

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2019

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1
Trustees' report	2 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Statement of Trustees' responsibilities	13
Independent auditors' report on the financial statements	14 - 15
Independent reporting accountant's report on regularity	16 - 17
Statement of financial activities incorporating income and expenditure account	18
Balance sheet	19
Statement of cash flows	20
Notes to the financial statements	21 - 46

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Reference and Administrative Details of the Academy trust, its trustees and Advisers
For the Year Ended 31 August 2019

Members	Area Dean of Gravesend (The Rev. N.I.Bourne) Archdeacon of Rochester (The Rev. A.Wooding Jones) Bishop of Rochester (The Right Reverend J. Langstaff) Chair of Trustees (Mr. W. Johnson) to 10 December 2018 Chair of Trustees (Ms.Z.C.Bucknell) appointed 11 December 2018 Rochester Diocesan Board of Education (Mr J. Constanti)
Trustees	Mr. W. Johnson (Chair of Trustees to 10 December 2018) Mr. N.R. Bird Ms. Z.C. Bucknell, Chair of Trustees (appointed 11 December 2018) Mr. S. Carey, Accounting Officer Mrs. A. Chitty, Head Teacher at St Botolph's CEP School (ended 31 December 2018) Mr. J. King Mrs. L.J. Patla (ended 31 December 2018) Mr. A.J. Smith Mr. R. Hicks Mrs H. Overton (appointed 30 April 2019)
Company registered number	07801612
Company name	Aletheia Anglican Academies Trust
Principal and registered office	Saint George's Church of England School Meadow Road Gravesend Kent DA11 7LS
Chief executive officer	Mr. S. Carey
Senior management team	Mr. S. Carey, Chief Executive Officer, Secondary Principal Mr. M. Lillie, Head of School at Saint George's Church of England School Mrs. A. Chitty, Head Teacher at St Botolph's Church of England Primary School Miss. T.Hewett, Head of School at Shorne Church of England Primary School Mrs. J. Rolfe, Head Teacher at Stone St Mary's Church of England Primary School Mr. G. Pollard, Head Teacher at Horton Kirby Church of England Primary School Mrs.K.Trowell, Head of School at Sutton-at-Hone Church of England Primary School Mrs.J.Roddan, Head of School at Rosherville Church of England Primary Academy Mr. T. Seath, Chief Finance Officer Ms. S Tunnicliffe, Senior Improvement Officer
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds Bank plc 78 New Road Gravesend Kent DA11 0AR
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street Clerkenwell London EC1M 6HR

Aletheia Anglican Academies Trust
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Trustees' Report
For the Year Ended 31 August 2019

The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the year ended 31 August 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The academy trust operates 6 primary and 1 secondary academies in Gravesend and Dartford. Its academies have a combined pupil capacity of 3,289 and had a roll of 3,160 in the Spring school census (January 2019).

Constitution

The academy trust is a company limited by guarantee (registration number 07801612) and an exempt charity, and its memorandum and articles of association are the primary governing documents of the trust.

The trustees of Aletheia Anglican Academies Trust are also the directors for the purposes of company law.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the academy trust 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.

Trustees' Indemnities

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Principal Activities

The academy trust is responsible for the management of the following academies:

Saint George's Church of England School, Gravesend
St. Botolph's Church of England Primary School, Gravesend,
Shorne Church of England Primary School, Gravesend
Horton Kirby Church of England Primary School, Dartford
Stone St Mary's Church of England Primary School, Dartford
Sutton-at-Hone Church of England Primary School, Dartford
Rosherville Church of England Primary Academy, Gravesend

The academy trust's principal object and activity is therefore to manage these academies and their provision of education to pupils between the ages of 5 and 19 across the trust.

Method of Recruitment and Appointment or Election of Trustees

Potential new trustees are identified by the board, ensuring that the skills and experience of new trustees are complementary to those of existing board members. The members appoint a minimum of 5 trustees. The Chief Executive Officer and one Primary Head Teacher are treated for all purposes as being a trustee.

In circumstances where the trustees have not appointed at least 2 trustees being parents of pupils attending the relevant academy, there shall be a minimum of 2 parent trustees appointed by the members.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the year under review the full board of trustees met 4 times and as a sub-committee on 3 occasions. There were a minimum of 3 full local governing body meetings held at each academy plus various committee meetings. The training and induction provided for new trustees depends on their previous experience. Where necessary the induction process will provide training on charity, educational, legal, safeguarding and financial matters. All new trustees are welcome to visit the academies and to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally no more than one or two new trustees a year, induction tends to be done informally and is tailored specifically to the individual trustees.

Aletheia Anglican Academies Trust
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Trustees' Report
For the Year Ended 31 August 2019

Organisational Structure

There is a clear management structure to control the way in which the trust is run. The organisational structure consists of three levels: the members, the trustees and management board, and the local governors (including the senior leadership team) at each academy. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees provide direction to the governors who are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

The management board comprises the CEO/Accounting Officer, primary principals, Trust School Improvement Officer and Chief Finance Officer. These managers control the academy trust at an executive level implementing the policies laid down by the trustees and governors and reporting back to them. As a group the management board are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for posts in the extended senior leadership team always contain a governor. Some spending control is devolved to members of the extended senior leadership team, with limits above which a member of the management board must countersign.

The local governing bodies and the principals control the academies on a day to day basis.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academies trust comprise the trustees and management board as disclosed on page 1.

Only staff trustees are remunerated and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 13.

All details of setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and it recognises the fact that the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensures the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 12(d).

Trade union facility time

There are no members of staff, either part or full time that are paid for being a Union representative.

Risk Management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy trust, and its finances. Systems are in place to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected Organisations, including Related Party Relationships

The academy trust is not linked with any sponsors, however it continues to have close involvement with the Rochester Diocesan Board of Education, who hold title of the footprint of the land as detailed in the Accounting Policies. Each academy has its own PTA organisation.

