

CHILDREN FIRST ACADEMY TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

CHILDREN FIRST ACADEMY TRUST

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CHILDREN FIRST ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Christine Bachelor (appointed 19 February 2019) Elpida Theophanous (appointed 19 February 2019) Renee Flourentzou (appointed 19 February 2019) Ruth Moore (19 February 2019)
Trustees	Ivor Olley, Chair of Trustees (appointed 19 February 2019) Anthony Gilling (appointed 1 June 2019) Gary Kyriacos Christofi (appointed 19 February 2019) Jenny Tosh (appointed 19 February 2019) Marcia Sinclair (appointed 19 February 2019) Neil Yeomans (appointed 19 February 2019) Rosemary Stanley-McKenzie (appointed 19 February 2019) Winifred Maria Greer (appointed 19 February 2019) Zahra Amina Graham (appointed 1 June 2019)
Company registered number	11834165
Company name	Children First Academy Trust
Principal and registered office	Wilbury Primary School Wilbury Way Edmonton London N18 1DE
Senior Management Team	Kate Turnpenney, Chief Executive Officer Anu Chopra, Chief Finance and Operating Officer Claire O'Brien, Finance Manager
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

CHILDREN FIRST ACADEMY TRUST

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Children First Academy Trust (The Trust or the Charitable Company) for the 5 month period ended 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

Structure, Governance and Management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company includes the following Academies, all of which converted on 1st April 2019:

- Brettenham Primary School
- Fleecefield Primary School
- Galliard Primary School
- Raynham Primary School
- Wilbury Primary School

The operation of The Trust's Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Resources Risk and Audit Committee. Throughout this report the Board of Trustees is referred to as the Main Governing Body (MGB). Each Academy has appointed Local Governing Bodies (LGB) who have delegated authority to administer their Academy within agreed budgets.

Within this Report the term Trustee refers to a member of the MGB and the term Governor to a member of an LGB. Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

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

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides unlimited cover (through RPA) on any one claim and details of the costs are disclosed in Note 11 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles of Association and the Funding Agreement with the ESFA.

Trustees are appointed for a fixed term of four years. The Chief Executive Officer (CEO) attends all meetings of the MGB and their committee meetings. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for an unlimited number of Trustees and the Members and Trustees currently consider 9 to be an appropriate number. An annual skills audit informs the Board of any gaps in the required range of skills available to the Board which are filled either by training or appointment of a Trustee holding those skills.

CHILDREN FIRST ACADEMY TRUST

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

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end The Trust links with a number of local training providers. New Trustees and Governors are required to attend a training programme. The induction programme involves a tour of the relevant Academy, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake. Where necessary, training is arranged.

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The MGB, meets on at least four occasions per year and its two sub committees, the Resources (including finance), Risk and Audit committee and the Education and Standards committee, at least three times per year. The MGB is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring The Trust by the use of those budgets and making major decisions about the direction of The Trust, capital expenditure and senior staff appointments. The Governors within their LGB's are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

The Senior Leadership Teams (SLTs) led by the Headteachers, control the Academies at an executive level implementing policies and reporting to their LGB. Each SLT is responsible for the day to day operation of their Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and limits and for the appointment of staff following vetting and safeguarding recruitment processes.

The Senior Management Team (SMT), led by the CEO, looks across the Trust and aligns local SLT and LGB activity with the strategic aims of The Trust as a whole.

The Trust's CEO is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees, who are unpaid, and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Academy group size, Individual School Range (ISR), the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards and the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration are approved by the Trustee Co-ordinating Group. It is intended to create a Remuneration Committee in 2019/20.

Trade union facility time

The Trust has bought into a pooled service managed by the Local Authority that shares the costs of teaching and non-teaching Trade Union 'Facilities Time'. This service provides an effective route for statutory and collective consultation and bargaining, a framework and structure for non-maintained academies to manage industrial relations and access to branch officials from recognised unions. The total cost of this service during the period was £3,570.

CHILDREN FIRST ACADEMY TRUST

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

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the MGB/LGBs may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with the following organisations during the period in pursuit of its charitable activities:

- Edmonton Community Partnership - a charity

The Trust does not have a formal sponsor.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of a number of Academies to provide free education and care for pupils of different abilities within its local community between the ages of two and eleven.

Objectives, Strategies and Activities

The Trust is in its very early stages of development and has laid out its objectives for the year ahead in its Business Plan.

