

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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CLARION ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Peter I Fraser Ben Turner John Andersen Tim Bishop
Trustees	Peter Fraser, Chair of Trustees Michael Cole (appointed 28 March 2019) John Organ, Vice Chair Peter Hardy James Wright Patricia Bell Steven Gray Sadie Lofthouse (appointed 28 March 2019) James Adams, Headteacher Shirley Gates Donna Harris
Company registered number	08347874
Company name	Clarion Academy Trust
Principal and registered office	Kittens Lane Loddon Norwich Norfolk NR14 6JU
Chief executive officer	Mr J Adams
Senior management team	Mr J Adams, Headteacher Mrs A Hambley, Headteacher Mr M Quantrill, Standards Officer Mr A Walker, Headteacher Mr P Collins, Business Manager
Independent auditors	Price Bailey LLP Chartered Accountants Anglia House, 6 Central Avenue St Andrews Business Park Thorpe St Andrew Norwich Norfolk NR7 0HR

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers

Lloyds TSB Bank Plc
Gentlemans Walk
Norwich
Norfolk

NatWest
1 Smallgate
Beccles
Suffolk
NR34 9YY

Solicitors

Steeles Law LLP
Lawrence House
5 St Andrews Hill
Norwich
Norfolk
NR2 1AD

CLARION ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

The Trust operates Hobart High School for pupils aged 11-16 years, serving the rural catchment area covering Loddon and the surrounding villages south east of Norwich. Thurlton Primary School, for pupils aged 5-11, which draws its pupils from Thurlton, Norton Subcourse, Raveningham, Thorpe-Next-Haddiscoe and other surrounding villages and Pakefield High School serving Pakefield, Carlton Colville and the surrounding area.

Hobart High School has a capacity of 820 and a roll of 704. Thurlton Primary has a capacity of 105 with current roll of 60 in the 2018 census. Pakefield High School joined the Trust on 1st April 2019 and serves Pakefield, South Lowestoft and the surrounding area. This school has a capacity of 900 and a roll of 751.

Structure, governance and management

Constitution

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 is known as Clarion Academy Trust.

The operation of The Trust's schools and employment of staff are the responsibility of the Trustees. The Trust retains control of the schools budget and finances, and monitors these through the Property and Finance Committee (formerly the Trust Resources Committee).

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details section.

a. Members' liability

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

b. 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 DfE Risk Protection Arrangement (RPA) insurance provides cover up to £10,000,000 on any one claim.

c. Method of recruitment and appointment or election of Trustees

Trustees are appointed for a term of four years and are eligible for re-election. The Articles of Association of the Charitable Company set out the number and type of Trustees of the Academy in paragraphs 50 to 65. The Chief Executive Officer (CEO) is an ex-officio Trustee. Parent and Staff Trustees are elected by parents and staff respectively, or appointed by the Board of Trustees if there are insufficient candidates offering themselves for election. The Members may appoint up to 11 Trustees. The Board of Trustees can appoint Co-opted Trustees.

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

The Charitable Company 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. The Trust purchases a governor support service from Educator Solutions which enables all Trustees to obtain advice and undertake a wide range of training courses at no cost.

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All new Trustees are entitled to an induction into the role, according to their need, which may include introductory sessions, mentoring and formal courses. The induction process will include a meeting with the Chair of Trustees and Chief Executive Officer (CEO); a tour of the school and the opportunity to meet with students and staff. All Trustees are provided with a range of policy and procedure documents that are appropriate to the role they undertake as Trustees and with particular emphasis on the committee work that they undertake.

e. 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 Board of Trustees, which meets on at least five occasions per year, is responsible for: the strategic direction of the Trust; setting general policy and approving major decisions about the direction of the Trust, including senior appointments. The Board of Trustees approves an annual development plan and reviews progress towards educational objectives and academic results. They also approve major expenditure requests, set the budget for the following year and agree and review the performance objectives of the Chief Executive Officer (CEO) with the School Improvement Partner. The Board of Trustees receives reports from the three Local Governing boards set up to monitor and ensure that the curriculum and teaching and learning is of the highest possible standard. The Property and Finance Committee reports to the Trustees on all financial and compliance issues making recommendations as appropriate. The terms of reference of the committees are reviewed by the Board of Trustees annually and are published on the Trust website.

The Chief Executive Officer (CEO) is the designated Accounting Officer of the Trust and has overall responsibility for the day to day financial management of the Charitable Company. The Chief Executive Officer (CEO) has delegated responsibility for managing the budget within the agreed Schedule of Delegation as set out in the Finance Policy. The Property and Finance Committee monitor income and expenditure against the annual budgets and a system of financial controls is in place to manage all financial processes and transactions.

The Chief Executive Officer (CEO) directs the Trust at an executive level, implementing policies and reporting to the Board of Trustees. The Chief Executive Officer (CEO) is supported by the Senior Leadership Teams in managing the operation of the Trust, in particular organising staff, resources and pupils. They are responsible for the authorisation of expenditure within agreed budgets and for the appointment of staff following vetting and safeguarding procedures.

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

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust. The Senior Leadership Team is identified as key management personnel.

No Trustees receive any remuneration for their work as Trustees on behalf of the Trust.

The pay of all teaching members of the Senior Leadership Team is in accordance with the nationally agreed Leadership Pay Spine as set out in the Teachers Pay and Conditions Document. The pay of the non-teaching member of the Senior Leadership Team is in accordance with the nationally agreed pay scale set by the National Joint Council for Local Government Services. Within these frameworks, pay and remuneration is decided by a variety factors, such as the school group size, salary ranges, the level of responsibility of each post, the level of experience of each staff member and performance management outcomes. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment, pay and performance management policies.

g. 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 local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Board of Trustees may have an interest.

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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 maintains a Register of Business and Pecuniary Interest that is published on its website and an item requiring declaration of interests is included on the agendas of all meetings of the Board of Trustees and its Committees.

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

- Norfolk County Council
- Educator Solutions
- Maintained Cluster Primary Schools
- Academy Cluster Primary Schools
- Suffolk County Council/Schools Choice
- Association of School and College Leaders
- Norfolk Constabulary

The Trust does not have a formal sponsor.

