

Orchard Community Trust

Trustees' Report and Financial Statements

For the Period Ended 31 August 2019



Orchard Community Trust
(A Company Limited by Guarantee)

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Orchard Community Trust
(A Company Limited by Guarantee)

Reference and Administrative Details of the Academy Trust, its Trustees and Advisers
For the Period Ended 31 August 2019

Members	The Lichfield Diocesan Board of Education (appointed 12 October 2018) Church of England Central Education Trust (appointed 12 October 2018) Mr P Kidman (appointed 12 October 2018) Mrs L Riley (appointed 12 October 2018) Mr C Tarr (appointed 12 October 2018)
Trustees	Mr A J Smith, Chair of Trustees (appointed 12 October 2018) ¹ Mr R W Johnstone, Accounting Officer (appointed 5 November 2018) ¹ Ms S Thomas, Vice Chair (appointed 12 October 2018) Mrs M A S Tatton (appointed 2 November 2018) Mrs C A Bray (appointed 2 November 2018) Mrs D J Campbell (appointed 2 November 2018) Mrs L E Maden (appointed 20 December 2018) ¹ Mrs V Cotton (appointed 12 October 2018) Mrs A L Stone (appointed 12 October 2018) Mr D A Wells (appointed 12 October 2018, resigned 14 October 2019) ¹ Rev. S A Smith (appointed 12 October 2018, resigned 19 September 2019) Dr M Johnson (appointed 12 October 2018, resigned 25 March 2019)
Company registered number	11620282
Company name	Orchard Community Trust
Principal and registered office	Watermill School Turnhurst Road Stoke-On-Trent Staffordshire ST6 6JZ
Company secretary	Mr A J Smallwood
Chief executive officer	Mr R Johnstone
Senior management team	Mr R W Johnstone, Senior Executive Leader (Appointed 1 November 2018) Mrs L Williams, Headteacher Abbey Hutton Primary School (Appointed 1 May 2019) Ms L Irving, Headteacher Forrest Park Primary (Appointed 1 May 2019) Mrs L Hughes, Headteacher Kemball School (Appointed 1 July 2019) Mrs J Leach, Headteacher Oakhill Primary School (Appointed 1 May 2019) Mr J May, Headteacher Watermill (Appointed 1 July 2019) Mr A J Smallwood, Chief Finance Officer (Appointed 1 February 2019)
Independent auditors	Dains LLP Chartered Accountants Suite 2, Albion House 2 Etruria Office Village Forge Lane Stoke on Trent ST1 5RQ

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Reference and Administrative Details of the Academy Trust, its Trustees and Advisers (continued)
For the Period Ended 31 August 2019

Bankers	Lloyds Bank Plc Fountain Square Stoke on Trent Staffordshire ST1 1LE
Solicitors	Anthony Collins 134 Edmund Street Birmingham B3 2ES

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Trustees' Report
For the Period Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 12 October 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The academy trust was incorporated on 12 October 2018 and began to trade on 1 May 2019.

The academy trust operates 3 primary and 2 special academies in Stoke on Trent. Its academies have a combined pupil capacity of 1508 and had a roll of 1404 (Excluding Nursery) in the school census in October 2018.

All of our 5 academies joined the Academy Trust during this reporting period, these were - Abbey Hulton Primary School, Forest Park Primary School and Oakhill Primary School, who joined us on the 1 May 2019 and Kemball school and Watermill School, who joined us on the 1 July 2019. It is expected that 2 more schools will join the Trust in 2019/20.

Structure, governance and management

a Constitution

The charitable company was incorporated on 12 October 2018. The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Orchard Community Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Orchard Community Trust.

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

b. Members' liability

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

c. Trustees' indemnities

The trustees' benefit from indemnity insurance that covers the liability of the Trustees which by virtue of the rule of law would otherwise attach to them in respect of negligence, default or breach of duty which they may be found guilty in relation to the Academy Trust. The Trust and individual academies are members of the Risk Protection Arrangement (RPA) which provides indemnity cover for Trustees to a maximum aggregated loss of £10,000,000 in the membership year.