Aletheia Anglican Academies Trust
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Trustees' Report
For the Year Ended 31 August 2019

OBJECTIVES AND ACTIVITIES

Objects and Aims

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education which specifies the basis for admitting students to the academy trust and that the curriculum should comply with the substance of the national curriculum with an emphasis on humanities.

The Aletheia Anglican Academies Trust implements a vision to improve the life chances of children and young people so that they can fulfil their potential and lead happy and productive adult lives.

The mission of the trust is to offer its pupils opportunities to develop as high achieving, confident, healthy, caring and fulfilled members of society.

Objectives, Strategies and Activities

The main objectives of the academy trust during the year ended 31 August 2018 are summarised below:

- To ensure student progress is at or above national averages
- To develop a sustainable curriculum offer to meet the needs of all students
- To maximise resources
- To ensure good behaviour and attendance
- To improve the effectiveness of the academy trust by keeping the curriculum and organisational structure under continual review
- To comply with all appropriate statutory and curriculum requirements
- To conduct the Academies business in accordance with the highest standards of integrity, probity and openness.

The academy trust's main strategy is to provide access to the best possible teaching facilities and staff. The main activities include:

- Tuition and learning opportunities for all students to maximise individual academic progress
- Training opportunities for all staff, and especially teaching staff
- A programme of sporting and after school activities for all students
- A programme of collective worship and worship based activities
- Sourcing work experience and careers advice to help students obtain employment or move on to higher education.

Public Benefit

The Aletheia Anglican Academies Trust strives to promote and support the advancement of education within the North Kent (Gravesham and Dartford) area. The academies provide an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport. For example, the academies collaborate to provide maths, languages and physical education support.

Wherever possible the academies aim to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities. For example, parent groups and various sports lettings including the refurbished swimming pool at Sutton-at-Hone CEP.

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the academy trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2019

STRATEGIC REPORT

Achievements and Performance

Secondary results

GCSE	2019	2018
Basics 4+	65%	64%
Basics 5+	35%	32%
Attainment 8	43.91	41.96
Progress 8	+0.11	+0.05
EBacc	23%	15.9%
A Level	2019	2018
3 A*-E	50%	60%
2 A*-E	88.8%	89.2%
1 A*-E	94.5%	98.5%
Academic average points per entry	33.31 (C)	32.82 (C)
Value Added	0.16	0.20

Primary data averages:

	<u>2018/19 School (National)</u>	<u>2017/18 School (National)</u>
EYFS	73.1% (71.8%)	76.3% (71.5%)
KS1 Phonics Screening	84.8% (81.9%)	82.0% (81.2%)
Year 2 Phonics Retakes	55.0% (56.0%)	71.67% (60.8%)
KS1 Reported Data: Expected Standard Reading	74.0% (74.9%)	81.3% (69.9%)
KS1 Reported Data: Expected Standard Writing	72.6% (69.2%)	75.3% (68.2%)
KS1 Reported Data: Expected Standard Maths	77.5% (75.6%)	82.7% (76.1%)
KS2 Reported Data: Combined Expected	70.0% (65.0%)	78.3% (64.0%)
KS2 Reported Data: Combined Greater Depth	12.5% (10.0%)	10.25% (10%)

Key Financial Performance Indicators:

	Unit	2019	2018
Student Numbers: Comparison with Published Admission Numbers (PAN = 3,289)	Pupil	3,160	2,922
Financial stability (revenue fund balances)	£	1,588,000	979,000
% of total spend on staff pay	%	77.7	75.2
% of total spend on teaching staff pay	%	54.1	51.6
% of total spend on curriculum support staff pay	%	13.1	14.3
% of total spend on non-curriculum support staff pay	%	10.5	9.3
Pupil - teacher ratio (Primary)	Pupil	22.8	23
Pupil - teacher ratio (Secondary)	Pupil	16.5	17
Average teacher cost (including on-costs)	£	41,951	40,879
Teacher contact ratio		0.77	0.76
Average class size	Pupil	27	28

Going Concern

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

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2019

FINANCIAL REVIEW

Most of the academy trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA"). Core grant income has been supplemented by capital funding and various other self-generated income streams.

Total income for the year was £16.97m compared £14.76m in the previous year. This was despite the prior year including substantially more capital income as a result of Condition Improvement Funding grants from the ESFA. This income includes capital income of £1.8m which was more than the £1.4m in 2017-18.

Excluding capital income, the trust's income for the year was £15.1m (2018: £13.4m). This £1.7m increase was largely attributable to:

- Rosherville joined the trust on 31 August 2018 last year and so 2018-19 is the first year which reflects any income for this academy. Rosherville's total revenue income for the year was £733k.
- Sutton-at-Hone joined the trust on 1 October 2017 and so the prior year figures include only 11 months' income. The additional month for the full year's income in 2018-19 represents approximately £140k of income.
- A rise in other core GAG funding for existing academies of around £400k.
- The DfE's new teacher pay grant received in 2018-19 of around £140k
- Other new grants such as Local Authority SEN funding and a MAT Development Improvement grant from the ESFA.

With expenditure of £15.7m (2018: £14.5m) the SoFA shows net income for the year of £1.2m (2018: £269k).

The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was an increase of £169k (2018: £1.3m). It is important to note that this overall movement in funds therefore does not reflect the meaningful operational result and includes movements that do not relate to day-to-day running of the trust's academies.