The vision of the Trust is:

Laying the foundations to be successful, life-long learners and positive local, national and global citizens of the future through our values of resilience, commitment and integrity.

The Trust's Three Key Principles are:

- To provide outstanding education for the children within our Academies and beyond.

We believe that children deserve the best education, regardless of their background, their ability or their economic circumstances. We believe that, through working together, we can raise the quality of teaching and learning across Academies, whilst keeping each School at the heart of its community.

- To provide wide-ranging opportunities and experiences for children from Edmonton and beyond, to develop skills for life.

We believe that all children should have the same high quality opportunities in life, both in education and in the wider enrichment which we can provide. We will actively seek out experiences for our children which will enable them to grow in skills, understanding of the world and personal ambition.

- To develop a sustainable, well-led organisation with a culture of 'Children First'.

We will build on the principles of strong leadership, ensuring that the right people with the right skillsets and ethos lead the organisation into the future. We are committed to recruiting, retaining and developing high quality staff through excellent Continuing Professional Development (CPD) opportunities for all.

CHILDREN FIRST ACADEMY TRUST

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

During the year the Trust has worked towards these aims by:

- Planning for the commencement of the Trust's operations on 1st April 2019 through a steering group consisting of the Headteachers and Chairs of Governors of the five Academies, in consultation with staff, parents and the local communities. They were joined by some of the current Trustees later in the process.
- defining the initial central team structure to be led by a CEO;
- approving the necessary policies and procedures to ensure compliance with regulations;
- setting up Governance structures to ensure LGB's and the MGBs work effectively together to support and hold senior management to account to fulfil the Trust's vision;
- overseeing the initial financial reporting systems to provide Trustees with information to meet their financial control requirements; and
- getting to know the Academies in more detail and in particular their academic and other achievements and the challenges they face.

Our success in fulfilling our aims can be measured by:

- Receipt of Academy Orders in March 2019 to commence the Trust on 1st April 2019;
- appointments of CEO, Chief Financial and Operations Officer (CFOO) and Finance Manager along with the contracting of an interim CFOO and other part time consultants to assist the Academies in implementing their School Development Plans and implementing the systems and procedures required following conversion;
- approving and assisting with the preparation of the Terms of Reference for LGBs and the Trust's Scheme of Delegation;
- implementation of Area Governance Committee meetings to ensure good communications between the Trustees and LGBs; and
- provision and analysis of Trust-wide financial and pupil progress data to inform future planning and decision making. This has helped in setting a strategic aim of the Trust for the coming year to focus on improving pupil progress and attainment in reading.

Public Benefit

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The Trust began its mission to ensure that students achieved their potential in public examinations; supported a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their Academy.

Specific achievements were as follows:

- Setting up good communication between the LGBs, with each other and with the Trustees;
- started meetings of management staff to share best practice and to help Academies develop;
- creation of Headteacher Board to provide professional advice to the CEO and Trustees for the future priorities, and recommendations for development within the Trust and their implementation;
- production of appropriate Financial and Pupil Progress reports to enable the Trustees strategic planning and meet their regulatory responsibilities;
- held meetings of Members, Trustees, Headteachers and Governors to encourage collaborative and team working across the Trust; and
- the levels of reserves have remained healthy and will be monitored going forward and, if maintained, the Trustees intend for them to be used for 'one off' projects to help raise pupil attainment and help improve the Academies' environments.

CHILDREN FIRST ACADEMY TRUST

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

Key Performance Indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to its aims, strategies and financial budgets.

The following key performance indicators are used:

Pupil Numbers: As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers for 2018/19 were 3,364 which included a bulge class at one Academy. The total number fluctuated during the year due to high mobility but was broadly as expected.

Standards: The Education and Standards Committee receives reports on outcomes at all Key Stages. Reading outcomes across the Trust fell this year at KS2 but attainment in mathematics remains above the national level. Progress across the Trust is positive in all areas. Progress measures for the school currently graded as 'Requires Improvement' were positive across all subjects for the first time in three years

Staffing costs as a percentage of total income: For 2018/19 from the creation of the Trust on 1st April, this was between 78% and 80%. The Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and approved staffing structures.