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Structure, governance and management (continued)

d Method of recruitment and appointment or election of Trustees

As laid out in our articles of association, the following method for appointing Trustees is in place:

Appointment of Directors

- The Members shall appoint up to nine Directors.
- CECET shall appoint Directors provided that the total number of Directors appointed under this Article would not thereby exceed 40% of the total number of Directors.
- The Members may appoint Staff Directors adopting the process set out in Article 50B but shall ensure that the total number of Directors including the Senior Executive Leader who are employees of the Company does not exceed one third of the total number of Directors.
- In appointing the Staff Directors, the Directors shall, on behalf of the Members, hold a secret ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the Company (excluding the Senior Executive Leader and the Principal) at the relevant Academy. All arrangements for the calling and the conduct of the election and resolution of questions as to whether any person is an eligible candidate shall be determined by the Directors. If a Staff Director ceases to work for the Company then he shall be deemed to have resigned and shall cease to be a Director automatically on termination of his work for the Company. Any election of a Staff Director which is contested shall be held by secret ballot.

e Policies adopted for the induction and training of Trustees

The Orchard Community Trust (MAT) believes that it is essential that all new Trustees receive a comprehensive induction package covering a broad range of issues and topics. There is a commitment to ensure that all new Trustees are given the necessary information and support to fulfil their roles with confidence. The process is seen as an investment, leading to more effective governance and retention.

Our policy states that:

New Trustees will be:

- Welcomed by the Chair of Trustees and Senior Executive Leader
- Be invited by the Senior Executive Leader to visit the MAT office
- Have the opportunity to tour the schools and meet staff and children
- Receive an informal briefing on the MAT from the Senior Executive Leader and Chair of Trustees
- Be invited to attend MAT events

New Trustees will receive:

- The minutes of previous meetings and the Orchard Community Trust Vision document
- A Trustee skills audit form for completion
- Governance Responsibilities Document (Scheme of Delegation) Details of how to obtain DBS clearance
- Dates of Board of Trustees meetings
- A calendar of MAT Trust events
- A copy of the Trust's 'What it means to be a Trustee' document
- A Copy of Governance Terms of Reference

This policy has been carefully followed and applied to all new trustees appointed during this reporting period and will be reviewed annually.

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Structure, governance and management (continued)

f Organisational structure

The Senior Executive Leader of the Trust works very closely with the leadership teams in each Academy. Each Academy has an Executive Headteacher, Headteacher and/or Head of School, together with Deputy Headteachers and Assistant Headteachers all of whom have key responsibilities in their Academies. The aim of this leadership structure is to devolve responsibility, increase accountability and to encourage high levels of involvement in decision making at all levels, together with the Trustees and local Governors in each academy. The Senior Executive Leader of the Trust is the Accounting Officer.

The Trust Board Audit and Resources Committee is responsible for finance, operations and sustainability and risk management related to the Trust. It also carries out tasks delegated to it by the full Board of Trustees on strategic and capital spend projects.

The Senior Executive Leader of the Trust, together with the senior leadership teams in the Academies are responsible for monitoring and evaluating the performance of the academies in terms of standards, quality of education, OFSTED inspection outcomes, people, leadership and Trust governance.

The Senior Leadership Team in each Academy is responsible for the day to day running and management of the Academy and for acting in line with any Trust Board decisions and for developing and implementing an effective school development plan. Key responsibilities are also delegated to each school via the agreed scheme of delegation.

g Arrangements for setting pay and remuneration of key management personnel

All key management have annual appraisals and pay progression is awarded in line with either the managing support staff performance policy or the teachers appraisal policy. Setting pay of the Accounting Officer and Chief Finance Officer is decided by a subcommittee of the Trustees' board in accordance with the guidance contained in the academies financial handbook.