Objectives and activities

a. Objects and aims

As set out in the Articles of Association, the Trust's object is to advance for the public benefit education in the United Kingdom, and;

- to establish high quality teaching, learning and assessment;
- to provide a full and diverse curriculum and other activities;
- to provide an environment where every child and every member of staff matters;
- the provision of community facilities.

b. Objectives, strategies and activities

Hobart High School

The Hobart School Improvement and Development Plan 2018/19 included the whole school priorities and objectives and provides the basis for activities. These are summarised as:

- Ensure that high ability students, AG&T students and those in receipt of pupil premium funding make good progress.
- Ensure Students make good progress in non-EBACC subjects in line with those of the EBACC.
- Improve Parental engagement with the School including through marketing opportunities
- Make the reduction of workload for all staff a priority
- Improve student engagement

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

- Embedding Raising Achievement Group (RAG) to monitor progress and put interventions in place. AG&T became a focus of RAG
- Intervention provided on Non-EBACC subjects. Raising the profile of subjects with parents and in publicity and awards materials
- Introducing electronic parents evening booking system with great success, Parent voice actively encouraged and profile raised, open mornings developed for community engagement.

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- Setting up a workload group to inform best practice, implementing calendar changes regarding meetings and briefings and introducing more focused line management meetings. Collaborative planning sessions were also introduced.
- Enhancing role of attendance officer, reviewing behaviour policy, viewing high performing schools practice to inform ours. Rewards and external provision were also reviewed.

Our success in fulfilling our aims can be measured by:

- More focused line management meetings and reduction in meetings overall
- Focused intervention undertaken during the school year
- Parent evening booking system introduced and highly successful.
- Student voice now established across a range of year groups; contributes to school improvement.

Thurlton Primary School

- A CIF bid has been won and the premises have been upgraded to a high standard
- Funding has been used to build an additional play area following the success of last year's addition.

Pakefield High School

Initial work on the budget to centralise some services and some natural wastage has reduced costs resulting in savings in excess of £40K.

Exam results have been better than the two previous years but further work is required to ensure that this is an on-going trend.

Budgetary issues will be a focus in the short-term to ensure that the school is sustainable in the long term.

c. 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. The catchment area is as stated in the introduction to this report.

d. Strategic report

Achievements and performance

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

Specific achievements were as follows:

- Trustees have continued to offer both support and challenge to the schools and set aspirational targets for improvement. The focus has continued around raising standards in terms of student outcomes.

The Progress 8 measure for Hobart High School was -0.14. The percentage of students gaining the English Baccalaureate was 23.4% and the percentage of students gaining at least a grade 4 or better in English and Mathematics was 64.1%. Although we are pleased with these results, there are areas we need to look at and we have begun to do so.

The Progress 8 measure for Pakefield High was -0.21. The percentage of students gaining the English Baccalaureate was 5.6% which in part reflects the previous curriculum offer which has been changed. The percentage of students gaining at least a grade 4 or better in English and Mathematics was 60.6%, although we are pleased with some of these results, there are areas across the board that need to be addressed.

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- Thurlton Primary – Improvement has been seen in reading and writing and there is evidence of improved progress in early years and Key Stage 1. The composition of small cohorts tend to skew results compared to National averages.

Key performance indicators

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

As funding is based on student numbers this is a key performance indicator. Student numbers at Hobart High School at 1st September 2018 were 668; 1st September 2017 were 700; 1st September 2016 were 726. This fall in student numbers is consistent with the Norfolk County Council student demographic data set and the budget has been adjusted to reflect the fall in numbers.

Thurlton Primary School numbers remain low as at September 2018: 60. Despite the low numbers the Trustees are supporting the school in maintaining three full classes to ensure that we can offer a quality experience for the pupils.

Pakefield High School joined the Trust on the 1st April, although their roll has fallen significantly during September 2019 to 751. Plans are being made to address the financial position that this could lead to in coming years.

Another key financial performance indicator is staffing costs as a percentage of total income (excluding amounts on conversion). The figures for this in 2018/19 have been blurred by the set up of the Clarion Academy Trust staff which has reduced numbers of staff in each school – Trust staff costs are covered by the top slice and school figures will be used in future years to monitor staff costs when comparable numbers/trends can be obtained.

The Property and Finance Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less 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 Board of Trustees.

a. 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. Balanced budgets have been set for 2019/20 and the Trust are considering the centralisation of IT, finance and HR services in order to further streamline costs. 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). For the year ended 31 August 2019 the Trust received £25,893,106 of GAG and other funding, including £19,732,713 of assets transferred on conversion.

A high percentage of this income 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 £6,540,531 on expenditure and transferred £110,687 to support capital new build and improvement projects on the academy site. The Trust brought forward from 2017/18 is £12,613,019 total funds, including £12,588,082 of fixed assets and £876,178 unrestricted funding. The carry forward for 2018/19 is £237,512 restricted funding, (£2,431,000) relating to the pension deficit, £1,043,816 of unrestricted funding, and £32,468,266 restricted fixed assets funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £2,431,000. This does not mean that an immediate liability for

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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.

a. 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 financial monitoring reports received by the Property and Finance Committee. 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 £1,043,816. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trustees made a decision to designate unrestricted balances of Hobart High School for future capital projects, of which £39,230 was utilised during the year leaving £435,770 to carry forward. The Trust is holding other unrestricted funds of £608,046 to cover future increases in costs and expenditure that may arise from uninsurable losses.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £1,281,328.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £1,575,533. 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/Business Manager reports and attempt to hold a minimum of £125,000 to cover short term cash flow variances.

b. Investment policy

A Treasury Management (Investment Policy) is reviewed annually by the Property and Finance Committee and was considered at the meeting on the 12 March 2019.

The aim of the policy is 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 Board of Trustees retains responsibility for approving the Treasury Management (Investment) Policy and authorising the opening of all bank and other financial institution accounts. The treasury management function and setting investment strategy is delegated to the Finance and Resources Committee and the day to day implementation of the agreed investment strategy is the responsibility of the Accounting Officer.

