees paid to auditors for:	
- audit	8,500
- other services	4,975
	<u>13,471</u>

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2019**

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**11. Staff costs**

**a. Staff costs**

Staff costs during the period were as follows:

	2019 £
Wages and salaries	5,690,638
Social security costs	557,154
Pension costs	1,911,747
	<hr/> 8,159,539 <hr/>

**b. Staff numbers**

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

	2019 No.
Teachers	163
Administration and support	189
Management	12
	<hr/> 364 <hr/>

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**CENTRAL SHROPSHIRE ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2019**

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**11. Staff costs (continued)**

**c. Higher paid staff**

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

	2019 No.
In the band £60,001 - £70,000	1
In the band £70,001 - £80,000	1

**d. Key management personnel**

The key management personnel of the Trust as highlighted on page 1 received total employee benefits (including employer pension contributions) of £221,556.

**12. Central services**

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

- Executive Principal
- Finance
- Payroll and HR
- Insurance
- Maternity Cover

The Trust charges for these services on the following basis:

- Meole Brace is charged 4.1% of annual GAG income received
- Belvidere is charged 3.9% of annual GAG income received
- Mary Webb is charged 4.0% of annual GAG income received

The actual amounts charged during the period were as follows:

	2019 £
Meole Brace	158,522
Belvidere	107,606
Mary Webb	70,637
<b>Total</b>	<b>336,765</b>

**CENTRAL SHROPSHIRE ACADEMY TRUST**  
(A company limited by guarantee)

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

**13. Trustees' remuneration and expenses**

During the period, no Trustees received any remuneration or other benefits.

During the period ended 31 August 2019, expenses totalling £2,960 were reimbursed or paid directly to 1 Trustee £2,960. This is in relation to travel claims over the year for 1 Trustee.

**14. Trustees' and Officers' insurance**

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

**15. Tangible fixed assets**

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
Additions	36,082,900	14,112	4,600	36,101,612
At 31 August 2019	36,082,900	14,112	4,600	36,101,612
<b>Depreciation</b>				
Charge for the period	192,442	941	613	193,996
At 31 August 2019	192,442	941	613	193,996
<b>Net book value</b>				
At 31 August 2019	35,890,458	13,171	3,987	35,907,616

**16. Stocks**

	2019 £
Raw materials and consumables	7,768

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**17. Debtors**

	2019 £
<b>Due within one year</b>	
Trade debtors	2,947
Other debtors	126,826
Prepayments and accrued income	139,032
	<hr/> 268,805 <hr/>

**18. Creditors: Amounts falling due within one year**

	2019 £
Trade creditors	200,466
Other taxation and social security	355,879
Accruals and deferred income	157,395
	-
	<hr/> 713,740 <hr/>

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**19. Statement of funds**

	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>					
General Funds - all funds	173	-	-	-	173
<b>Restricted general funds</b>					
Restricted Funds - all funds	5,236,648	(4,440,830)	176,110	-	971,928
Pension reserve	-	(6,015,000)	-	(1,597,000)	(7,612,000)
	<u>5,236,648</u>	<u>(10,455,830)</u>	<u>176,110</u>	<u>(1,597,000)</u>	<u>(6,640,072)</u>
<b>Restricted fixed asset funds</b>					
Class II Restricted Funds - all funds	36,277,722	(193,996)	(176,110)	-	35,907,616
<b>Total Restricted funds</b>	<u>41,514,370</u>	<u>(10,649,826)</u>	<u>-</u>	<u>(1,597,000)</u>	<u>29,267,544</u>
<b>Total funds</b>	<u>41,514,543</u>	<u>(10,649,826)</u>	<u>-</u>	<u>(1,597,000)</u>	<u>29,267,717</u>

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

Restricted funds represent the revenue funding received from the Education and Skills Funding Agency (ESFA).

Restricted fixed asset funds include fixed assets transferred on conversion and capital grant funding from the ESFA for capital expenditure purposes.

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

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**19. Statement of funds (continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £
Meole Brace	289,903
Mary Webb	437,223
Belvidere	228,360
Trust	16,615
	<hr/>
Total before fixed asset funds and pension reserve	972,101
Restricted fixed asset fund	35,907,616
Pension reserve	(7,612,000)
	<hr/>
<b>Total</b>	<b>29,267,717</b>

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
Meole Brace	3,060,133	893,867	406,562	482,363	4,842,925
Mary Webb	1,354,089	226,501	333,970	229,951	2,144,511
Belvidere	2,260,860	308,866	275,881	302,463	3,148,070
Trust	34,198	21,025	15,804	249,297	320,324
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Trust</b>	<b>6,709,280</b>	<b>1,450,259</b>	<b>1,032,217</b>	<b>1,264,074</b>	<b>10,455,830</b>