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	-
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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The Academy Trust has entered into a local agreement with Stoke on Trent City Council for the delivery of Trade Union facility time.

i. Related Parties and Other Connected Charities and Organisations

There are no connected organisations or related party relationships other than those noted in note 27 to the Financial Statements

Objectives and activities

a Objects and aims

The Orchard Community Trust has the following moral purpose, vision and key aims:

Moral Purpose

The Orchard Community Trust is fully committed to improving the life chances of all children, wherever they may be. This moral obligation, our mission, does not end at the school gates, within our own Local Authorities, or even within our own country. Where we have the capacity to make a difference, we are morally bound to do so.

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Objectives and activities (continued)

Staff at our academies have the opportunity to participate in our full range of training programmes and to work with each other via networks and groups across the MAT. These are effectively led by both Headteachers, Deputy Headteachers and Assistant Headteachers from our schools. Opportunities will be given to all staff to engage in a range of high quality CPD and career development programmes. We also fully recognise the talents and skills of staff and volunteers in our schools and are fully committed to the development of all staff in the MAT. Our range of staff expertise will be shared across our schools via collaborative working to ensure best practice is celebrated and made available to all. The philosophy of school to school support, challenge and collaboration is at the heart of the way the Orchard Community Trust will operate and succeed.

Working in partnership with Orchard Community Trust has a number of key benefits for children, staff, Governors and school communities. We would be happy to discuss the benefits with you should you be interested in joining us.

The Orchard Community Trust MAT believes that education is a preparation for life and in the spirit of inclusion, respect and safeguarding we seek to prepare each child to face life beyond the school with confidence, skill and ability to be resilient, to cope and thus to succeed.

Within our Trust Primary and Special Schools:

- We aim to set high standards for personal behaviour and self-regulation, and to promote courtesy, cooperation, consideration and respect for other people of all ages, gender, races, cultures, abilities and backgrounds.
- We aspire to deliver exciting and quality learning experiences in safe, secure and happy environments.
- We endeavour to achieve the very highest standards in every aspect of school life, by making the most efficient use of all the resources available.

Our moral purpose and our focus and determination are centered on the following:

<i>TRUST</i>	<i>RESPECT</i>	<i>INTEGRITY</i>
<i>LEARNING</i>	<i>OPENNESS</i>	<i>EXCITEMENT</i>
<i>DIVERSITY</i>	<i>COOPERATION</i>	<i>FUN</i>
<i>RELIABILITY</i>	<i>REPUTATION</i>	<i>ACHIEVEMENT</i>

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Objectives and activities (continued)

Our vision

Our vision and mission is to have fully inclusive schools working in our Trust, that fully embrace all stakeholders and which celebrate individuality and success by offering a high-quality education and range of opportunities, where everyone makes excellent progress.

We will work in partnership as schools to ensure that all of the learning needs of the diverse range of children and young people we serve are effectively met via high quality provision, great leadership and outward facing developments.

At the centre of our vision for children and young people in the MAT is the word 'crafts'. This was developed by the MAT headteachers and is a reference to and reminder of the history of the City of Stoke on Trent and the wide range of crafts and skills that have been seen in the City throughout history. It also relates to the craft of teaching, which is integral to all we do to improve outcomes for children and young people.

In order for us to achieve our vision, the following will be integral to our success with children, young people, staff, Governors, parents and our members and Trustees:

- C Curiosity, creativity, courage, character, confidence, challenge
- R Resilience, rigor, reflection, respect, rehearsal, relationships
- A Adventure, aspiration, achievement, ambition, accountable
- F Families, freedom, fearlessness, fairness, fame for our quality, future proofing
- T Togetherness, tirelessness, teamwork, trust, the next best thing (research)
- S Success, sharing, sensational learning, support, shining examples, safety

We expect all members of the Orchard Community Trust to respect and model all of the above vision and values at all times.

These values form the basis of initial discussions with all prospective Orchard Trust Schools and with potential employees of the Orchard Community Trust.

All staff, Members, Trustees, Governors, volunteers, parents and carers have a duty and responsibility to be encouraging and supportive of each other. All of our schools have a "can do" culture and fully collaborative ethos.

Everyone associated with the Trust and its schools is expected to aim for excellence in their individual professional roles.