The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

c. Principal risks and uncertainties

The Trustees maintain a risk register identifying the major risks to which the Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to risks are monitored on behalf of the Trustees by the Property and Finance Committee at meetings. The principal risks facing the Trust are outlined below; those facing the Trust 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 Education and Skills Funding Agency (ESFA), and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

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

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

- 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 Trust 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 Trust 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 an independent internal auditor to carry out independent and external checks on financial systems and records as required by the Trust 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 school have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Plans for future periods

Hobart High School

The School Improvement and Development Plan for Hobart High School for 2019-20 provides a vision and sets out plans for the next 12 months. It will also enable strong and continued improvement in the mid and long term.

Key activities identified are:

- To ensure that high ability and disadvantaged students in receipt of Pupil Premium funding make good progress. This will be through employing a range of strategies including improved monitoring, intervention plans and CPD for staff. Through this the gaps in achievement of disadvantaged students will be narrowed.

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- Develop and improve intervention strategies and practices so that all students are able to make good progress no matter what their ability or context. This will be through a thorough audit of current practice and exploring best practice from other school. We will be developing the use of question level analysis to support this.
- Ensure that our curriculum offer is appropriate and provides opportunities for all students to be successful. All departments will be expected to review their curricular and explore possible alternative options. Curriculum design and sequencing will be clarified through the production of high quality curriculum maps.
- To improve the standard of teaching and learning, particularly the key areas of differentiation and active and independent learning. A more rigorous quality assurance and management system will ensure that standards improve across all subjects. The use of evidence informed CPD will support this process.
- Further develop strategies for monitoring student and staff well-being. This will be through support and supervision, training (through the National Education Union for example), exploring offers from external agencies and creating opportunities for students and staff to improve their physical well-being.

Pakefield High School

1) Intent: Ensure that all students (esp PP, SEND) make good progress

Implementation:

All staff know and cater for abilities of all students in their classes:

- KS3 Flightpath Model & Assessment, Reporting to parents
- Embed Rapid Improvement Group
- Introduce Lines of Enquiry

The school sparkles; students have buy-in:

- Introduce Further Learning

SEND & PP students fulfil their potential:

- Implement SEND & PP Rapid Improvement Plans

2) Intent: Teaching & Learning is at least good

Implementation:

Teacher development programmes cater for all

- Embed Teacher Training
- ECT impacts all
- PM is reflective and supported by CPD programme for all

Consistent high quality T&L:

- PHS Lesson structure
- Homework (Takeaway KS3, Exam KS4)

All embed and value the principles of restorative practice and coaching so that stakeholders are reflective, engaged and empowered to become fully Respectful, Safe and Ready within an inclusive and “family ethos” school.

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3) Intent: Ensure that behaviour and attitudes are at least good

Implementation:

Implement new basic expectations:

- Ensure high standards are communicated and reinforced
- Ensure staff have clear understanding of responsibilities
- Introduce The Pakefield Promise to embed culture.

Introduce Restorative Practice & Coaching:

- Introduce coaching groups
- Train 64 students to L2

Ensure staff know students well:

- Introduce a student passport for every student

Ensure high levels of attendance:

- Introduce Subgroup action plans

4) Intent: Improve Stakeholder engagement

Implementation:

Stakeholders feel valued:

- Launch Pakefield Press & Pakefield TV as a mechanism for celebration and community
- Continue to embed and highlight the #ProudToBePakefield ethos
- Extend and embed the use of Restorative Practice approach with parents

Increase Primary Engagement:

- Introduce Learning Team Project Days

5) Intent: Embed PSHCE to be highly effective in line with new OfSTED

Implementation: Introduce "Life":

- Action plan scheme of work against school calendar

Thurlton Primary School Improvement Development Plan 2018-19

To increase the number of pupils making expected or more than expected progress and achieving the expected or greater depth standard in writing:

- Through whole school CPD to ensure total familiarity with ARE's including Exceeding in EYFS and Greater depth in KS1/2. More stringent/consistent use of assessment grids, next steps and up-marking with greater focus on extended writing/writing for purpose in more curriculum areas than just English. Focus on developing SPaG lessons and Talk for Writing type approach to extend vocabulary will all enable a greater number of pupils to achieve expected/greater depth in writing.
- Raising the quality of language acquisition in MATHS in order that all pupils acquire, embed and apply vocabulary and skills and increase the number of pupils making expected or more than expected progress.
- Targeted Talking Maths sessions everyday, a new Calculations Policy is in place and will be shared with Parents/Carers to ensure progression in pupils learning. Targeted Maths interventions will support the progress of pupils.
- To ensure an appropriate timed, entitled and extended breath and depth of curriculum is available to all pupils.

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- Timetables will be closely monitored by Subject leaders and the curriculum map will be reviewed and modified to ensure a rich and varied curriculum for all pupils each year. Working with specialist subject leaders within the Trust to develop breadth and depth of subject areas for the pupils.
- Ensure Relationship, Sex, Health Education (RSHE), Social, Moral, Spiritual and Cultural (SMSC) and Religious Education (RE) curriculums are in place and confirm to statutory requirements by September 2020.
- Purchase and training of the RSHE new requirements, CPD from County re the RE curriculum, greater emphasis on British Values and assemblies linked to current affairs.

Trade union facility time

The Trust had no employees who were relevant union officials during the year.

Trade union facilities time was outsourced to Norfolk County Council who were paid £3,292 for costs associated with the outsourcing of trade union activities in the year ended 31 August 2019.

Trade Union Facility time was also paid to Suffolk £396 to August 2019.

Cancellation of one of the services and addition to other will occur on eventual renewal.

Fundraising

The Academy Trust only held small fundraising events during the year including approaching local businesses for support towards a fundraising event. The Academy Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Funds held as custodian on behalf of others

The Trust does not hold funds as a custodian trustee on behalf of others.

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 auditors, Price Bailey LLP, are willing to continue in office and a decision on the appointment of auditors will be made at the annual general meeting.