Effective reporting systems: these have been set up to enable the Resources, Risk and Audit Committee to monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income, grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the MGB in its initial planning for the Trust.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education and Skills Funding Agency (ESFA). In the period 1st April - 31 August 2019 the Trust received £7,925,570 of GAG and other income and in addition the reserves/restricted funds brought forward from the Academies on their conversion of £1,406,793. A high percentage of the GAG and other funding is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year, the Trust spent £9,036,952. It did not transfer any funding to support capital new build and improvement projects on the various academy sites. The carry forward from 2018/19 into the new year is £1,356,266 of unrestricted funding with no restricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust recognises that there will be a significant pension fund deficit. Based on the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £6,797,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

CHILDREN FIRST ACADEMY TRUST

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

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the CEO who is assisted by the CFOO. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,358,266.

The Trust holds £550,000 for in year contingencies plus additional capital reserves for future projects to assist in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £1,358,266.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £1,750,993. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee CFOO reports and attempt to hold a minimum of £1,200,000 to cover short term cash flow requirements.

Investment Policy

An Investment Policy will be approved on 11 December 2019.

The aim of the policy will be to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Principal Risks and Uncertainties

The Trust works with the LGB's in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the MGB via the Resources, Risk and Audit Committee with a formal review of the process undertaken on an annual basis. The internal control systems and the exposure to identified risks are monitored on behalf of the Trustees by the Committee twice per year. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy will be made as required and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a group of Academies, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

CHILDREN FIRST ACADEMY TRUST

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

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- Each Academy within the Trust has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the individual Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Trust has appointed Price Bailey LLP to carry out independent checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist, the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Fundraising

The Academies held small but very valuable fundraising events during the period including Summer Fayres and non-uniform days at various Academies. The Trust does not work with external professional fundraisers or companies who carry out fundraising on its behalf. All fundraising undertaken during the year was monitored by the Trustees. During the year no complaints or issues have arisen as a result of the fundraising events.

Plans for Future Periods

The Trustees plans for the academic year 2019/20 revolve around ensuring that the Trust's vision and three key principles as stated on page 4 are achieved through:

- Focus on the implementation and realisation of the School Improvement Plan for each of the five Academies.
- The monitoring and support of the Academies in raising the standards of reading across all the Academies.
- Starting to gain efficiencies through the five Academies operating and collaborating together to reinvest in school improvement projects.
- Providing some Trust-wide opportunities for pupils within the five Academies to work and have experiences together to develop skills for life.
- Fully supporting the CEO in her initiative to have trust wide training and collaboration for Newly Qualified Teachers across the Trust to help raise teaching standards, and the recruitment and retention of staff. Also support and develop the collaboration and skills building of the middle leaders in the Academies to begin to realise the benefits of sharing the wealth of experience and skills across all the Academies.
- Ensuring the Trust is compliant with the DFE and ESFA directives in terms of Governance and Finance.

CHILDREN FIRST ACADEMY TRUST

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

- Refining various policies that were inherited with the formation of the Trust to ensure they are consistent with the objectives of the Trust and, where necessary, consistent in operation across the Trust.
- Refining the new financial and pupil progress reporting systems used by the academies.
- Completing the skills audit of the Trustees and providing training where there are any gaps in the necessary skills available to the Board.

Some of the above plans are longer term activities which will be part of the Board's plans for the following two years.

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held in this regard.

Employees and disabled persons

Employee involvement

The conversion of the Schools this year to become Academies entailed much employee consultation and involvement in the process. Trade Unions were involved at all stages and staff were kept informed throughout. Where appropriate the Trust consults on matters such as policy, pay, health, safety and welfare with the relevant support staff and with teaching trade unions. The Trust buys into the Trade Union Facilities Time through the Local Authority. The Trust provides information to employees generally by way of email, memoranda and staff meetings.

At each of the Academies, information is channelled via the Leadership meetings. Employees are encouraged to familiarise themselves with Ofsted reports, available from the Trust website and pupil progress and attainment statistics as they are made available.

Equal Opportunities Policy

It is the Trust's policy to ensure equality of opportunities is afforded to staff, students and other stakeholders. Training, career development and promotion opportunities are available to all employees.

Disabled Persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities. In the event of employees becoming disabled then every effort is made to retrain them in order that their employment within the Trust may continue.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees, on 11 December 2019 and signed on its behalf by:

Ivor Olley
Chair of Trustees

CHILDREN FIRST ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. Even though the Board of Trustees has only formally met once during the period the Board is satisfied that through the use of sub-committees, it has maintained effective oversight of funds.