In the best traditions of the profession all staff are prepared to go the extra mile to provide the best possible education for their pupils. The interests, opinions and voices of the children are paramount and guide all that we seek to do and achieve.

We have a responsibility to ensure that every moment a child is in an Orchard Community Trust school that they enjoy learning and strive hard to achieve well and fulfil their maximum potential.

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Objectives and activities (continued)

b. Objectives, strategies and activities

The Trust has the following Strategic Priorities for 2019-22

Priorities:

- To develop and embed a framework for governance at Trust and LGB level to hold the Trust leaders to account and ensure that the Academies comply with their statutory duties, with leadership and Governance at all levels across the OCT ensuring effective succession planning.
- To ensure financial Management and Accountability is well developed and strong across the OCT.
- To ensure that integrated Support and Shared Services are appropriately planned and facilitated across the Orchard Community Trust.
- To share the Aims, Vision and Values of the MAT with all stakeholders to ensure buy-in across all Orchard Community Trust Schools.
- That achievement and progress for all children and young people in our schools will improve year on year.
- To ensure that excellent provision will be delivered through the recruitment, retention, training and development of our workforce.
- To continue to develop purposeful, well planned and well led collaboration, leading to improvements in provision and opportunities for all children and adults.
- To ensure that an excellent quality of education is well supported by a sustainable Orchard Community Trust development and business plan(s).

These key priorities are contained within the Trust Development plan which is underpinned by 3 action plans focusing on the following:

- School improvement
- People Development
- Business, finance, HR, estates and health and safety

The action plans will be evaluated for progress at the end of each year by the Senior Executive Leader and the Trustees.

The Trust will continue to focus on the above key priorities for the next 2 years. These are based on our vision and aims and analysis of what our schools need. Expectations of what schools need to do is set out in the action plans, with an outline of activities that will be developed to ensure all schools make good progress year on year.

Each school has a school development which is reviewed each year and these will again outline how the school will act to address the schools based and MAT wide priorities. The impact of each school development plan is evaluated each year by the local governing boards in each school and by the senior executive leader as part of his school improvement cycle of visits to each school.

The school development plans focus on the following areas, linked to the Ofsted framework:

- Leadership and Management
- Quality of Education
- Behaviour and Attitudes
- Personal development
- Early Years Foundation stage

The schools in the Trust have engaged effectively in a range of purposeful activities involving pupil and parent voice. Pupil councils have worked collaboratively across the MAT on a range of key activities, where they have discussed issues and sought solutions. A Trust pupil group and parent group is being established, led by the SEL and Vice Chair of Trustees, which will be a powerful conduit for the engagement of all stakeholders.

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Objectives and activities (continued)

c. Public benefit

The trustees have carefully considered the Charity Commissioners guidance on Public Benefit. The key public benefit that is agreed and delivered by the Trust is the continuous provision of a high-quality education for all of its children and young people so that very individual person has their needs effectively met by the Trust and its schools. Part of the Trust's vision and aims is to offer a complete package of educational experiences to every child to support both academic and personal development. This will include cultural, spiritual, sporting and creative experiences for all pupils via both the core curriculum and extra-curricular activities provided by the schools through trips, visits clubs and projects both in and out of schools and community support and work via groups and appropriate organisations close to and distant to each schools. These are integral to the way our academies operate and have a huge impact on the development of our children and young people.

The academy trust's trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic report

Achievements and performance

a Key performance indicators

Provisional unvalidated education attainment outcomes for 2019 for the 3 Primary Academies are shown below:

Performance measure	Abbey Primary	Hulton	Forest Park Primary	Oakhill Primary
EYFS GLD	58%		52%	67%
Y1 Phonics	76%		89.1%	69%
Y2 Phonics	59%		51%	51%
KS1 Reading	70%		64.4%	69%
KS1 Writing	66%		54.3%	65%
KS1 Maths	57%		57.6%	69%
KS2 Reading	37.5%		62%	76%
KS2 Writing	66%		53%	71%
KS2 Maths	53%		57%	74%
KS2 Reading, Writing and Maths combined	34%		43%	60%
GPS	59%		67%	78%

The Orchard Community Trust are fully aware of the continued challenges it faces in its schools with improving outcomes for children and young people and continues to plan and put in place a number of strategies to accelerate progress and has a strong performance management policy and process in place across the MAT. The academies have shown some improvements in performance in 2019, but raising standards via high quality leadership in schools and a high quality of education provision remains the main priority for the Trust. The focus on raising standards is clearly linked to the MAT development and action plans and is at the heart of the work all of our schools do.