The Trustees' Report was approved by order of the board of Trustees, as the company directors, on 5 December 2019 and signed on its behalf by:

Peter I Fraser
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Clarion 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 Clarion Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year.

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

Trustee	Meetings attended	Out of a possible
Peter Fraser, Chair of Trustees	6	6
Michael Cole	2	2
John Organ, Vice Chair	4	6
Peter Hardy	4	6
James Wright	6	6
Patricia Bell	5	6
Steven Gray	5	6
Sadie Lofthouse	0	2
James Adams, CEO	6	6
Shirley Gates	5	6
Donna Harris	3	6

Review of the year:

During the year, there were two new individuals appointed to the Board of Trustees.

A particular challenge for the Board was the addition of Pakefield High School to the Trust. Work on assimilating the school into the Trust and working towards our shared vision will be ongoing throughout the next academic year.

The Trust has on-going recruitment issues and we are working on making the Trust an even more attractive place to work.

The data received and used by the Board is of good quality, where assessments are usually accurate which assists with the decision making process.

Governance reviews:

Following the addition of Pakefield High School to the Trust a full external review of Governance is being considered and should take place during the next Academic Year.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Committees

The Property and Finance Committee (formerly the Trust Resources Committee) is a sub-committee of the main board of trustees. Its purpose is to address financial matters.

There have been no key changes to the composition of the Committee.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Patricia Bell	6	6
Peter Fraser	6	6
James Adams, CEO	6	6
Peter Hardy	5	6
John Organ	6	6

Audit Committee

A separate Audit Committee has not been set up and internal audit and scrutiny is managed through an agenda item in each Property and Finance Committee meeting. The Trustee responsible for internal audit/scrutiny takes control of the meeting at that agenda item. Minutes form part of the main meeting minutes. Each year a range of audits are agreed and reported upon.

Review of value for money

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

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

- Provision of HR has been reviewed and this has resulted in savings in the region of £10K per annum. Further review next year may allow for even further improvements in value.
- Staff restructure at Thurlton Primary and taking work on in the central finance team from the school has led to savings.
- Removal of local authority facilities management company at Pakefield High School and direct appointment of contractors has led to significant savings and also confirmed compliance with statutory regulations.
- Merger and review of Services provided for the schools when Pakefield High School joined along with staff natural wastage, the Trust has led to savings in excess of £40K per annum.
- Prior to the addition of Pakefield High School to the Trust both the Trust Business Manager and Trust Estates Manager had been hired out on a daily rate to them to help improve financial performance and compliance with statutory testing.

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Clarion Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

Internal Scrutiny/Audit

The board of trustees has considered the need for a specific internal audit function and has appointed Price Bailey LLP as internal auditor but a review of this will take place early in the next Academic to check value for money.

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

- HR process review at Pakefield following it's addition to the Trust

Planned visits/reviews for 2020 currently include:

- MAT Structure/Governance Structure
- Procurement
- Hobart High School Financial Controls

These reviews are subject to change by the Trustees as required.

The internal auditor reports to the board of trustees, through the Property and Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of the internal auditor's work.

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As accounting officer the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the board of Trustees on 5 December 2019 and signed on their behalf by:

Peter Fraser
Chair of Trustees

James Adams
Accounting Officer

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

James Adams
Accounting Officer
Date: 5 December 2019

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

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

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

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

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

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

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

Approved by order of the members of the board of Trustees on 5 December 2019 and signed on its behalf by:

Peter I Fraser
Chair of Trustees

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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.

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

John Warren BSc FCA (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants

Statutory Auditors

Anglia House, 6 Central Avenue

St Andrews Business Park

Thorpe St Andrew

Norwich

Norfolk

NR7 0HR

13 December 2019

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 2 August 2018 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 Clarion Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Clarion 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 Clarion 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 Clarion Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Clarion Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Clarion Academy Trust's funding agreement with the Secretary of State for Education dated 30 August 2018 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

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 Officers 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.

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

- 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 year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Price Bailey LLP

Anglia House, 6 Central Avenue
St Andrews Business Park
Thorpe St Andrew
Norwich
Norfolk
NR7 0HR

Date: 13 December 2019

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Assets transferred on conversion		201,748	(615,000)	20,145,965	19,732,713	538,037
Other donations and capital grants		-	81,812	108,300	190,112	163,498
Charitable activities	4	2,372	5,849,880	-	5,852,252	3,877,550
Other trading activities	5	71,945	39,291	-	111,236	94,993
Investments	6	6,793	-	-	6,793	4,001
Total income		<u>282,858</u>	<u>5,355,983</u>	<u>20,254,265</u>	<u>25,893,106</u>	<u>4,678,079</u>
Expenditure on:						
Charitable activities		75,990	5,979,773	484,768	6,540,531	4,583,973
Total expenditure		<u>75,990</u>	<u>5,979,773</u>	<u>484,768</u>	<u>6,540,531</u>	<u>4,583,973</u>
Net income/ (expenditure)		<u>206,868</u>	<u>(623,790)</u>	<u>19,769,497</u>	<u>19,352,575</u>	<u>94,106</u>
Transfers between funds	18	(39,230)	(71,457)	110,687	-	-
Net movement in funds before other recognised gains/(losses)		<u>167,638</u>	<u>(695,247)</u>	<u>19,880,184</u>	<u>19,352,575</u>	<u>94,106</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(647,000)	-	(647,000)	396,000
Net movement in funds		<u><u>167,638</u></u>	<u><u>(1,342,247)</u></u>	<u><u>19,880,184</u></u>	<u><u>18,705,575</u></u>	<u><u>490,106</u></u>

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Note					
Reconciliation of funds:					
Total funds brought forward	876,178	(851,241)	12,588,082	12,613,019	12,122,913
Net movement in funds	167,638	(1,342,247)	19,880,184	18,705,575	490,106
Total funds carried forward	<u>1,043,816</u>	<u>(2,193,488)</u>	<u>32,468,266</u>	<u>31,318,594</u>	<u>12,613,019</u>

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

The notes on pages 29 to 58 form part of these financial statements.