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

Trustee	Meetings attended	Out of a possible
Ivor Olley, Chair of Trustees	1	1
Anthony Gilling	1	1
Gary Kyriacos Christofi	0	1
Jenny Tosh	0	1
Marcia Sinclair	1	1
Neil Yeomans	0	1
Rosemary Stanley-McKenzie	1	1
Winifred Maria Greer	1	1
Zahra Amina Graham	1	1

Review of year:

The Trust commenced operations on 1st April 2019 with seven Trustees and five Members in place. These have remained the same to date and two more trustees were appointed from 1st June 2019. The Trustees have been very involved in the initial setting up of the Trust particularly in terms of monitoring of the finances. All five Academies now come under one financial system and have one bank account and it has been important for the Trustees to ensure that this transfer was successful. An interim, experienced Chief Financial and Operations Officer (CFOO) was contracted to manage the conversion process and the set-up of the new system. This proved to be very successful and has meant the system is now in place. The Trust has now appointed a permanent CFOO. Monthly financial reporting to the Trustees is now in place. The Trustees have also ensured that the Trust is compliant with regulations, that the Scheme of Delegation is fit for purpose and that Governance at all levels is effective. A Governance review will be held in the summer term of 2020 to assess the first year of operation of the Trust.

Governance reviews:

Since the Trust was only formed on 1st April 2019, no formal review of Governance has yet taken place. It is scheduled for the MGB to review in May 2020. Training and development has been put in place for all Trustees in terms of their role and responsibilities, and clear Terms of Reference for LGBs and other committees have been adopted and shared. A skills audit is being completed.

CHILDREN FIRST ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Committees

The Resources Risk and Audit Committee (RR&A) is a sub-committee of the MGB. Its purpose is to be responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources including talent, through proper planning, monitoring, scrutiny and probity.

Roles in these first few months have been to ensure the financial systems are fit for purpose across the Trust and to scrutinise the consolidated Trust financial reports alongside the individual Academy financial reports. The committee also recommended the appointment of both the internal and external Auditors, agreed the budgets for the years ahead and reviewed and agreed the Budget Forecast Return submission. The Trust is confident that the Committee members have the skills to carry out this role.

Attendance during the period at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Neil Yeomans	2	2
Anthony Gilling	2	2
Gary Christofi	1	2
Zahra Amina Graham	0	2

Review of value for money

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

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

- Joint purchase of the new Financial and Budgeting system and reduced requirement of external support to manage budgeting systems across the group of Academies. All five Academies use the ACCESS finance system at a reduced cost compared to individually purchasing the system. In addition, as a result of close collaboration, the Academies have no longer needed to purchase external financial support as previously since the CFOO, School Business Managers and Finance officers have shared their expertise to cover this area. This has made a saving of over £10,000 to the Trust
- Joint purchasing of a management information system for three Academies to match the two already using it. Savings of £6,500 across the three Academies per year for three years have been made
- Insurance purchasing through RPA across all five Academies has reduced costs significantly, making a saving of £50,000 across the Trust

The purpose of the system of internal control

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

CHILDREN FIRST ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 April 2019 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Price Bailey LLP as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The Trust has not had any internal audit checks yet but has one planned for March 2020. It is not yet confirmed the focus of the internal audit but will relate to one or more of the risks highlighted on the Trust Risk Register.

Review of effectiveness

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

- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Board of Trustees on 11 December 2019 and signed on their behalf by:

Ivor Olley
Trustee

Kate Turnpenney
Accounting Officer

CHILDREN FIRST ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Kate Turnpenney
Accounting Officer
Date: 11 December 2019

CHILDREN FIRST ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE PERIOD 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 (ESFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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/Department for Education (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 the Board of Trustees on 11 December 2019 and signed on its behalf by:

Ivor Olley
Chair of Trustees

CHILDREN FIRST ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF

Opinion

We have audited the financial statements of Children First Academy Trust (The Trust) for the 5 month period ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

CHILDREN FIRST ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the 5 month period for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

CHILDREN FIRST ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF (CONTINUED)

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Mr Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

18 December 2019

CHILDREN FIRST ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO AND THE EDUCATION & SKILLS FUNDING AGENCY

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

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

Respective responsibilities of 's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Children First Academy Trust's funding agreement with the Secretary of State for Education dated 29 March 2019 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

CHILDREN FIRST ACADEMY TRUST

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

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 period 1 April 2019 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Date: 18 December 2019