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

OfSTED inspections.

None of the 5 schools who have converted to academies with the Orchard Community Trust have yet been inspected, as when they converted, they are categorised as new schools by OfSTED. They will be inspected within 3 years of opening as new schools.

Attendance

Name of School	2018/19 attendance	Persistent absence	Fixed Term Exclusions 2018/19	Permanent Exclusions 2018/19
Abbey Hulton	95.27%	7%	8 pupils (3.43%)	0 (0%)
Forest Park	94.78% (WN)	13.12%	1 (0.2%%)	0 (0%)
Kemball	88.36%	14%	0 (0%)	0 (0%)
Oakhill	96.1%	7%	1 (0.23%)	0 (0%)
Watermill	87.96%	16.82%	5 (2.49%)	0 (0%)

As a Trust we also recognise that improving pupil attendance in our schools is a key priority for all of our academies. Plans are in place, with timescales for those academies where attendance is below the national average and where persistent absence is high.

The Senior Executive Leader together with Trustees has carefully monitored and evaluated the implementation and impact of each schools' development plan for 2018/19. This includes an evaluation of the impact of the work done against each priority and progress each school has made towards any targets set. Each school has its own self-evaluation and a review of the quality of its provision is carried out at least once per year, more frequently if the school is causing any concern. These reviews are carried out by an external education professional commissioned by the Trustees. The Orchard Community Trust Development plan is totally focused on improving outcomes for children and young people in all of our schools and will focus determinedly on any academies whose performance has not yet reached expected levels.

There is a rigorous monitoring and evaluation programme which uses lesson observations, learning walks book and planning scrutiny, discussions with pupils, staff and parents. Staff are further developed via well planned CPD opportunities which motivate them to excel. NQT's and other new teachers and staff are supported via strong induction processes and support during their first year in our schools. Leadership capacity development is also a key priority for the trust, with several high-quality leadership development programmes running across all of our schools.

Academy staff have had performance management reviews within this period and this was used to inform any pay progression. Impact statements were completed for staff showing progress towards their agreed performance management targets. A new cycle of performance management has now started for staff in all of our schools for 2019/20 and targets will be linked to whole school and individual staff priorities and needs.

Our key performance indicators (KPI's) are:

- OfSTED inspection outcomes
- Trust annual review outcomes
- Key stage pupil performance results
- Pupil attendance/exclusion data
- Pupil recruitment data
- Staffing turnover/attendance data

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

A complete list of the Trust's agreed KPI's are contained within the Trust's Development plan.

The main financial KPI's are:

- The majority of funding which schools receive is based on pupil numbers, therefore number of pupils on roll is a KPI for the Trust as this ensures financial viability going forward
- Staffing costs as a percentage of the total income
- Levels of cash held and projected to be held

Our detailed analysis of pupil data, test outcomes, attendance data and any relevant OfSTED outcomes show that funds have been used in our schools to appropriately meet the needs of the children and young people during the reporting period. These include pupil premium and sport premium funding. School improvement plans in each school have had an appropriate allocation of funds to support each priority within them. All of the agreed and approved Trust financial policies and procedures have been adopted by each academy and adhered to.

Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

The main streams of funding during the year were grants from the Education and Skills funding agency (ESFA) and the Local Authority (LA).

All grant received from the ESFA and the LA during the period and the associated expenditure are shown as restricted general funds in the Statement Of Financial Activities.

During the period ended 31 August 2019, the Academy Trust has restricted general funds income of £2,907,007 (excluding income transferred on conversion) and associated restricted expenditure of £3,229,704 (Excluding LGPS pension costs).