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**20. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	35,907,616	35,907,616
Current assets	173	1,685,668	-	1,685,841
Creditors due within one year	-	(713,740)	-	(713,740)
Provisions for liabilities and charges	-	(7,612,000)	-	(7,612,000)
<b>Total</b>	<b>173</b>	<b>(6,640,072)</b>	<b>35,907,616</b>	<b>29,267,717</b>

**21. Reconciliation of net income to net cash flow from operating activities**

	2019 £
Net income for the period (as per Statement of financial activities)	30,864,717
<b>Adjustments for:</b>	
Depreciation	193,996
Interest receivable	173
(Increase)/decrease in stocks	(7,768)
(Increase)/decrease in debtors	(268,805)
Increase in creditors	713,740
FRS102 Pension adjustments	6,015,000
<b>Net cash provided by operating activities</b>	<b>37,511,053</b>

**22. Cash flows from financing activities**

	2019 £
Interest received	(173)
<b>Net cash (used in)/provided by financing activities</b>	<b>(173)</b>



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**23. Cash flows from investing activities**

	2019 £
Purchase of tangible fixed assets	(36,101,612)
Net cash (used in)/provided by investing activities	<u>(36,101,612)</u>

**24. Analysis of cash and cash equivalents**

	2019 £
Cash at bank	1,409,268
Total cash and cash equivalents	<u>1,409,268</u>

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**25. Conversion to an academy trust**

On 1 January 2019 Belvidere, Mary Webb and Meole Brace schools converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Central Shropshire Academy Trust from Shropshire LEA for £NIL consideration.

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

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

	Restricted funds £	Restricted fixed asset funds £	Total funds £
<b>Tangible fixed assets</b>			
Leasehold land and buildings	-	36,082,900	36,082,900
<b>Current assets</b>			
Cash - representing budget surplus on LA funds	675,357	-	675,357
Cash - representing budget surplus on other school funds	304,994	-	304,994
<b>Non-current liabilities</b>			
LGPS Pension liability	(5,534,000)	-	(5,534,000)
<b>Net (liabilities)/assets</b>	<u>(4,553,649)</u>	<u>36,082,900</u>	<u>31,529,251</u>

The properties have all been transferred from the LEA on a 125 year peppercorn lease.

**26. Pension commitments**

The 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 Mercer. Both are multi-employer defined benefit schemes.

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

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

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**26. Pension commitments (continued)**

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**Valuation of the Teachers' Pension Scheme**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases).

From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016.

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**26. Pension commitments (continued)**

As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website

**Scheme Changes**

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

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

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

**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 period ended 31 August 2019 was £317,070, of which employer's contributions totalled £234,226 and employees' contributions totalled £82,226. The agreed contribution rates for future years are 17.4% to 18.3% per cent for employers and 5.5% to 8.5% 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**

	<b>2019</b>
	<b>%</b>
Rate of increase in salaries	<b>3.5</b>
Rate of increase for pensions in payment/inflation	<b>2.1</b>
Discount rate for scheme liabilities	<b>1.8</b>
Inflation assumption (CPI)	<b>2</b>

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**26. Pension commitments (continued)**

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

	<b>2019 Years</b>
<i>Retiring today</i>	
Males	<b>23.2</b>
Females	<b>26.4</b>
<i>Retiring in 20 years</i>	
Males	<b>25.4</b>
Females	<b>28.7</b>

**Sensitivity analysis**

	<b>2019 £000</b>
Discount rate +0.1%	<b>7,422</b>
Mortality assumption - 1 year increase	<b>7,764</b>
CPI rate +0.1%	<b>7,805</b>
Pay growth +0.1%	<b>7,650</b>

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

	<b>At 31 August 2019 £</b>
Equities	<b>588,000</b>
Corporate bonds	<b>243,000</b>
Property	<b>54,000</b>
Cash and other liquid assets	<b>21,000</b>
Other	<b>264,000</b>
<b>Total market value of assets</b>	<b>1,170,000</b>

The actual return on scheme assets was £79,000.

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**26. Pension commitments (continued)**

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

	2019 £
Current service cost	426,000
Past service cost	293,000
Interest cost	107,000
Administrative expenses	9,000
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>835,000</b>

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

	2019 £
<b>At 1 January</b>	<b>6,308,000</b>
Interest cost	125,000
Employee contributions	81,000
Actuarial losses/(gains)	1,659,000
Benefits paid	(110,000)
Past service costs	293,000
Current service cost	426,000
<b>At 31 August</b>	<b>8,782,000</b>

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

	2019 £
<b>At 1 January</b>	<b>774,000</b>
Interest cost	18,000
Actuarial gains	62,000
Employer contributions	354,000
Employee contributions	81,000
Benefits paid	(110,000)
Administrative costs	(9,000)
<b>At 31 August</b>	<b>1,170,000</b>

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**27. Operating lease commitments**

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

	<b>2019 £</b>
Not later than 1 year	<b>22,860</b>
Later than 1 year and not later than 5 years	<b>53,580</b>
	<hr/> <b>76,440</b> <hr/>

**28. Members' liability**

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

**29. Related party transactions**

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