Excluding movements on tangible fixed assets, the LGPS defined benefit pension liability, revenue to capital transfers and, for the prior year, balances inherited from joining academies, the trust's operational surplus on revenue funds for the year was £828k (2018: £356k surplus), as reconciled from the SoFA below:

		2019 (£000s)	2018 (£000s)
Overall net movement in funds for the year per SoFA		169	1,306
<u>Add:</u>			
Decrease / (increase) attributable to fixed asset fund	See A	(1,240)	(844)
Inherited balances on revenue funds		-	(318)
LGPS inherited balances		-	407
LGPS actuarial (gain)/loss	See B	1,059	(1,037)
LGPS service and interest costs	See B	621	571
Total movement in year on revenue funds		609	85
Transfer for capital purchases funded by revenue money		219	271
Operational surplus /(deficit) on revenue funds		828	356

(A) The movement on restricted fixed asset funds comprises capital grant income received during the year less depreciation charged on capitalised assets purchased from such funds, notably the school buildings. Since these do not relate to day-to-day operational matters the movement on fixed asset funds is excluded from the operational result.

(B) The Balance Sheet carries the trust's share of the deficit on the Local Government Pension Scheme. A detailed report has been prepared by an actuary detailing the movement in the deficit during the year. The movement is in two parts: (1) the actuarial gain relates to movement linked to the assumptions made by the actuary, (2) other movements comprising (i) net interest costs (ii) current service costs - the value of benefits accrued by members over the accounting period less contributions paid and (iii) past service costs for additional benefits granted during the year. Again since the LGPS movement do not relate to operational matters these have been excluded from the operational result.

At 31 August 2019, the net book value of fixed assets was £364k (2018: £348k) and movements in tangible fixed assets are shown in note 16 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the trust's academies, the only exceptions to this being limited letting of the premises to local community groups.

Aletheia Anglican Academies Trust
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Trustees' Report
For the Year Ended 31 August 2019

Financial position

All of the trust's academies are church academies and, unlike non-church academies, the school land and buildings are not recognised as assets in the financial statements and so the trust has overall net liabilities of £1.2m (2018: £1.4m). The balance sheet is weakened considerably by the pension scheme deficit. At 31 August 2019 the pension fund deficit amounted to £5.4m (2018: £3.8m; this is not a concern because it does not mean that an immediate liability crystallises; it is an accounting deficit with no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions are currently fixed until 1 April 2020. The significant increase in the LGPS liability during 2018-19 relates predominantly to changes in actuarial assumptions of which the key ones are described in note 2 to the financial statements explaining critical accounting estimates and judgements.

Alongside the pension deficit the trust held restricted revenue funds of £901k (2018: £751k) and unrestricted revenue funds of £687k (2018: £228k).

The trust's final fund is the restricted fixed asset fund of £2.6m (2018: £1.4m). This comprises three elements: the net book value of capitalised fixed assets held on the Balance Sheet; unspent capital grant money and interest free Salix loan funding from the DfE. At 31 August 2019 the trust held a significant amount of unspent capital money (£2.3m) (2018: £1.1m) because of various on-going projects to be completed in the coming year.

Reserves Policy

The trustees have reviewed the financial statements of the trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the trustees. In view of the restrictions contained in the academies' funding agreements, the trustees have decided not to adopt a formal policy regarding the level of reserves.

Investment Policy

The trustees did not adopt an investment policy as the level of free reserves was not considered large enough to enable long term investment after providing a contingency to deal with unexpected emergencies such as urgent maintenance. This will continue to be reviewed by trustees.

Financial and Risk Management Objectives and Policies

Financial - covering risks to the academy trust's financial position, including revenue streams, cost control and cash management.

The exposure to financial risks is minimal as the financial instruments that it deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit on the Local Government Pension Scheme, as described in the relevant note to the financial statements but this is subject to periodic actuarial review and in the event of academy closure, would be met by the Department for Education guarantee (July 2013).

The existence of these financial instruments exposes the academy trust to a number of financial risks which are described in more detail below. The main risks arising from the trust's financial instruments is liquidity risk which arises because the trust has to manage its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Principal Risks and Uncertainties

The main risks that the academy trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

- *Reputational* - this covers risks to its performance in delivering the curriculum.
- *Operational* - There are two principal operational risks and uncertainties relating to the trust.

The future level of funding of primary and secondary education is uncertain in the current economic climate. The trustees also set prudent budgets to enable the academies to react to changes in funding levels, if necessary.

The finances of the academies are highly sensitive to the number of pupils who are enrolled each year. The trustees and principals are confident that the examination successes, enhanced reputations of their academies and the local need for places will enable them to attract an increased number of pupils. Projected pupil numbers and the associated financial implications are closely monitored by trustees and academy staff.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2019

FUNDRAISING

The trust does not get involved in any formal professional fundraising. Where relevant trustees will adopt the 6 principles of fundraising recommended by the Charity Commission as per their publication "Charity fundraising: a Guide to Trustee Duties (CC20)". The 6 principles are:

- Planning effectively
- Supervising fundraisers
- Protecting reputation, money & other assets
- Identifying and ensuring compliance with the laws or regulations that apply to fundraising within a school
- Identifying and following any recognized standards applicable to fundraising within a school
- Being open and accountable

PLANS FOR FUTURE PERIODS

The Aletheia Anglican Academies Trust will continue to strive to maintain, and where necessary improve, the levels of attainment and progress of its students at all Key Stages.

The Trustees are committed to a policy of measured expansion within Gravesham and Dartford as encouraged by the government's multi academy trust programme. In autumn 2015, the Trust achieved accreditation as an academy sponsor to enable it to support local academies requiring improvement, following the necessary due diligence process.

The primary school at Saint George's will be open from September 2019, creating an all-through provision with placements in Reception and Year 1. Work is ongoing with a local Church of England primary school with the view to a smooth transition to join the Trust as a convertor academy. We successfully bid for a new secondary Free School to be sited within the new Ebbsfleet Garden City Development, due to open in September 2021.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The trust does not act as custodian trustee on behalf of any others.