The Academy Trust has unrestricted income that relates to trading activities that totals £1,380,498 for the period and related expenditure of £57,129.

During the year the amount transferred on conversion amounted to £22,880,407, this was allocated as follows: £1,243,196 in unrestricted fund, a deficit of £7,652,000 in relation to pension reserve and £29,289,211 to restricted assets funds.

At 31 August 2019 the net book value of fixed assets was £29,229,485 and the movement in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The Local Government Pension Scheme (LGPS) liability at the 31 August 2019 totalled £9,302,000.

At 31 August 2019 the funds of the Academy Trust were as follows: £41,974 included in general restricted funds, £29,258,636 included in restricted assets funds, deficit balance of £9,302,000 included in the restricted pension reserve and £894,102 included in unrestricted fund.

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Trustees' Report (continued)
For the Period Ended 31 August 2019

Strategic report (continued)

Financial review (continued)

a. Reserves policy

The Academy Trust has a Reserves Policy which states that the Trust target is to have one month's operating costs held in reserves. The purpose of the reserves are to ensure financial stability and allow the Trust to adjust quickly to changing financial circumstances when necessary.

The total value of funds held by the trust at the end of the financial year is £20,892,712

The value of free reserves held (unrestricted funds) as at the 31 August 2019 is £894,102

The value of restricted General funds as at the 31 August 2019 is £41,974

At 31 August 2019 then restricted fixed asset fund amounted to £29,258,636, which included the net book value of fixed assets of £29,229,485 and £29,151 of unspent capital grant income.

The Local Government Pensions Scheme (LGPS) reserve at 31 August 2019 totalled £9,302,000.

The level of reserves is broadly in line with the targets, however closer alignment will be a development point through the budgeting process.

b. Investment policy

Investments will be made in accordance with the Financial Regulations policy, however currently there are no investments.

c. Principal risks and uncertainties

With reference to the Trust's Board Assurance and Risk register the principle ongoing risks to the Trust focus mainly in the uncertainty of schools funding and the pressure on school budgets, particularly related to pupils with Special Educational Needs. The Trust continues to review its 3-year budget plan to ensure that finances are used efficiently and effectively and to ensure steps are taken to obtain value for money in the Trust. The other ongoing risks remain around vulnerability to adverse OFSTED outcomes in schools due to the challenges in the schools related to raising standards, particularly in our 3 Primary academies. All face challenging circumstances and face significant pupil mobility. This brings both a financial challenge to academies and also a challenge in terms of staff recruitment and capacity to continue to improve. Trustees are well informed in relation to the context of each academy

Fundraising

Fundraising within the Trust has been through the following means:

CIF Bid – Baily Garner assisted in the submission of a CIF bid for the Trust.

Within each academy schools have undertaken events whereby donations have been received by Parents/Carers and other relatives.

An academy has facilitated a mobile circus as a means to generate funds to be used for its charitable purposes.

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Trustees' Report (continued)
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Plans for future periods

As a new Trust the Orchard Community Trust will continue to work on the same priorities in the second year of its existence as the Trust needs to embed what it is doing and continue the focus on effective Governance and raising standards in its Academies. During the second year of operation a further 2 schools will join the Trust, making 7 in total and work will need to focus on ensuring they are proficient in the Academy requirements. The actions which will be taken to support the achievement of the continued priorities will be closely linked to support for schools to raise standards, continued activity to improve attendance in each school and ensuring via support and challenge that each school offers high quality of education to the children and young people, including local governance. A robust business action plan will also be developed to support the Trust's work on HR, finance, estates and health and safety. Work will also be done on staff CPD and training in order to secure a highly skilled and effective workforce. The continued priorities are listed below:

