

# RAINFORD ACADEMIES TRUST

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

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### 1 Accounting policies

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

#### 1.1 Basis of preparation

The accounts of the Academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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.

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

#### 1.2 Going concern

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

#### 1.3 Income

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

##### Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the 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 Academy trust has provided the goods or services.

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

#### Investment income

Investment income is recognised in the period it is receivable.

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

#### Governance costs

These include the costs attributable to the Academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, Trustees' meetings and reimbursed expenses.

### 1.5 Tangible fixed assets and depreciation

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

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

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

Leasehold Land	2% straight line (land not depreciated)
Fixtures, fittings & equipment	33% straight line
Motor vehicles	25% reducing balance

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

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.

#### 1.6 Liabilities

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

#### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. 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.

#### 1.9 Taxation

The Academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.10 Pensions benefits

Retirement benefits to employees of the Academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy trust.

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The 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 are recognised in the period to which they relate.

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

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

#### 1.11 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

#### 1.12 PFI agreement

The Academy occupies buildings which are owned by St Helens Council and utilised by the Academy under a PFI agreement. The Academy pays revenue contributions in respect of the facilities management and buildings use. The contract will expire in the year 2038. The Academy does not have any rights or obligations of ownership in respect of these assets and therefore they are not included on the Academy's balance sheet. The revenue payment is recognised in the SOFA. Where the Academy procures and pays for additional furniture or equipment or changes to the building, the costs are capitalised and depreciated in accordance with the tangible fixed assets policy.

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Donated fixed assets	-	27,743	27,743	-
Capital grants	-	112,241	112,241	31,096
	<u>-</u>	<u>139,984</u>	<u>139,984</u>	<u>31,096</u>

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 4 Funding for the Academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	7,552,692	7,552,692	6,999,856
Start up grants	-	-	-	37,000
Other DfE group grants	-	295,201	295,201	190,155
	-	7,847,893	7,847,893	7,227,011
<b>Other government grants</b>				
Local authority grants	-	278,295	278,295	180,675
<b>Other funding</b>				
Other incoming resources	30,264	-	30,264	32,000
<b>Total funding</b>	30,264	8,126,188	8,156,452	7,439,686

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	26,847	-	26,847	30,897
School trip income	-	232,371	232,371	172,008
Other income	23,238	57,601	80,839	105,312
	50,085	289,972	340,057	308,217

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	696	-	696	436

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	4,960,271	-	801,231	5,761,502	5,456,548
- Allocated support costs	992,401	927,567	657,171	2,577,139	2,385,126
	<u>5,952,672</u>	<u>927,567</u>	<u>1,458,402</u>	<u>8,338,641</u>	<u>7,841,674</u>

#### Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	7,000	7,000
- Other services	3,950	2,500
Operating lease rentals		
- PFI Unitary charge	855,907	820,892
Depreciation of tangible fixed assets	20,201	6,027
Net interest on defined benefit pension liability	60,000	52,000
	<u>857,058</u>	<u>888,419</u>

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Direct costs</b>				
Educational operations	-	5,761,502	5,761,502	5,456,548
<b>Support costs</b>				
Educational operations	15,300	2,561,839	2,577,139	2,385,126
	<u>15,300</u>	<u>8,323,341</u>	<u>8,338,641</u>	<u>7,841,674</u>

#### Analysis of support costs

	2019 £	2018 £
Support staff costs	992,401	814,166
Depreciation	20,201	6,027
Technology costs	301,471	293,866
Premises costs	907,366	870,291
Other support costs	258,304	236,636
Governance costs	97,396	164,140
	<u>2,577,139</u>	<u>2,385,126</u>

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	4,546,120	4,212,518
Social security costs	434,430	408,212
Pension costs	878,194	712,416
Amounts paid to employees	5,858,744	5,333,146
Agency staff costs	64,321	237,876
Staff restructuring costs	5,000	24,000
Amounts paid to staff	5,928,065	5,595,022
Staff development and other staff costs	24,607	58,141
Total staff expenditure	5,952,672	5,653,163

Staff restructuring costs comprise:

Severance payments	5,000	24,000
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#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £5,000. Individually, the payments were: £5,000.

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	92	89
Administration and support	69	62
Management	9	9
	170	160

#### Higher paid staff

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

	2019 Number	2018 Number
60,001 - 70,000	3	1
100,001 - 110,000	1	1



# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Staff

(Continued)

#### Key management personnel

The key management personnel of the Academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy trust was £604,883 (2018: £522,416).