AUDITOR

In so far as the trustees are aware:

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

A resolution to appoint an auditor for 2019/20 onwards will be proposed at the annual general meeting.

This report, incorporating a strategic report, was approved by order of the board of trustees and signed on the board's behalf by:



M/s. Z. Bucknell
Chair of Trustees



Mr. S. Carey
Accounting Officer

Date: 10 December 2019

Aletheia Anglican Academies Trust
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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Aletheia Anglican Academies 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 Aletheia Anglican Academies 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.

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 4 times plus 1 Resources sub-committee and 2 Standards sub-committees during the year. Attendance during the year at meetings was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. W. Johnson (Chair of Trustees to 10/12/18)	6	6
Mr. N.R. Bird	5	5
Mr. S. Carey, Accounting Officer	7	7
Mrs. A. Chitty, St Botolph's Head Teacher (term ended 31/12/18)	2	2
Mr. J. King	6	6
Mrs. L.J. Patla (term ended 31/12/18)	1	2
Mrs. Z. Bucknell, Chair of Trustees from 11/12/18	4	5
Mr. A. Smith	6	6
Mr R. Hicks	2	5
Mrs. H. Overton (appointed 30 April 2019)	1	2

During the year, the responsibilities of the board of trustees included those of the resources and finance committee and the audit committee. Resources and finance is a fixed agenda item at all board of trustee meetings.

The Academies Financial Handbook requires the full board to meet at least three times per annum and recommends six meetings. Although the full board of trustees has met less than six times, effective oversight has been maintained via the sub-committee meetings and the monitoring of monthly management information.

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 centralising appropriate IT licensing across the Trust.

Targeted Improvement: Staffing structures and timetables are regularly reviewed to ensure that staff are efficiently deployed and educational standards continue to improve. Resources were targeted to enhance provision to literacy, numeracy and EAL support. Individual student progress is monitored throughout the academic year to ensure that all students are quickly and accurately assessed and appropriate interventions and support are targeted to achieve the best outcome. This is assisted by the employment of a data technician.

Collaboration: Links with other local Church Schools continue to grow since the forming of the Aletheia Anglican Academies Trust (MAT) in December 2014. This has enhanced the sharing of experts for the delivery of good practice (e.g. School Improvement / Primary physical education provision / Financial management) and enabled cost savings through economies of scale through shared administration and procurement costs (e.g. Insurance / HR & Payroll / Recruitment / Financial services / IT and Reprographics).

Aletheia Anglican Academies Trust
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Governance Statement

Review of Value for Money – cont.

Better Purchasing: Procurement decisions are carefully considered by local governors at regular governing body meetings. Expiring contracts and the replacement/renewal of equipment are considered and the best value long term options assessed prior to quotes being obtained (e.g. contract cleaning). Proposals/quotes are compared to ensure that goods and services are secured in the most economic, efficient and effective way. There is a tender process for major works e.g. buildings and boiler replacement projects. Professional advice is sought when necessary (e.g. major building works, human resources and legal).

Financial Governance and Management: Financial governance and oversight is robust. Each academy produces a 3 year benchmarked budget plan and controls are in place for all levels of management to be provided with regular budget monitoring reports. This ensures that resources are managed effectively to meet the objectives of the academy trust. Termly Responsible Officer reports further inform local governors and trustees that the necessary controls are in place. Significant spending proposals are costed and presented to the management board, senior leadership teams and the local governing bodies for consideration and challenge.

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 Aletheia Anglican Academies Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees are aware of 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

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 monthly financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the trustees 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; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has appointed Education Financial Service.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The internal auditor reports 3 times per annum on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. 2018/19 internal auditor checks included:

- monthly reporting;
- bank reconciliations;
- control codes – VAT, payroll, petty cash, loans, debtors and creditors; and
- purchasing procedures.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Governance Statement (continued)

Review of Effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control.

During the year in question the review has been informed by:

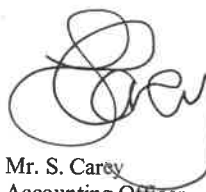
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control 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:



Ms. Z. Bucknell
Chair of Trustees



Mr. S. Carey
Accounting Officer

Date: 10 December 2019

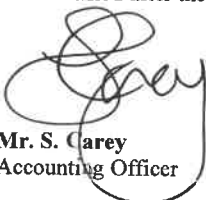
Aletheia Anglican Academies Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Aletheia Anglican Academies Trust I have considered my responsibility to notify the academy 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Mr. S. Carey
Accounting Officer

Date: 10 December 2019

Aletheia Anglican Academies 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 and signed on its behalf by:



Mrs. Z. Bucknell
Chair of Trustees

Date: 10 December 2019

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of Aletheia Anglican Academies Trust

Opinion

We have audited the financial statements of Aletheia Anglican Academies 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.

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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of Aletheia Anglican Academies Trust
(continued)

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.

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.

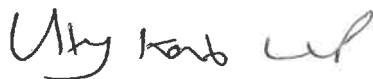
Auditors' responsibilities for the audit of the financial statements

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.



Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 16 December 2019

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Aletheia Anglican Academies Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 5 September 2015 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 Aletheia Anglican Academies 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 Aletheia Anglican Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Aletheia Anglican Academies 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 Aletheia Anglican Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Aletheia Anglican Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Aletheia Anglican Academies Trust's funding agreement with the Secretary of State for Education dated 10 November 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Aletheia Anglican Academies Trust for the year ended 31 August 2019 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Aletheia Anglican Academies Trust and the Education & Skills Funding Agency (continued)

Conclusion

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



UHY Kent LLP
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 16 December 2019

Aletheia Anglican Academies 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	83	-	1,836	1,919	1,384
Charitable activities	4	744	14,185	-	14,929	13,281
Other trading activities	5	118	-	-	118	92
Investments	6	1	-	-	1	1
Total income		946	14,185	1,836	16,967	14,758
Expenditure on:						
Raising funds		14	-	-	14	44
Charitable activities	9	473	14,437	815	15,725	14,445
Total expenditure		487	14,437	815	15,739	14,489
Net income/(expenditure)		459	(252)	1,021	1,228	269
Transfers between funds	20	-	(219)	219	-	-
Net movement in funds before other recognised gains/(losses)		459	(471)	1,240	1,228	269
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	27	-	(1,059)	-	(1,059)	1,037
Net movement in funds		459	(1,530)	1,240	169	1,306
Reconciliation of funds:						
Total funds brought forward		228	(3,012)	1,370	(1,414)	(2,720)
Net movement in funds		459	(1,530)	1,240	169	1,306
Total funds carried forward	20	687	(4,542)	2,610	(1,245)	(1,414)

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

The notes on pages 21 to 46 form part of these financial statements.