CHILDREN FIRST ACADEMY TRUST

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Income from:					
Donations and capital grants	3	1,407,703	(4,668,353)	36,467,253	33,206,603
Charitable activities	4	102,242	7,615,616	-	7,717,858
Other trading activities	5	130,858	-	-	130,858
Total income		<u>1,640,803</u>	<u>2,947,263</u>	<u>36,467,253</u>	<u>41,055,319</u>
Expenditure on:					
Charitable activities	6	221,607	8,531,263	284,082	9,036,952
Total expenditure		<u>221,607</u>	<u>8,531,263</u>	<u>284,082</u>	<u>9,036,952</u>
Net income/(expenditure)		<u>1,419,196</u>	<u>(5,584,000)</u>	<u>36,183,171</u>	<u>32,018,367</u>
Transfers between funds	15	(60,930)	-	60,930	-
Net movement in funds before other recognised gains/(losses)		<u>1,358,266</u>	<u>(5,584,000)</u>	<u>36,244,101</u>	<u>32,018,367</u>
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	21	-	(1,213,000)	-	(1,213,000)
Net movement in funds		<u>1,358,266</u>	<u>(6,797,000)</u>	<u>36,244,101</u>	<u>30,805,367</u>
Reconciliation of funds:					
Net movement in funds		1,358,266	(6,797,000)	36,244,101	30,805,367
Total funds carried forward		<u>1,358,266</u>	<u>(6,797,000)</u>	<u>36,244,101</u>	<u>30,805,367</u>

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

The notes on pages 23 to 46 form part of these financial statements.

CHILDREN FIRST ACADEMY TRUST
REGISTERED NUMBER: 11834165

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note		2019 £
Fixed assets			
Tangible assets	12		36,186,804
			36,186,804
Current assets			
Debtors	13	788,331	
Cash at bank and in hand	19	1,750,993	
			2,539,324
Creditors: amounts falling due within one year	14	(1,123,761)	
			1,415,563
Net current assets			1,415,563
Total assets less current liabilities			37,602,367
Defined benefit pension scheme liability	21		(6,797,000)
Total net assets			30,805,367
Funds of the Trust			
Restricted funds:			
Fixed asset funds	15	36,244,101	
Pension reserve	15	(6,797,000)	
			29,447,101
Total restricted funds	15		29,447,101
Unrestricted income funds	15		1,358,266
Total funds			30,805,367

The Financial Statements on pages 20 to 46 were approved by the Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf, by:

Ivor Olley
Chair of Trustees

The notes on pages 23 to 46 form part of these financial statements.

CHILDREN FIRST ACADEMY TRUST

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2019

	Note	2019 £
Cash flows from operating activities		
Net cash provided by operating activities	17	1,811,923
Cash flows from investing activities	18	(60,930)
Change in cash and cash equivalents in the period		1,750,993
Cash and cash equivalents at the end of the period	19	<u>1,750,993</u>

The notes on pages 23 to 46 form part of these financial statements

CHILDREN FIRST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 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 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.

Children First Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Trust's functional and presentational currency is Pounds Sterling.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Company status

The Trust is a company limited by guarantee. The Members of the Company are the Trustees named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member.

CHILDREN FIRST ACADEMY TRUST

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

1. Accounting policies (continued)

1.4 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.

- **Transfer on conversion**

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

1.5 Expenditure

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

- **Charitable activities**

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

CHILDREN FIRST ACADEMY TRUST

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

1. Accounting policies (continued)

1.5 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Long-term leasehold buildings	- 10-50 years straight line
Furniture and equipment	- 3 years straight line

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

1.7 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.

1.8 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.

1.9 Liabilities

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

CHILDREN FIRST ACADEMY TRUST

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

1. Accounting policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. 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.

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 Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

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

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

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

CHILDREN FIRST ACADEMY TRUST

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

1. Accounting policies (continued)

1.13 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Wilbury Primary School, Brettenham Primary School, Fleecefield Primary School, Galliard Primary School and Raynham Primary School to the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the conversions are set out in note 20.

1.14 Fund accounting

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Trustees make 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 21, 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.

CHILDREN FIRST ACADEMY TRUST

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

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Donations	910	18,647	19,557
Transfer on conversion	1,406,793	31,722,956	33,129,749
Capital grants	-	57,297	57,297
	1,407,703	31,798,900	33,206,603
	1,407,703	31,798,900	33,206,603

In 2019, capital grants of £57,297 were in relation to restricted fixed assets.