### 10 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment, and not in respect of their services as Trustees.

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

I Young (Chief Executive Officer and Principal) - Resigned 20 March 2019

Remuneration £60,001 - £65,000 (2018: £100,001 - £105,000)

Employer's pension contributions £10,001 - £15,000 (2018: £15,001 - £20,000)

### 11 Trustees and officers insurance

In accordance with normal commercial practice, the Academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy trust business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

### 12 Tangible fixed assets

	Leasehold Land	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2018 (as restated)	2,765,000	20,197	3,200	2,788,397
Additions	-	84,805	-	84,805
At 31 August 2019	2,765,000	105,002	3,200	2,873,202
<b>Depreciation</b>				
At 1 September 2018	-	5,227	800	6,027
Charge for the year	-	19,601	600	20,201
At 31 August 2019	-	24,828	1,400	26,228
<b>Net book value</b>				
At 31 August 2019	2,765,000	80,174	1,800	2,846,974
At 31 August 2018	2,765,000	14,970	2,400	2,782,370

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

12 Tangible fixed assets	(Continued)	
The net book value of land comprises:	2019	As restated 2018
	£	£
Long leaseholds (over 50 years)	2,765,000	2,765,000
	<u>2,765,000</u>	<u>2,765,000</u>
13 Debtors	2019	2018
	£	£
Trade debtors	2,909	17,348
Other debtors	83,589	130,769
Prepayments and accrued income	223,242	154,451
	<u>309,740</u>	<u>302,568</u>
	<u>309,740</u>	<u>302,568</u>
14 Creditors: amounts falling due within one year	2019	2018
	£	£
Trade creditors	551,069	45,053
Other creditors	1,659	1,458
Accruals and deferred income	259,265	219,654
	<u>811,993</u>	<u>266,165</u>
	<u>811,993</u>	<u>266,165</u>
15 Deferred income	2019	2018
	£	£
Deferred income is included within:		
Creditors due within one year	238,808	188,812
	<u>238,808</u>	<u>188,812</u>
Deferred income at 1 September 2018	188,812	-
Released from previous years	(188,812)	-
Resources deferred in the year	238,808	188,812
	<u>238,808</u>	<u>188,812</u>
<b>Deferred income at 31 August 2019</b>	<u>238,808</u>	<u>188,812</u>

At the balance sheet date the Academy trust was holding funds of £142,417 being School trip income received in advance of the academic year commencing September 2019, Pupil Premium of £64,985, rates relief of £25,424 and £5,982 received from students in respect of 2019/20 trips and travel.

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16 Funds	as restated Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	3,084	7,552,692	(7,128,672)	55,179	482,283
Other DfE / ESFA grants	-	295,201	(295,201)	-	-
Other government grants	-	278,295	(278,295)	-	-
Other restricted funds	-	289,972	(289,972)	-	-
Pension reserve	(1,961,000)	-	(311,000)	(937,000)	(3,209,000)
	<u>(1,957,916)</u>	<u>8,416,160</u>	<u>(8,303,140)</u>	<u>(881,821)</u>	<u>(2,726,717)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	2,782,370	112,241	(20,201)	(27,436)	2,846,974
Private sector capital sponsorship	-	27,743	-	(27,743)	-
	<u>2,782,370</u>	<u>139,984</u>	<u>(20,201)</u>	<u>(55,179)</u>	<u>2,846,974</u>
<b>Total restricted funds</b>	<u>824,454</u>	<u>8,556,144</u>	<u>(8,323,341)</u>	<u>(937,000)</u>	<u>120,257</u>
<b>Unrestricted funds</b>					
General funds	502,254	81,045	(15,300)	-	567,999
<b>Total funds</b>	<u>1,326,708</u>	<u>8,637,189</u>	<u>(8,338,641)</u>	<u>(937,000)</u>	<u>688,256</u>

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

- (i) General Annual Grant (GAG) must be used for the normal running costs of the academy.
- (ii) The other government grants fund is used to track grants provided by local and central government departments.
- (iii) The other restricted fund tracks grants, donations and other income arising from sources other than grants provided by central and local government departments.
- (iv) The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.
- (v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward as well as the current fixed assets held.