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08347874

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	32,428,835	12,588,015
Current assets			
Debtors	15	356,921	139,365
Cash at bank and in hand		1,575,533	1,204,111
		1,932,454	1,343,476
Creditors: amounts falling due within one year	16	(611,695)	(335,472)
Net current assets		1,320,759	1,008,004
Total assets less current liabilities		33,749,594	13,596,019
Defined benefit pension scheme liability	24	(2,431,000)	(983,000)
Total net assets		31,318,594	12,613,019
 Funds of the academy trust			
Restricted funds:			
Fixed asset funds	18	32,468,266	12,588,082
Restricted income funds	18	237,512	131,759
		32,705,778	12,719,841
Restricted funds excluding pension asset	18	32,705,778	12,719,841
Pension reserve	18	(2,431,000)	(983,000)
Total restricted funds	18	30,274,778	11,736,841
Unrestricted income funds	18	1,043,816	876,178
Total funds		31,318,594	12,613,019

The financial statements on pages 25 to 58 were approved by the Trustees, and authorised for issue on 05 December 2019 and are signed on their behalf, by:

Peter I Fraser
Chair of Trustees

The notes on pages 29 to 58 form part of these financial statements.

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	234,221	(114,466)
Cash flows from investing activities	21	137,201	79,597
Change in cash and cash equivalents in the year		371,422	(34,869)
Cash and cash equivalents at the beginning of the year		1,204,111	1,238,980
Cash and cash equivalents at the end of the year	22	<u>1,575,533</u>	<u>1,204,111</u>

The notes on pages 29 to 58 form part of these financial statements

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

Clarion Academy Trust is a private company limited by guarantee incorporated in England and Wales and registered at the following address: Hobart High School, Kittens Lane, Loddon, Norwich, Norfolk, NR14 6JU.

The financial statements are prepared in pounds sterling and rounded to the nearest pound.

1.2 Going concern

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

1.3 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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.

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

• **Transfer on conversion**

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the academy 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 academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

CLARION ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.5 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.6 Interest receivable

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

1.7 Tangible fixed assets

Assets costing £5,000 (2018: £2,000) or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 over its expected useful life, as follows:

Depreciation is provided on the following bases:

Freehold land	- Not depreciated
Freehold property	- 2% straight line
Leasehold land	- over the term of the lease being 125 years
Leasehold property	- 2% straight line
Plant and machinery	- 15% reducing balance
Computer equipment	- 15% reducing balance
Artificial turf pitch	- 10% straight line
Furniture and fixtures	- 15% reducing balance

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

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

1. Accounting policies (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Pensions

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

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Assets on conversion

The valuation of the land and buildings on conversion is a material estimate in the financial statements. The amount is based on the valuation carried out by a third party independent valuer.

Pension valuation

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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

Depreciation is a material estimate which is calculated based on the estimated useful economic life of the assets.

Critical areas of judgment:

No judgments were made in the preparation of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations				
Assets transferred on conversion to academy	201,748	19,530,965	19,732,713	538,037
	<u>201,748</u>	<u>19,530,965</u>	<u>19,732,713</u>	<u>538,037</u>
Donations	-	81,812	81,812	71,137
Capital Grants	-	108,300	108,300	92,361
	<u>-</u>	<u>190,112</u>	<u>190,112</u>	<u>163,498</u>
Subtotal	<u>-</u>	<u>190,112</u>	<u>190,112</u>	<u>163,498</u>
	<u>201,748</u>	<u>19,721,077</u>	<u>19,922,825</u>	<u>701,535</u>
	<u>55,710</u>	<u>645,825</u>	<u>701,535</u>	
Total 2018	<u>55,710</u>	<u>645,825</u>	<u>701,535</u>	

In 2018, income transferred on conversion was £538,037, of which £55,710 was unrestricted, £(178,000) restricted and £660,327 restricted fixed assets.

In 2018, income from donations was £71,137 which was all restricted.

In 2018, income from capital grants was £92,361, of which £71,457 was restricted and £20,904 was in relation to restricted fixed assets.

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

4. Funding for the academy trust's provision of education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,392,590	5,392,590	3,641,067
Other DfE/ESFA grants	-	288,979	288,979	185,475
Start up grants	-	25,000	25,000	-
	-	5,706,569	5,706,569	3,826,542
Other government grants				
Local authority grants	-	143,311	143,311	44,126
	-	143,311	143,311	44,126
Other funding				
Catering income	2,372	-	2,372	6,882
	2,372	5,849,880	5,852,252	3,877,550
Total 2018	6,882	3,870,668	3,877,550	

In 2018, income from DfE/ESFA grants was £3,826,542 which was all restricted.

In 2018, income from other government grants was £44,126 which was all restricted.

In 2018, other income from the academy trust's educational operations amounted to £6,882 which was all unrestricted.

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

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Rental income	37,027	-	37,027	33,866
Other income	34,918	-	34,918	21,003
Music lessons	-	39,291	39,291	40,124
	<u>71,945</u>	<u>39,291</u>	<u>111,236</u>	<u>94,993</u>
Total 2018	<u>54,869</u>	<u>40,124</u>	<u>94,993</u>	

In 2018, income from rental and other sources was £54,869 which was all unrestricted. Income from music lessons was £40,124 which was all restricted.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	6,793	6,793	4,001
	<u>6,793</u>	<u>6,793</u>	<u>4,001</u>

In 2018, all investment income was in relation to unrestricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of Education:					
Direct costs	4,166,862	-	390,450	4,557,312	3,214,697
Allocated support costs	650,227	863,041	469,951	1,983,219	1,369,276
	<u>4,817,089</u>	<u>863,041</u>	<u>860,401</u>	<u>6,540,531</u>	<u>4,583,973</u>
Total 2018	<u>3,391,602</u>	<u>553,133</u>	<u>639,238</u>	<u>4,583,973</u>	

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

7. Expenditure (continued)

In 2018, direct expenditure consisted of £2,844,214 staff costs and £370,483 other costs.