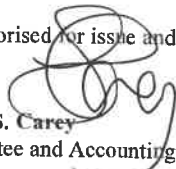
Aletheia Anglican Academies Trust
(A company limited by guarantee)
Registered number: 07801612

Balance Sheet
As at 31 August 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	16	364	348
Current assets			
Stocks	28	28	
Debtors	17	637	563
Cash at bank and in hand		3,836	2,025
		<u>4,501</u>	<u>2,616</u>
Creditors: amounts falling due within one year	18	(642)	(580)
Net current assets		<u>3,859</u>	<u>2,036</u>
Total assets less current liabilities		<u>4,223</u>	<u>2,384</u>
Creditors: amounts falling due after more than one year	19	(25)	(35)
Net assets excluding pension liability		<u>4,198</u>	<u>2,349</u>
Defined benefit pension scheme liability	27	(5,443)	(3,763)
Total net assets		<u>(1,245)</u>	<u>(1,414)</u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	20	2,610	1,370
Restricted income funds	20	901	751
		<u>3,511</u>	<u>2,121</u>
Restricted funds excluding pension asset	20		
Pension reserve	20	(5,443)	(3,763)
Total restricted funds	20	(1,932)	(1,642)
Unrestricted income funds	20	687	228
Total funds		<u>(1,245)</u>	<u>(1,414)</u>

The financial statements on pages 18 to 46 were approved by the trustees, and authorised for issue and are signed on their behalf, by:


Mrs. Z. Bucknell
 (Chair of Trustees)


Mr. S. Carey
 (Trustee and Accounting Officer)

Date: 10 December 2019

The notes on pages 21 to 46 form part of these financial statements.

Aletheia Anglican Academies 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/(used in) operating activities	22	88	(187)
Cash flows from investing activities	24	1,733	1,256
Cash flows from financing activities	23	(10)	(3)
Change in cash and cash equivalents in the year		1,811	1,066
Cash and cash equivalents at the beginning of the year		2,025	959
Cash and cash equivalents at the end of the year	25	3,836	2,025

The notes on pages 21 to 46 form part of these financial statements

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy 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.

1.2 Going concern

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

The Balance Sheet shows a net liability position when including the Local Government Pension Scheme liability. The trustees note that, as stated in note 27, 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.

The trust has revenue reserves of almost £1.6m across restricted and unrestricted income funds, which is more than sufficient to meet operational needs and liabilities as they fall due, and the trustees have therefore concluded that the inclusion of the pension scheme liability does not affect their assessment of going concern.

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.

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

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.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

- **Grants payable**

These are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

1.5 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.

1.6 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 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets

Assets costing £5,000 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.

The Rochester Diocesan Board of Education own the legal title of the sites where the academy trust's land and buildings are situated, with the exception of certain land, mainly playing fields, at St George's Church of England School, which is owned by the academy trust. The trust therefore occupies the school properties under the terms of a Church Supplemental Agreement with the freehold owners. In considering the accounting treatment for these properties the trustees have considered the provisions of the Academies Accounts Direction (AAD). The AAD has now clarified that where a Supplemental Agreement is in place then the trust does not have full rights or control, such that any asset should not be recognised on the Balance Sheet. The trustees are unable to quantify with any certainty the value that would be attributed to the freehold land held and so no value has been included in these financial statements for it.

Per the AAD the rolling right to occupy the buildings could be recognised in the financial statements via a notional donation (since the trust pays no actual rent) with a corresponding notional rental expense for its use of the premises. The value of the donation would be the amount that the academy trust would otherwise have had to pay to secure premises, however since the trustees feel that this cannot be reliably measured, and in accordance with the AAD, no donation or rental expense have been recognised.

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:

Furniture and equipment	- 10 to 20 years
Computer equipment	- 3 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.

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.11 Operating leases

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

1.12 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 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 Agency arrangements

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

1.14 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.

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

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 27, 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.

For 2018-19 there has been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £127k. This is reflected as a past service cost, within staff costs, and detailed in note 27.

There will also be an increase in the cost of benefits from 1 September 2019.

(2) Guaranteed Minimum Pension (GMP). GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

(3) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(4) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 27. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Transferred in on existing academy joining the trust	-	-	-	17
Donations	83	-	83	42
Capital grants	-	1,836	1,836	1,325
Total 2019	83	1,836	1,919	1,384
<i>Analysis of 2018 total by fund</i>	<i>59</i>	<i>1,325</i>	<i>1,384</i>	

4. Funding for the academy trust'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)	-	12,071	12,071	10,924
Other DfE/ESFA grants	-	1,433	1,433	1,049
	-	13,504	13,504	11,973
Other government grants				
Local authority SEN funding	-	157	157	-
Other local authority grants	-	524	524	455
	-	681	681	455
Other funding				
Catering	203	-	203	198
School trips	219	-	219	282
Before and after school clubs	141	-	141	160
Other	181	-	181	213
	744	-	744	853
	744	14,185	14,929	13,281
<i>Analysis of 2018 total by fund</i>	<i>853</i>	<i>12,428</i>	<i>13,281</i>	

Aletheia Anglican Academies 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	<i>Total funds 2018 £000</i>
Lettings	77	77	48
Uniform sales	15	15	14
Insurance claims	26	26	12
Other	-	-	18
	118	118	92

The total income in 2018 was unrestricted.