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

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General      Fixed asset £                      £		Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	2,846,974	2,846,974
Current assets	567,999	1,294,276	-	1,862,275
Creditors falling due within one year	-	(811,993)	-	(811,993)
Defined benefit pension liability	-	(3,209,000)	-	(3,209,000)
<b>Total net assets</b>	<b>567,999</b>	<b>(2,726,717)</b>	<b>2,846,974</b>	<b>688,256</b>
<b>Fund balances at 31 August 2018 as restated are represented by:</b>				
Tangible fixed assets	-	-	2,782,370	2,782,370
Current assets	502,253	269,249	-	771,502
Creditors falling due within one year	-	(266,165)	-	(266,165)
Defined benefit pension liability	-	(1,961,000)	-	(1,961,000)
<b>Total net assets</b>	<b>502,253</b>	<b>(1,957,916)</b>	<b>2,782,370</b>	<b>1,326,707</b>

#### 18 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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

##### Teachers' Pension Scheme

###### Introduction

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

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

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 18 Pension and similar obligations

(Continued)

##### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The employers contribution will increase to 23.6% from 1 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £439,035 (2018: £433,829)

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

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

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 13.70% for employers and 5.5 to 12.5% for employees.

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

Total contributions made	2019 £	2018 £
Employer's contributions	190,000	170,000
Employees' contributions	60,000	51,000
Total contributions	<u>250,000</u>	<u>221,000</u>

# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.5	3.7
Rate of increase for pensions in payment/inflation	2.1	2.3
Discount rate for scheme liabilities	1.8	2.9
Inflation assumption (CPI)	2.0	2.2

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

	2019 Years	2018 Years
Retiring today		
- Males	22.2	22
- Females	25	24.8
Retiring in 20 years		
- Males	25.2	25
- Females	27.9	27.8

#### Sensitivity analysis

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019	2018
Discount rate + 0.1%	(123,000)	(82,000)
Mortality assumption + 1 year	81,000	54,000
CPI rate + 0.1%	126,000	84,000

#### The Academy trust's share of the assets in the scheme

	2019 Fair value £	2018 Fair value £
Equities	734,000	589,000
Bonds	225,000	171,000
Cash	46,000	35,000
Property	129,000	103,000
Other assets	302,000	233,000
Total market value of assets	1,436,000	1,131,000

The actual return on scheme assets was £56,000 (2018: £52,000)



# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Reconciliation of net income to net cash flow from operating activities

	2019	2018
	£	£
Net income for the reporting period (as per the statement of financial activities)	298,548	995,707
Adjusted for:		
Net surplus on conversion to academy	-	(1,057,946)
Capital grants from DfE and other capital income	(139,984)	(31,096)
Investment income receivable	(696)	(436)
Defined benefit pension costs less contributions payable	251,000	105,000
Defined benefit pension scheme finance cost	60,000	52,000
Depreciation of tangible fixed assets	20,201	6,027
(Increase) in debtors	(7,172)	(302,568)
Increase in creditors	545,828	266,165
<b>Net cash provided by operating activities</b>	<b>1,027,725</b>	<b>32,853</b>

### 20 Commitments under operating leases

At 31 August 2019 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£	£
Amounts due within one year	981,615	942,059
Amounts due in two and five years	4,260,850	4,134,358
Amounts due after five years	18,136,230	19,244,337
	<b>23,378,695</b>	<b>24,320,754</b>

The Academy has a commitment to make a unitary payment to St Helens Council under a PFI contract which commenced on 1 September 2017. The annual commitment for the year was £856k (2018: £821k). The contract is until 31 August 2038 and the annual unitary charges increase by inflation.

### 21 Related party transactions

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 10.

### 22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.



# RAINFORD ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 23 Prior period adjustment

	1 September 2017 £	31 August 2018 £
<b>Reconciliation of funds</b>		
Funds as previously reported	-	38,707
Adjustments arising:		
Restatement of value of land	-	1,288,000
Funds as restated	-	1,326,707
		<b>2018</b>
<b>Reconciliation of net income for the previous financial period</b>		<b>£</b>
Net expenditure as previously reported		(292,293)
Adjustments arising:		
Restatement of value of land		1,288,000
Net income as restated		995,707

#### Notes to restatement

##### Restated balances

Restatements have been made to the comparative year. The value of land inherited on conversion has been uplifted from £1,477k to £2,765k to reflect the latest ESFA valuation at August 2018. Tangible fixed assets and the fixed asset fund have therefore been increased by £1,288k in respect of this. As this change relates solely to land there is no requirement to amend the depreciation charge.