Strategic Priorities for 2019-22

- To develop and embed a framework for governance at Trust and LGB level to hold the Trust leaders to account and ensure that the Academies comply with their statutory duties, with leadership and Governance at all levels across the Orchard Community Trust ensuring effective succession planning.
- To ensure financial Management and Accountability is well developed and strong across the Orchard Community Trust.
- To ensure that integrated Support and Shared Services are appropriately planned and facilitated across the Orchard Community Trust.
- To share the Aims, Vision and Values of the MAT with all stakeholders to ensure buy-in across all Orchard Community Trust Schools.
- That achievement and progress for all children and young people in our schools will improve year on year.
- To ensure that excellent provision will be delivered through the recruitment, retention, training and development of our workforce.
- To continue to develop purposeful, well planned and well led collaboration, leading to improvements in provision and opportunities for all children and adults.
- To ensure that an excellent quality of education is well supported by a sustainable Orchard Community Trust development and business plan(s).

Funds held as custodian on behalf of others

The Trust and its Trustees did not act as a custodian trustee during the period.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on *21 November 2019* and signed on its behalf by:



Mr A J Smith
Chair of Trustees

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Governance Statement

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Orchard Community 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 are also responsible for keeping proper accounts for the Trust which disclose, with reasonable accuracy at any time, the financial position of the Trust and which enable the Trust's financial statements to be compliant with the Companies Act in internal control.

The Trust also acknowledge their responsibility for safeguarding the assets of the Trust and take their responsibilities for taking all reasonable steps to prevent fraud and other irregularities seriously. Assurance is given to Trustees via the board assurance and risk register that:

- The Trust is functioning efficiently and effectively
- Its assets are safeguarded against improper use
- The Trust is compliant with all relevant laws and regulations
- The correct records are maintained and financial information used within the Trust or which is published is reliable.

The board of trustees has delegated the day-to-day responsibility to the Senior Executive Leader as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Orchard Community 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.

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Governance Statement (continued)

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 8 times during the period.

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

The Orchard Community Trust was incorporated on the 12 October 2018 and has met 8 times between then and the 31 August 2019.

Trustee	Meetings attended	Out of a possible
Mr A J Smith, Chair of Trustees	7	8
Mr R W Johnstone, Accounting Officer	8	8
Ms S Thomas, Vice Chair	5	8
Mrs M A S Tatton	7	8
Mrs C A Bray	5	8
Mrs D J Campbell	4	8
Mrs L E Maden	3	8
Mrs V Cotton	0	8
Mrs A L Stone	7	8
Mr D A Wells	3	8
Rev. S A Smith	6	8
Dr M Johnson	3	8

The Orchard Community Trust Board of Trustees are accountable to the DfE for its outcomes and successes and the achievement of its aims and objectives and as such has ultimate decision making. The Board of Trustees delegates its management of the Trust to the Senior Executive Leaders, the Chief Finance Officer on a day to day basis. They oversee the strategic direction of the Trust and its academies and to ensure all academies in the Trust are run effectively via the agreed scheme of delegation and to anticipate and manage risk to the Trust. The SEL is a key bridge between the Trust Board, the Headteachers Executive Board and each of the academies.

The Trust has in place a scheme of delegation and each academy has its own Local Governing Board. The LGB is responsible for key aspects of the scheme of delegation including, school improvement planning, monitoring and evaluating performance of staff and pupils, safeguarding, health and safety, budget planning and oversight. The LGB delegates these and other key responsibilities on a day to day basis to the Headteacher of the academy, who has control and responsibility of the academy in regard to ensuring that all legal and statutory requirements are met.

The Board of Trustees and each LGB have completed a skills audit to ensure that the skill and knowledge set on each board is complete and appropriate to the ends of the Trust and its academies. The Trust Board is currently undertaking their internal annual review of effectiveness and are measuring themselves against the key indicators of high performing MAT's and is looking at ways in which it can further develop and improve in its second year of existence.

The Central Team

The Central Team is currently small, consisting of the Senior Executive Leader, the Chief Finance Officer, and a part time admin support officer. They focus on combining both strategic and operational activities, including delivery of the Trust's vision and aims and have a shared responsibility and accountability for the Trust's performance, alongside accountability and effective communication with a range of key stakeholder groups.