6. Investment income

	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Bank interest	1	1

The total income in 2018 was unrestricted.

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	<i>Total 2018 £000</i>
Expenditure on fundraising trading activities:					
Direct costs	-	-	14	14	44
Educational operations:					
Direct costs	9,527	-	1,359	10,886	9,763
Allocated support costs	2,202	1,070	951	4,223	4,025
	11,729	1,070	2,324	15,123	13,832
<i>Analysis of 2018 total</i>	<i>10,691</i>	<i>818</i>	<i>2,323</i>	<i>13,832</i>	

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

8. Analysis of grants

	Grants to Institutions 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Improvements to diocesan property occupied by the academy trust	616	616	657
<i>Analysis of 2018 total</i>	657	657	

The costs for both years represent works completed on the school buildings during the year. As noted in accounting policy 1.7 the school buildings are not reflected on the balance sheet, and so in accordance with the Academies Accounts Direction associated improvements are treated as an expense for the year as a grant to the Diocese which owns the buildings.

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Educational operations	473	15,252	15,725	14,445
<i>Analysis of 2018 total by fund</i>	667	13,778	14,445	

10. Analysis of expenditure by activities

	Direct costs 2019 £000	Grants to Diocese 2019 £000	Support costs 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Educational operations	10,886	616	4,223	15,725	14,445
<i>Analysis of 2018 total</i>	9,763	657	4,025	14,445	

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	2,202	2,132
Technology costs	158	241
Premises costs	1,070	818
Transfer from local authority on conversion	-	107
Governance costs	30	35
Other support costs	763	692
	4,223	4,025

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	58	34
Depreciation of tangible fixed assets	88	94
Fees paid to auditors for:		
- audit	19	19
- other services	6	6

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

12. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£000	£000
Wages and salaries	8,825	8,016
Social security costs	777	722
Pension costs	2,079	1,929
	<u>11,681</u>	<u>10,667</u>
Agency staff costs	29	24
Staff restructuring costs	19	-
	<u>11,729</u>	<u>10,691</u>

Staff restructuring costs comprise:

Redundancy payments	<u>19</u>	<u>-</u>
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b. Staff numbers

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

	2019	2018
	No.	No.
Management	14	13
Teachers	164	161
Administration and support	208	201
	<u>386</u>	<u>375</u>

The average headcount expressed as full-time equivalents was:

	2019	2018
	No.	No.
Management	13	12
Teachers	150	147
Administration and support	138	120
	<u>301</u>	<u>279</u>

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

12. Staff costs (continued)

c. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	5	6
In the band £70,001 - £80,000	2	1
In the band £140,001 - £150,000	-	1
In the band £150,001 - £160,000	1	-

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £949k (2018 - £762k).

13. 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	<i>2018</i>
		£000	<i>£000</i>
Mr. S. Carey, Accounting Officer	Remuneration	150 - 155	145 - 150
	Pension contributions paid	25 - 30	20 - 25
Mrs. A. Chitty, Headteacher (resigned 31.12.2018)	Remuneration	20 - 25	65 - 70
	Pension contributions paid	0 - 5	10 - 15

During the year ended 31 August 2019, expenses totalling £287 were reimbursed to 2 trustees (2018 - £Nil).

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

14. Central services

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

- School improvement service
- Staffing support – CEO/Executive Headteacher, School Improvement Officer, teacher training co-ordinator, CEO PA, IT technician, Chief Finance Officer and finance apprentice
- ICT provision
- Insurance
- Staff recruitment packages
- HR and payroll
- Staff training
- Responsible officer and audit
- Rochester Diocese SLA
- Administrative expenses
- Apprenticeship levy

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

Primary - 6% of General Annual Grant (GAG) funding.

Secondary - 5% of General Annual Grant (GAG) funding until November 2018, then increasing to 6%.

The actual amounts charged during the year were as follows:

	2019	2018
	£000	£000
St George's Church of England School	248	205
St Botolph's Church of England Primary School	128	78
Shorne Church of England Primary School	44	40
Horton Kirby Church of England Primary School	61	52
Stone St Mary's Church of England Primary School	179	97
Sutton-at-Hone Church of England Primary School	120	62
Rosherville Church of England Primary School	36	-
Total	816	534

15. 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £516 (2018 - £739). The cost of this insurance is included in the total insurance cost.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Tangible fixed assets

	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation			
At 1 September 2018	379	400	779
Additions	8	96	104
At 31 August 2019	<u>387</u>	<u>496</u>	<u>883</u>
Depreciation			
At 1 September 2018	105	326	431
Charge for the year	39	49	88
At 31 August 2019	<u>144</u>	<u>375</u>	<u>519</u>
Net book value			
At 31 August 2019	<u>243</u>	<u>121</u>	<u>364</u>
At 31 August 2018	<u>274</u>	<u>74</u>	<u>348</u>

17. Debtors

	2019 £000	2018 £000
Trade debtors	18	2
VAT recoverable	153	154
Prepayments and accrued income	466	407
	<u>637</u>	<u>563</u>

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

18. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Other loans	11	11
Trade creditors	82	11
Other taxation and social security	203	182
Other creditors	6	1
Accruals and deferred income	340	375
	<u>642</u>	<u>580</u>
	2019	2018
	£000	£000
Deferred income at 1 September 2018	206	180
Resources deferred during the year	207	206
Amounts released from previous periods	(206)	(180)
	<u>207</u>	<u>206</u>

At the balance sheet date the academy trust was holding funds received in advance of the 2019/20 academic year for ESFA UIFSM and rates grants, school trips and catering income.