4. Funding for the Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	5,702,251	5,702,251
Other DfE / ESFA grants	-	820,327	820,327
Start up grants	-	125,000	125,000
	-	6,647,578	6,647,578
Other Government grants			
Local Authority grants	-	968,038	968,038
	-	968,038	968,038
Other funding			
Catering income	102,242	-	102,242
	102,242	-	102,242
	102,242	7,615,616	7,717,858
	102,242	7,615,616	7,717,858

CHILDREN FIRST ACADEMY TRUST

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

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £
Hire of facilities	52,101	52,101
Other income	78,757	78,757
	<u>130,858</u>	<u>130,858</u>

6. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Direct costs	5,410,926	-	239,065	5,649,991
Allocated support costs	1,924,101	568,382	894,478	3,386,961
	<u>7,335,027</u>	<u>568,382</u>	<u>1,133,543</u>	<u>9,036,952</u>

	2019 £
Staff costs	1,924,101
Depreciation	284,079
Governance	184,945
Technology	65,909
Premises	284,303
Other	643,624
	<u>3,386,961</u>

CHILDREN FIRST ACADEMY TRUST

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

7. Net income/(expenditure)

Net income/(expenditure) for the period includes:

	2019 £
Operating lease rentals	1,658
Depreciation of tangible fixed assets	284,079
Fees paid to Auditors for:	
- audit	9,300
- other services	5,110
	<u>5,110</u>

CHILDREN FIRST ACADEMY TRUST

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

8. Staff costs

a. Staff costs

Staff costs during the period were as follows:

	2019 £
Wages and salaries	4,972,606
Social security costs	475,802
Pension costs	1,657,900
	<hr/>
	7,106,308
Agency staff costs	228,719
	<hr/>
	<u>7,335,027</u>

b. Staff numbers

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

	2019 No.
Teaching	160
Admin and Support	278
Management	1
	<hr/>
	<u>439</u>

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 during the period.

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1, the total amount of employee benefits (including pension contributions) received by key management personnel for their services to the Trust was £70,720.

Included in the above are employer pension contributions of £6,815 and employer National Insurance contributions of £9,634.

CHILDREN FIRST ACADEMY TRUST

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

9. Central services

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

- Finance support
- Legal services
- Audit

The Trust charges for these services on the following basis:

To fund these costs, the Trust will retain 3% of each Academy's GAG funding and early years Local Authority funding.

The actual amounts charged during the period were as follows:

	2019 £
Brettenham School	26,120
Fleecefield School	25,163
Galliard School	39,959
Raynham School	43,035
Wilbury School	49,171
Total	<u><u>183,448</u></u>

10. Trustees' remuneration and expenses

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

During the period ended 31 August 2019, no Trustee expenses have been incurred.

11. Trustees' and Officers' insurance

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

CHILDREN FIRST ACADEMY TRUST

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

12. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Total £
Cost or valuation			
Additions	42,594	18,336	60,930
On acquisition of subsidiaries	35,938,332	471,624	36,409,956
At 31 August 2019	<u>35,980,926</u>	<u>489,960</u>	<u>36,470,886</u>
Depreciation			
Charge for the period	218,585	65,497	284,082
At 31 August 2019	<u>218,585</u>	<u>65,497</u>	<u>284,082</u>
Net book value			
At 31 August 2019	<u><u>35,762,341</u></u>	<u><u>424,463</u></u>	<u><u>36,186,804</u></u>

13. Debtors

	2019 £
Due within one year	
Trade debtors	1,110
Other debtors	12,515
Prepayments and accrued income	636,942
VAT recoverable	137,764
	<u>788,331</u>

14. Creditors: Amounts falling due within one year

	2019 £
Trade creditors	278,053
Other taxation and social security	269,214
Other creditors	259,582
Accruals and deferred income	316,912
	<u>1,123,761</u>

CHILDREN FIRST ACADEMY TRUST

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

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

	2019 £
Deferred income	
	2019 £
Deferred income at 1 April 2019	-
Resources deferred during the year	209,671
Deferred income at 31 August 2019	<u>209,671</u>

The resources deferred at the period end relate to contributions towards free school meals.