In 2018, support expenditure consisted of £547,388 staff costs, £553,133 premises costs and £268,755 other costs.

In 2019, of the total expenditure, £75,990 (2018: £122,207) was to unrestricted funds, £5,979,773 (2018: £4,153,192) was to restricted funds and £484,768 (2018: £308,574) was to restricted fixed asset funds.

8. Charitable Activities

	2019 £	2018 £
Direct costs - educational operations	4,557,312	3,214,697
Support costs - educational operations	1,983,219	1,369,276
	6,540,531	4,583,973

Analysis of support costs

	2019 £	2018 £
Support staff costs	650,227	547,388
Depreciation	484,768	239,778
Technology costs	114,817	50,180
Premises costs	462,157	313,355
Other support costs	254,345	206,657
Governance costs	16,905	11,918
	1,983,219	1,369,276

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

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	8,532	10,675
Depreciation of tangible fixed assets	484,768	308,574
Governance internal audit costs	850	2,550
Fees paid to auditors for:		
- audit	9,820	6,865
- other services	5,035	4,535
	8,532	10,675

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,585,726	2,531,709
Social security costs	338,619	231,877
Pension costs	755,736	542,338
	4,680,081	3,305,924
Agency staff costs	126,087	68,493
Staff restructuring costs	10,921	17,185
	4,817,089	3,391,602

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	7,016	1,255
Severance payments	-	15,930
Other restructuring costs	3,905	-
	10,921	17,185

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual payment of £7,016 (2018: one payment of £7,500).

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

10. Staff costs (continued)

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	75	55
Administration and support	78	60
Management	4	7
	<u>157</u>	<u>122</u>

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	1	1
	<u>1</u>	<u>1</u>

e. 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 received by key management personnel for their services to the academy trust was £363,646 (2018: £492,881).

Included in the above are employer pension contributions of £48,547 (2018: £64,182) and employer national insurance contributions of £33,647 (2018: £45,104).

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

11. Central services

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

- Human resources
- Financial services
- Educational support services
- IT services

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

Central costs are charged to each academy based on 6% of total GAG income.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Hobart High School	196,165	-
Thurlton Primary School	17,808	-
Pakefield High School	107,461	-
Total	<u>321,434</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Trustees' remuneration and expenses

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

		2019	2018
		£	£
James Adams	Remuneration	85,000 - 90,000	80,000 - 85,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Bruce R Wilson	Remuneration	-	0 - 5,000
	Pension contributions paid	-	0 - 5,000
Shirley Gates	Remuneration	-	0 - 5,000
	Pension contributions paid	-	0 - 5,000

During the year ended 31 August 2019, expenses totalling £1,075 were reimbursed or paid directly to 1 Trustee (2018 - £611 to 1 Trustee).

13. Trustees' and Officers' insurance

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

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

14. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Furniture and fixtures £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2018	-	13,561,909	225,507	166,201	180,074	14,133,691
Additions	-	81,404	3,035	39,784	55,417	179,640
Transfers on conversion	19,990,000	10,000	20,762	106,752	18,451	20,145,965
Disposals	-	-	-	-	(398)	(398)
At 31 August 2019	<u>19,990,000</u>	<u>13,653,313</u>	<u>249,304</u>	<u>312,737</u>	<u>253,544</u>	<u>34,458,898</u>
Depreciation						
At 1 September 2018	-	1,287,343	86,247	50,468	121,618	1,545,676
Charge for the year	160,000	240,884	20,989	24,578	38,317	484,768
On disposals	-	-	-	-	(381)	(381)
At 31 August 2019	<u>160,000</u>	<u>1,528,227</u>	<u>107,236</u>	<u>75,046</u>	<u>159,554</u>	<u>2,030,063</u>
Net book value						
At 31 August 2019	<u><u>19,830,000</u></u>	<u><u>12,125,086</u></u>	<u><u>142,068</u></u>	<u><u>237,691</u></u>	<u><u>93,990</u></u>	<u><u>32,428,835</u></u>
At 31 August 2018	<u><u>-</u></u>	<u><u>12,274,566</u></u>	<u><u>139,260</u></u>	<u><u>115,733</u></u>	<u><u>58,456</u></u>	<u><u>12,588,015</u></u>

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	7,213	14,411
Other debtors	3,657	-
Prepayments and accrued income	149,099	76,417
VAT recoverable	196,952	48,537
	<u>356,921</u>	<u>139,365</u>

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

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	302,201	160,290
Other taxation and social security	120,392	61,008
Other creditors	106,502	54,591
Accruals and deferred income	82,600	59,583
	611,695	335,472
	611,695	335,472
	2019 £	2018 £
Deferred income at 1 September 2018	30,729	46,704
Resources deferred during the year	56,621	30,729
Amounts released from previous periods	(30,729)	(46,704)
	56,621	30,729
	56,621	30,729

At the balance sheet date, included in deferred income were amounts relating to deposits for future school trips, rates relief from the ESFA and donations received for future trips.

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	1,667,419	1,242,907
	1,667,419	1,242,907
	1,667,419	1,242,907
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	328,284	243,735
	328,284	243,735
	328,284	243,735

Financial assets measured at amortised cost comprise trade debtors, bank balances and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, the pension creditor and accruals.