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

	2019	2018
	£000	£000
Other loans	25	35

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

	2019	2018
	£000	£000
Payable or repayable by instalments	3	3

The other loans balance above represents interest free Salix loan funding from the DfE in respect of three capital projects. The loans are due for repayment by 2024.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

20. 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						
General fund	228	946	(487)	-	-	687
Restricted general funds						
General Annual Grant (GAG)	261	12,071	(11,697)	(219)	-	416
Other DfE/ESFA grants	392	1,433	(1,519)	-	-	306
Other government	98	681	(600)	-	-	179
Pension reserve	(3,763)	-	(621)	-	(1,059)	(5,443)
	(3,012)	14,185	(14,437)	(219)	(1,059)	(4,542)
Restricted fixed asset funds						
Fixed assets	348	-	(88)	104	-	364
Capital grants and donations	1,068	1,836	(727)	105	-	2,282
Salix loan	(46)	-	-	10	-	(36)
	1,370	1,836	(815)	219	-	2,610
Total Restricted funds	(1,642)	16,021	(15,252)	-	(1,059)	(1,932)
Total funds	(1,414)	16,967	(15,739)	-	(1,059)	(1,245)

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

General Annual Grant ("GAG") must be used for the normal running costs of the academy trust.

The other DfE/ESFA grants is used to track non-GAG grant money received from the DfE/ESFA and connected bodies, and included Pupil Premium and Universal Infant Free School grant income.

The other government grants fund is used to track grants provided by government departments, including the Local authority.

The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The total transfer to the fund of £219k represents capital expenditure funded by revenue reserves and the movement in the Salix loan balance.

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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	<i>2018</i> <i>£000</i>
St George's Church of England School	160	(89)
St. Botolph's Church of England Primary School	418	322
Shorne Church of England Primary School	17	12
Horton Kirby Church of England Primary School	194	120
Stone St. Mary's Church of England Primary School	222	331
Sutton-at-Hone Church of England Primary School	220	163
Rosherville Church of England Primary School	129	40
Central services	228	80
Total before fixed asset funds and pension reserve	1,588	979
Restricted fixed asset fund	2,610	1,370
Pension reserve	(5,443)	(3,763)
Total	(1,245)	(1,414)

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

20. Statement of funds (continued)

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
St George's Church of England School	3,589	629	503	1,023	5,744	5,422
St. Botolph's Church of England Primary School	1,166	148	165	222	1,701	2,018
Shorne Church of England Primary School	550	97	88	214	949	899
Horton Kirby Church of England Primary School	814	62	81	166	1,123	1,169
Stone St. Mary's Church of England Primary School	1,445	187	226	508	2,366	2,075
Sutton-at-Hone Church of England Primary School	1,155	233	105	170	1,663	1,646
Rosherville Church of England Primary School	459	55	57	89	660	-
Central services	349	170	39	266	824	595
LGPS	-	621	-	-	621	571
Academy trust	9,527	2,202	1,264	2,658	15,651	14,395

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

20. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Unrestricted funds						
General fund	176	982	(711)	(219)	-	228
Restricted general funds						
General Annual Grant (GAG)	120	10,924	(10,807)	24	-	261
Other DfE/ESFA grants	219	1,049	(931)	55	-	392
Other government	61	455	(418)	-	-	98
Other restricted income	-	6	(6)	-	-	-
Transferred in on existing academy joining the trust	-	17	-	(17)	-	-
Pension reserve	(3,822)	(114)	(864)	-	1,037	(3,763)
	<u>(3,422)</u>	<u>12,337</u>	<u>(13,026)</u>	<u>62</u>	<u>1,037</u>	<u>(3,012)</u>
Restricted fixed asset funds						
Fixed assets	372	-	(94)	70	-	348
Capital grants and donations	202	1,325	(657)	198	-	1,068
Salix loan	(49)	-	-	3	-	(46)
	<u>525</u>	<u>1,325</u>	<u>(751)</u>	<u>271</u>	<u>-</u>	<u>1,370</u>
Total Restricted funds	<u>(2,897)</u>	<u>13,662</u>	<u>(13,777)</u>	<u>333</u>	<u>1,037</u>	<u>(1,642)</u>
Total funds	<u>(2,721)</u>	<u>14,644</u>	<u>(14,488)</u>	<u>114</u>	<u>1,037</u>	<u>(1,414)</u>

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

21. 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	-	-	364	364
Current assets	620	1,599	2,282	4,501
Creditors due within one year	67	(698)	(11)	(642)
Creditors due in more than one year	-	-	(25)	(25)
Provisions for liabilities and charges	-	(5,443)	-	(5,443)
Total	687	(4,542)	2,610	(1,245)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Restricted fixed asset funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Tangible fixed assets	-	-	348	348
Current assets	255	1,293	1,068	2,616
Creditors due within one year	(27)	(542)	(11)	(580)
Creditors due in more than one year	-	-	(35)	(35)
Provisions for liabilities and charges	-	(3,763)	-	(3,763)
Total	228	(3,012)	1,370	(1,414)

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

22. Reconciliation of net income to net cash flow from operating activities

	2019 £000	2018 £000
Net income for the year (as per Statement of Financial Activities)	1,228	269
Adjustments for:		
Depreciation	88	94
Capital grants from DfE and other capital income	(1,836)	(1,325)
Interest receivable	(1)	(1)
Defined benefit pension scheme obligation inherited	-	293
Defined benefit pension scheme cost less contributions payable	528	469
Defined benefit pension scheme finance cost	93	102
Decrease/(increase) in stocks	-	(16)
Increase in debtors	(74)	(90)
Increase/(decrease) in creditors	62	(96)
Transfer in of defined benefit pension scheme liability	-	114
Net cash provided by/(used in) operating activities	88	(187)

23. Cash flows from financing activities

	2019 £000	2018 £000
Repayments of borrowing	(10)	(3)

24. Cash flows from investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(104)	(70)
Capital grants from DfE Group	1,826	1,325
Capital funding received from sponsors and others	10	-
Net cash provided by investing activities	1,733	1,256

25. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	3,836	2,025

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

26. Capital commitments

	2019	<i>2018</i>
	£000	<i>£000</i>
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	206	4,265

27. 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 Kent County 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.