CHILDREN FIRST ACADEMY TRUST

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

15. Statement of funds

	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds					
General funds	1,640,803	(221,607)	(60,930)	-	1,358,266
Restricted general funds					
General Annual Grant (GAG)	5,702,251	(5,702,251)	-	-	-
Other DfE/ESFA grants	820,327	(820,327)	-	-	-
Start up grant	125,000	(125,000)	-	-	-
Other Government grants	968,038	(968,038)	-	-	-
Trip donations	18,647	(18,647)	-	-	-
Pension reserve	(4,687,000)	(897,000)	-	(1,213,000)	(6,797,000)
	<u>2,947,263</u>	<u>(8,531,263)</u>	<u>-</u>	<u>(1,213,000)</u>	<u>(6,797,000)</u>
Restricted fixed asset funds					
DfE/capital grants	57,297	-	-	-	57,297
Restricted fixed assets	36,409,956	(284,082)	60,930	-	36,186,804
	<u>36,467,253</u>	<u>(284,082)</u>	<u>60,930</u>	<u>-</u>	<u>36,244,101</u>
Total Restricted funds	<u>39,414,516</u>	<u>(8,815,345)</u>	<u>60,930</u>	<u>(1,213,000)</u>	<u>29,447,101</u>
Total funds	<u><u>41,055,319</u></u>	<u><u>(9,036,952)</u></u>	<u><u>-</u></u>	<u><u>(1,213,000)</u></u>	<u><u>30,805,367</u></u>

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

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

Other DfE/ESFA grants

This represents funding received from the DfE/ESFA which is restricted in nature for specific educational provisions.

Other Government grants

This represents funding received from other Government bodies, local and national, which are restricted in nature.

CHILDREN FIRST ACADEMY TRUST

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

15. Statement of funds (continued)

Start up grant

This represents funding received from the DfE/ESFA for initial costs in setting up the Trust.

Restricted Trip donations

This represents contributions made by parents towards the running costs of trips for the pupils of the Schools and the associated costs.

Pension reserve

This reserve represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS).

Restricted fixed asset fund

Restricted fixed asset fund represents the value of fixed assets held in line with the charitable objectives of the Trust. The transfer between funds represents additions purchased through unrestricted funding.

DfE Capital grants

This represents funding received from the ESFA specifically for the maintenance and improvements of the Trust's building facilities.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £
Raynham Primary School	446,606
Wilbury Primary School	452,797
Galliard Primary School	131,003
Brettenham Primary School	149,293
Fleecefield Primary School	152,832
Central service	25,735
	<hr/>
Total before fixed asset funds and pension reserve	1,358,266
Restricted fixed asset fund	36,244,101
Pension reserve	(6,797,000)
	<hr/>
Total	30,805,367
	<hr/> <hr/>

CHILDREN FIRST ACADEMY TRUST

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

15. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
Raynham Primary School	1,150,238	310,414	32,704	221,531	1,714,887
Wilbury Primary School	1,307,688	384,212	58,752	260,267	2,010,919
Galliard Primary School	1,134,098	277,933	20,511	228,888	1,661,430
Brettenham Primary School	775,703	135,221	29,859	137,798	1,078,581
Fleecefield Primary School	677,687	335,511	30,237	124,835	1,168,270
Central service	59,215	11,454	-	151,114	221,783
Trust pension cost	-	897,000	-	-	897,000
Trust	<u>5,104,629</u>	<u>2,351,745</u>	<u>172,063</u>	<u>1,124,433</u>	<u>8,752,870</u>

CHILDREN FIRST ACADEMY TRUST

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

16. Analysis of net assets between funds

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	36,186,804	36,186,804
Current assets	1,358,266	1,123,761	57,297	2,539,324
Creditors due within one year	-	(1,123,761)	-	(1,123,761)
Provisions for liabilities and charges	-	(6,797,000)	-	(6,797,000)
Total	1,358,266	(6,797,000)	36,244,101	30,805,367

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

	2019 £
Net income for the period (as per Statement of Financial Activities)	32,018,367
Adjustments for:	
Depreciation	284,082
Pension liability movements	897,000
Defined benefit pension scheme obligation inherited on conversion	4,687,000
(Increase)/decrease in debtors	(788,331)
Increase in creditors	1,123,761
Net gain on assets and liabilities from local authority on conversion	(36,409,956)
Net cash provided by operating activities	1,811,923

18. Cash flows from investing activities

	2019 £
Purchase of tangible fixed assets	(60,930)
Net cash (used in)/provided by investing activities	(60,930)

CHILDREN FIRST ACADEMY TRUST

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

19. Analysis of cash and cash equivalents

	2019 £
Cash in hand	1,750,993
Total cash and cash equivalents	1,750,993

20. Conversion to an academy trust

On 1 April 2019 Brettenham Primary School, Fleecefield Primary School, Galliard Primary School, Raynham Primary School and Wilbury Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred from London Borough of Enfield for £NIL consideration.