CLARION ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Emergency fund	125,000	-	-	-	-	125,000
Artificial Turf Pitch Maintenance / Resurfacing	150,000	-	-	-	-	150,000
Premises Capital Improvement and Maintenance Fund	200,000	-	-	(39,230)	-	160,770
	<u>475,000</u>	<u>-</u>	<u>-</u>	<u>(39,230)</u>	<u>-</u>	<u>435,770</u>
General funds						
Unrestricted funds	401,178	282,858	(75,990)	-	-	608,046
Total Unrestricted funds	<u>876,178</u>	<u>282,858</u>	<u>(75,990)</u>	<u>(39,230)</u>	<u>-</u>	<u>1,043,816</u>
Restricted general funds						
General Annual Grant (GAG)	23,990	5,392,590	(5,232,050)	-	-	184,530
Other DfE/ESFA grants	-	288,979	(280,528)	-	-	8,451
Other government grants	-	143,311	(143,311)	-	-	-
Start up grants	-	25,000	(25,000)	-	-	-
Educational visits	36,312	74,504	(66,285)	-	-	44,531
Other restricted	-	46,599	(46,599)	-	-	-
CIF income - not capitalised	71,457	-	-	(71,457)	-	-
Pension reserve	(983,000)	(615,000)	(186,000)	-	(647,000)	(2,431,000)

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

18. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
	(851,241)	5,355,983	(5,979,773)	(71,457)	(647,000)	(2,193,488)
Restricted fixed asset funds						
Restricted Fixed Assets	12,282,871	20,145,965	(443,150)	179,643	-	32,165,329
DfE/ESFA capital grants	47	108,300	-	(68,956)	-	39,391
Capital expenditure from GAG	305,164	-	(41,618)	-	-	263,546
	12,588,082	20,254,265	(484,768)	110,687	-	32,468,266
Total Restricted funds	11,736,841	25,610,248	(6,464,541)	39,230	(647,000)	30,274,778
Total funds	12,613,019	25,893,106	(6,540,531)	-	(647,000)	31,318,594

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

Emergency Fund

This is a designated fund, representing the level of free reserves set aside as contingency by the Trustees for any potential unforeseen future requirements.

Artificial Turf Pitch Maintenance / Resurfacing

This is a designated fund, set aside maintain the artificial sports pitch and to have it resurfaced when this becomes necessary.

Premises Capital Improvement and Maintenance Fund

This is a designated fund, set aside to use against future capital improvements and maintenance costs to premises.

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 academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

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

18. Statement of funds (continued)

Other DfE/ESFA grants

This represents other DfE and ESFA grants towards the provision of education, including Pupil Premium funding.

Other government grants

This includes other government grants towards the provision of education, including Local Authority grants.

Start up and improvement grant

This includes a grant received in the year in respect of the take on of Pakefield High School. The grant was spent on costs in relation to professional fees and staff time dedicated to the conversion and take on process.

Educational visits

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips.

Other restricted funds

This represents funding received from other bodies towards a specific purpose, including the provision of music lessons and instruments.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from a state controlled school.

The restricted pension fund is materially in deficit and plans to eliminate the liability on the defined benefit pension scheme are set out in note 24 based on the year end actuarial valuation.

Restricted fixed asset fund

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose. All assets purchased from the GAG and DfE/ESFA capital grants have been transferred to the restricted fixed asset fund.

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18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Central Trust	(27,109)	-
Hobart High School	974,021	902,031
Thurlton Primary School	26,767	105,906
Pakefield High School	307,649	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,281,328	1,007,937
Restricted fixed asset fund	32,468,266	12,588,082
Pension reserve	(2,431,000)	(983,000)
	<hr/>	<hr/>
Total	31,318,594	12,613,019
	<hr/> <hr/>	<hr/> <hr/>

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

	Deficit £
Central Trust	(27,109)
	<hr/> <hr/>

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

18. Statement of funds (continued)

The reason for the deficit is due to additional, one-off costs that have been incurred which were not included within the Central Trust budget.

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

The additional, one-off costs will not be incurred next year. The trust will also consider whether other central costs incurred should be charged to each School or whether the top-slice percentage should be increased.

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Central Trust	146,108	115,521	32,497	100,137	394,263	36,154
Hobart High School	2,340,343	307,645	318,192	428,018	3,394,198	3,742,505
Thurlton Primary School	234,188	36,846	16,680	65,636	353,350	347,740
Pakefield High School	1,229,136	131,215	149,168	218,433	1,727,952	-
Academy trust	<u><u>3,949,775</u></u>	<u><u>591,227</u></u>	<u><u>516,537</u></u>	<u><u>812,224</u></u>	<u><u>5,869,763</u></u>	<u><u>4,126,399</u></u>

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

18. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Designated funds						
Emergency Fund	125,000	-	-	-	-	125,000
Artificial Turf Pitch Maintenance / Resurfacing	150,000	-	-	-	-	150,000
Premises Capital Improvement and Maintenance Fund	200,000	-	-	-	-	200,000
	<u>475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,000</u>
General funds						
Unrestricted funds	401,923	121,462	(122,207)	-	-	401,178
Total Unrestricted funds	<u>876,923</u>	<u>121,462</u>	<u>(122,207)</u>	<u>-</u>	<u>-</u>	<u>876,178</u>
Restricted general funds						
General Annual Grant (GAG)	59,390	3,641,067	(3,651,481)	(24,986)	-	23,990
Other Dfe/ESFA grants	-	185,475	(168,995)	(16,480)	-	-
Other government grants	-	44,126	(44,126)	-	-	-
Start up and improvement grant	36,154	-	(36,154)	-	-	-
Educational visits	28,487	71,137	(63,312)	-	-	36,312

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18. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Other restricted	-	40,124	(40,124)	-	-	-
CIF income - not capitalised	-	71,457	-	-	-	71,457
Pension reserve	(1,052,000)	(178,000)	(149,000)	-	396,000	(983,000)
	<u>(927,969)</u>	<u>3,875,386</u>	<u>(4,153,192)</u>	<u>(41,466)</u>	<u>396,000</u>	<u>(851,241)</u>
Restricted fixed asset funds						
Restricted Fixed Assets	11,857,750	660,327	(266,816)	31,610	-	12,282,871
DfE/ESFA capital grants	10,753	20,904	-	(31,610)	-	47
Capital expenditure from GAG	305,456	-	(41,758)	41,466	-	305,164
	<u>12,173,959</u>	<u>681,231</u>	<u>(308,574)</u>	<u>41,466</u>	<u>-</u>	<u>12,588,082</u>
Total Restricted funds	<u>11,245,990</u>	<u>4,556,617</u>	<u>(4,461,766)</u>	<u>-</u>	<u>396,000</u>	<u>11,736,841</u>
Total funds	<u><u>12,122,913</u></u>	<u><u>4,678,079</u></u>	<u><u>(4,583,973)</u></u>	<u><u>-</u></u>	<u><u>396,000</u></u>	<u><u>12,613,019</u></u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	32,428,835	32,428,835
Current assets	1,043,816	849,207	39,431	1,932,454
Creditors due within one year	-	(611,695)	-	(611,695)
Provisions for liabilities and charges	-	(2,431,000)	-	(2,431,000)
Total	<u>1,043,816</u>	<u>(2,193,488)</u>	<u>32,468,266</u>	<u>31,318,594</u>