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

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to TPS in the year amounted to £980,000 (2018 - £912,000).

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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

27. Pension commitments (continued)

Scheme Changes

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

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

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

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 £629,000 (2018 - £573,000), of which employer's contributions totalled £489,000 (2018 - £445,000) and employees' contributions totalled £140,000 (2018 - £128,000). The agreed contribution rates for future years are 20.0 per cent for employers and 5.5 to 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	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65
Inflation assumption (CPI)	2.20	2.30

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

	2019	2018
	Years	Years
Retiring today		
Males	22.1	23.1
Females	24.0	25.2
Retiring in 20 years		
Males	23.7	25.3
Females	25.8	27.5

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

27. Pension commitments (continued)

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(272)	(205)
Discount rate -0.1%	278	210
Mortality assumption - 1 year increase	409	290
Mortality assumption - 1 year decrease	(395)	(280)
CPI rate +0.1%	242	183
CPI rate -0.1%	(236)	(179)

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

	At 31 August	At 31 August
	2019	2018
	£000	£000
Equities	4,059	3,532
Gilts	43	40
Corporate bonds	537	460
Property	694	641
Cash and other liquid assets	159	159
Investment funds	463	351
Total market value of assets	5,955	5,183

The actual return on scheme assets was £245,000 (2018 - £203,000).

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

	2019	2018
	£000	£000
Current service cost	(883)	(912)
Past service cost	(132)	-
Interest income	144	119
Interest cost	(237)	(221)
Administrative expenses	(2)	(2)
Liability on conversion	-	(293)
Liability transferred in on existing academy joining the trust	-	(114)
Total amount recognised in the Statement of Financial Activities	(1,110)	(1,423)

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

27. Pension commitments (continued)

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

	2019	2018
	£000	£000
At 1 September	8,946	7,948
Conversion of academy trusts	-	531
Transferred in on existing academies joining the trust	-	275
Current service cost	883	912
Interest cost	237	221
Employee contributions	140	128
Actuarial losses/(gains)	1,160	(953)
Benefits paid	(100)	(116)
Past service costs	132	-
At 31 August	11,398	8,946

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

	2019	2018
	£000	£000
At 1 September	5,183	4,126
Conversion of academy trusts	-	238
Transferred in on existing academies joining the trust	-	161
Interest income	144	119
Actuarial gains	101	84
Employer contributions	489	445
Employee contributions	140	128
Benefits paid	(100)	(116)
Administration expense	(2)	(2)
At 31 August	5,955	5,183

28. 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	2018
	£000	£000
Not later than 1 year	41	43
Later than 1 year and not later than 5 years	35	48
	76	91

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

29. 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.

30. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the academy trust received £11,752 (2018 - £11,752) and disbursed £11,076 (2018 - £11,706) from the fund. An amount of £676 (2018 - £676) is included in other creditors relating to undistributed funds that is repayable to ESFA.

31. Controlling party

The academy trust is run by the senior management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.

32. Related party transactions

Owing to the nature of the academy 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 academy trust's financial regulations and normal procurement procedures. The following related party transactions took place during the year:

Expenditure related party transactions:

(1) Diocese of Rochester

The Rochester Diocesan Board of Education is a member of the academy trust. During the year the academy trust incurred a total cost of £7,253 (2018 - £7,553) in transactions with the Diocese of Rochester. The costs this year relate to payments under a service level agreement for training and other education matters which the trustees consider that only the Diocese of Rochester could provide. The at cost principles of related party transactions are not considered to apply in such circumstances, as confirmed by 3.10.20 of the later AFH 2018, and so in entering into these transactions the academy trust has complied with the requirements of the AFH.

(2) Chitbrook Services

A business of which Mr. Peter Chitty (the husband of Mrs. Amy Chitty, a trustee until 31 December 2018) is a partner:

The trust purchased building services from Chitbrook Services totalling £12,750 (2018 - £19,656) during the year. There were no amounts outstanding at 31 August 2019 (2018 - £Nil).

The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mrs. Chitty neither participated in, nor influenced.

In entering into the transaction the academy trust has complied with the requirements of the AFH.

The element above £2,500 has been provided 'at no more than cost' and Chitbrook Services has provided a statement of assurance confirming this.

(3) Employment of close family members:

Under FRS 102 the close family of members or trustees of the academy trust, or of key management personnel, are deemed to be related parties.

During the year the following close family members of such individuals were employed by the trust and paid a salary under an employment contract for their individual roles:

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

32. Related party transactions (continued)

- L. Sisterson, the partner of the CEO, Mr. S. Carey, is employed as a teacher.
- J. Chitty, the daughter of the Headteacher of one of the trust's academies, was employed as a teaching assistant.
- L. Pollard, the spouse of the Headteacher of one of the trust's academies, was employed as an assistant headteacher

In each case the relevant connected individual had no involvement in the appointment of their close family member and the Board of Directors are comfortable that each salary provides value for money and is not at a preferential rate.

Income related party transactions:

The PTFAs made donations to the following schools:

St. George's - £5,660 (2018 - £3,500)
Shorne - £8,704 (2018 - £11,593)
Horton Kirby - £9,829 (2018 - £6,493)
St Botolph's - £3,275 (2018 - £2,970)
Sutton-at-Hone - £2,822 (2018 - £911)