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

In addition, the Trust inherited a pension deficit upon conversion of £4,687,000 as a result of the five new schools converting in to the Trust during the period. The deficit is not allocated against the Schools.

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

Brettenham Primary School

	Unrestricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	4,073,356	4,073,356
Other tangible fixed assets	-	72,675	72,675
Current assets			
Other assets	176,003	-	176,003
Net assets	176,003	4,146,031	4,322,034

CHILDREN FIRST ACADEMY TRUST

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

20. Conversion to an academy trust (continued)

Fleecefield Primary School

	Unrestricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	5,944,506	5,944,506
Other tangible fixed assets	-	60,633	60,633
Current assets			
Other assets	207,600	-	207,600
Net assets	<u>207,600</u>	<u>6,005,139</u>	<u>6,212,739</u>

Galliard Primary School

	Unrestricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	5,427,506	5,427,506
Other tangible fixed assets	-	84,657	84,657
Current assets			
Other assets	112,755	-	112,755
Net assets	<u>112,755</u>	<u>5,512,163</u>	<u>5,624,918</u>

CHILDREN FIRST ACADEMY TRUST

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

20. Conversion to an academy trust (continued)

Raynham Primary School

	Unrestricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	7,190,841	7,190,841
Other tangible fixed assets	-	113,134	113,134
Current assets			
Other assets	458,356	-	458,356
Net assets	<u>458,356</u>	<u>7,303,975</u>	<u>7,762,331</u>

Wilbury Primary School

	Unrestricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	13,302,123	13,302,123
Other tangible fixed assets	-	140,525	140,525
Current assets			
Other assets	452,079	-	452,079
Net assets	<u>452,079</u>	<u>13,442,648</u>	<u>13,894,727</u>

CHILDREN FIRST ACADEMY TRUST

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

21. Pension commitments

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

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

Contributions amounting to £248,345 were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

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

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

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 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to TPS in the period amounted to £404,367.

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 Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

CHILDREN FIRST ACADEMY TRUST

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

21. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2019 was £554,000, of which employer's contributions totalled £446,000 and employees' contributions totalled £108,000. The agreed contribution rates for future years are 23% for employers and 5.5 - 6.5% 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 %
Rate of increase in salaries	3.5
Rate of increase for pensions in payment/inflation	2
Discount rate for scheme liabilities	1.9
Inflation assumption (CPI)	2
Commutation of pensions to lump sums	50
Inflation assumption (RPI)	3

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

	2019 Years
<i>Retiring today</i>	
Males	23.4
Females	25
<i>Retiring in 20 years</i>	
Males	25.8
Females	27.6

CHILDREN FIRST ACADEMY TRUST

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

21. Pension commitments (continued)

Sensitivity analysis

	2019
Discount rate +0.1%	(400,000)
Discount rate -0.1%	410,000
Mortality assumption - 1 year increase	532,000
Mortality assumption - 1 year decrease	(527,000)
CPI rate +0.1%	237,000
CPI rate -0.1%	(234,000)
	<u><u> </u></u>

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

	At 31 August 2019 £
Equities	4,227,000
Gilts	1,225,000
Corporate bonds	1,335,000
Property	664,000
Cash and other liquid assets	387,000
Other	1,372,000
Total market value of assets	<u><u>9,210,000</u></u>

The actual return on scheme assets was £565,000.

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

	2019 £
Current service cost	(642,000)
Past service cost	(655,000)
Interest income	86,000
Interest cost	(132,000)
Total amount recognised in the Statement of Financial Activities	<u><u>(1,343,000)</u></u>

CHILDREN FIRST ACADEMY TRUST

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

21. Pension commitments (continued)

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

	2019 £
Inherited on conversion to academy trust status	12,796,000
Interest cost	132,000
Employee contributions	108,000
Actuarial losses/(gains)	1,687,000
Benefits paid	(13,000)
Past service costs	655,000
Current service cost	642,000
At 31 August	16,007,000

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

	2019 £
Inherited on conversion to academy trust status	8,109,000
Interest income	86,000
Actuarial gains	474,000
Employer contributions	446,000
Employee contributions	108,000
Benefits paid	(13,000)
At 31 August	9,210,000

22. Operating lease commitments

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

	Academy Trust 2019 £
Not later than 1 year	17,402
Later than 1 year and not later than 5 years	23,910
	41,312

CHILDREN FIRST ACADEMY TRUST

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

23. 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.

24. Related party transactions

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

There were no related party transactions entered into during the period.