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19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	12,588,015	12,588,015
Current assets	876,178	467,231	67	1,343,476
Creditors due within one year	-	(335,472)	-	(335,472)
Provisions for liabilities and charges	-	(983,000)	-	(983,000)
Total	<u>876,178</u>	<u>(851,241)</u>	<u>12,588,082</u>	<u>12,613,019</u>

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

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	19,352,575	94,106
Adjustments for:		
Depreciation	484,768	308,574
Loss on disposal of tangible assets	17	-
Dividends, interest and rents from investments	(6,793)	(4,001)
(Increase)/decrease in debtors	(217,556)	(1,847)
(Increase)/decrease in creditors	276,223	(29,900)
Capital grants from DfE and other capital income	(108,300)	(92,361)
Defined benefit pension scheme cost less contributions payable	186,000	149,000
Donated assets from local authority on conversion	(20,347,713)	(716,037)
Defined benefit pension scheme obligation taken on conversion	615,000	178,000
Net cash provided by/(used in) operating activities	<u>234,221</u>	<u>(114,466)</u>

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21. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	6,793	4,001
Purchase of tangible fixed assets	(179,640)	(72,475)
Capital grants from DfE Group	108,300	92,361
Local authority balance received on conversion	201,748	55,710
Net cash provided by investing activities	<u>137,201</u>	<u>79,597</u>

22. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,142,510	774,352
Notice deposits (less than 3 months)	433,023	429,759
Total cash and cash equivalents	<u>1,575,533</u>	<u>1,204,111</u>

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23. Conversion to an academy trust

On 1 April 2019 Pakefield High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Clarion Academy Trust from Suffolk County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Freehold land and buildings	-	-	19,990,000	19,990,000
Leasehold land and buildings	-	-	10,000	10,000
Other tangible fixed assets	-	-	145,965	145,965
Budget surplus on LA funds	201,748	-	-	201,748
LGPS pension (deficit)	-	(615,000)	-	(615,000)
	<u>201,748</u>	<u>(615,000)</u>	<u>20,145,965</u>	<u>19,732,713</u>
Net assets/(liabilities)	<u>201,748</u>	<u>(615,000)</u>	<u>20,145,965</u>	<u>19,732,713</u>

The above net assets include £201,748 that were transferred as cash.

24. Pension commitments

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

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

Contributions amounting to £106,398 were payable to the schemes at 31 August 2019 (2018 - £54,591) and are included within creditors.

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24. Pension commitments (continued)

Teachers' Pension Scheme

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

The Teacher's 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%.

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

Scheme Changes

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

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

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24. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the year amounted to £395,146 (2018 - £296,372).

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £271,000 (2018 - £186,064), of which employer's contributions totalled £217,000 (2018 - £151,234) and employees' contributions totalled £ 54,000 (2018 - £34,830). The agreed contribution rates for employers are specific to each individual academy within the Trust and range between 19.8% and 21.8%, plus an additional annual deficit contribution in aggregate of £8,100 to 31 March 2020. The agreed contribution rate for employees is tiered based on salary levels between the following rates, 5.5% and 12.5%.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.6	2.6
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8

The commutation rate for Norfolk County Council/Suffolk County Council was 50%/25% pre April 2008 and increased to 75%/63% for post April 2008 service.

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

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24. Pension commitments (continued)

	2019 Years	2018 Years
<i>Norfolk County Council/Suffolk County Council</i>		
<i>Retiring today</i>		
Males	21.1/21.3	22.1
Females	23.5/23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.4/22.3	24.1
Females	25.0/24.9	26.4

As at the 31 August 2019 the Trust had a pension liability of £2,431,000 (2018 - £983,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way;

Sensitivity analysis

	2019 £	2018 £
Discount rate +0.1%	(119,100)	(83,888)
Discount rate -0.1%	119,100	83,888
Mortality assumption - 1 year increase	31,760	23,968
Mortality assumption - 1 year decrease	(31,760)	(23,968)
CPI rate +0.1%	103,220	65,912
CPI rate -0.1%	(103,220)	(65,912)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,603,840	1,026,630
Bonds	1,082,250	684,420
Property	489,060	241,560
Cash	77,850	60,390
Total market value of assets	3,253,000	2,013,000

The actual return on scheme assets was £161,000 (2018 - £112,000).

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24. Pension commitments (continued)

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

	2019 £	2018 £
Current service cost	(347,000)	(256,000)
Past service cost	(20,000)	(11,000)
Interest income	67,000	45,000
Interest cost	(103,000)	(78,000)
Total amount recognised in the Statement of Financial Activities	(403,000)	(300,000)

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

	2019 £	2018 £
At 1 September	2,996,000	2,641,000
Upon conversion	1,446,000	324,000
Current service cost	347,000	256,000
Interest cost	103,000	78,000
Employee contributions	54,000	36,000
Actuarial losses/(gains)	741,000	(329,000)
Benefits paid	(23,000)	(21,000)
Past service costs	20,000	11,000
At 31 August	5,684,000	2,996,000

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

	2019 £	2018 £
At 1 September	2,013,000	1,589,000
Upon conversion	831,000	146,000
Interest income	67,000	45,000
Actuarial gains	94,000	67,000
Employer contributions	217,000	151,000
Employee contributions	54,000	36,000
Benefits paid	(23,000)	(21,000)
At 31 August	3,253,000	2,013,000

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25. Operating lease commitments

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

	2019 £	2018 £
Not later than 1 year	14,137	9,161
Later than 1 year and not later than 5 years	4,501	11,303
	<u>18,638</u>	<u>20,464</u>

26. 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.

27. Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.