Orchard Community Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

Key activities currently for the Central Team are:

- Ensuring that the Trust Board have all the necessary information to monitor the work of the Trust and its academies effectively
- Leading the Headteachers Executive Board, which meets every month
- Co leading the Chairs of Governors meeting with the Chair of Trustees, once per term
- Meet with each Headteacher at least once each term to review the progress of the Academy and provide support and challenge, including lesson observations, learning walks, book and planning scrutinies and to organise the Academy annual review and Headteachers performance management with members of each LGB
- Collecting pupil progress data each term and analyse it to track progress against agreed targets
- Brokering appropriate leadership development training for the academies as needed
- Support the planning and delivery of joint Trust INSET days for all schools

The Orchard Community Trust

Governance reviews:

As a new Trust Orchard Community Trust will carry out an evaluation of its progress and performance by the 30 April 2020. This will involve an internal evaluation of progress against its development plan, its key performance indicators and a 360-degree review carried out with relevant stakeholders. In the year 2020 to 2021 the Trust Board will commission an external review of its effectiveness to ensure objectivity of judgements. The Board has and will continue to look at best practice Governance models from other successful Trusts and use this to further develop its effectiveness. Each school within the Trust will have an external review of Governance For its Local Governing Board in the academic year 2019/20

The Trust board and its committees:

The Trust board have met 8 times in this reporting period and have focused their work on establishing the policies and procedures needed for a newly formed multi academy trust. These have focused on the Governance structure of the Trust, school improvement planning and strategies, financial policies and regulation and also the monitoring and evaluation of the work of each academy within the Trust. The committees of the Trust have met a similar number of times and have dealt with items delegated to the committee by the Trust Board. An annual plan of activities is in place for the Trust Board and its committees and these govern the agenda and work done at each meeting. During this reporting period 1 Trustee has resigned and one replacement Trustee has been appointed. As outlined above the Trust Board are currently undertaking an internal review of their effectiveness as a newly established Trust, with an external review of its effectiveness planned for 2020/2. The main challenges to the board in this period have been establishing the full suite of policies and documents required for a new Trust and also the challenges around the slow pace of conversions into the Trust due to external factors. The Trust continue to work hard to ensure that all Trustees fully understand the nature of their role, the challenges each academy faces and how they can effectively and efficiently carry out their roles and responsibilities as Trustees. The Trust board have received a range of data related to each academy and the Trust at their meetings and have used this to challenge and support the work of the Trust and its academies. Further work will be done in the next year to ensure that data and information for Trustees is tailored to the needs of the Trust and its priorities.

The Audit and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to advise the Board on matters relating to the Trust's finance and audit arrangements, systems of internal control and to advise and aid the Board's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity.

Orchard Community Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

During the period being reported, L Maden, trustee, who has a financial background joined the committee:

Attendance during the period at meetings was as follows:

Trustee	Meetings attended	Out of a possible
A Smith	4	4
L Maden (appointed 20 December 2018)	4	4
D Wells	1	4
R Johnstone (SEL)	4	4
A Smallwood (CFO)	4	4

Review of value for money

As accounting officer, the Senior Executive Leader 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 by the trust.

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 period by:

Key Area	Initiative	Outcome
Training	Trust wide training day	Several academies were able to facilitate different training courses, allowing staff from across the trust to select an appropriate area for their continuous professional development.
Payroll	To run a consolidated payroll	We run a single payroll structure which has provided cost savings for the Trust.
Cloud based systems	To implement a Trust wide budgeting software	Cloud based software purchased to allow a consistent and focused approach to budgeting across the Trust, giving a clearer vision on Trust wide areas of spend.

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 the Orchard Community Trust for the period 12 October 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Governance Statement (continued)

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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 12 October 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. The board of Trustees has in place a detailed board assurance and risk assessment process and this is reported on at each board meeting.

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

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Dains LLP, the external auditors, to perform additional checks.

The Dains LLP 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 will include:

- testing of payroll systems
- testing of purchase systems
- testing of income
- testing of fixed assets
- testing of bank / control account reconciliations

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

Orchard Community Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Review of effectiveness

As accounting officer, the Senior Executive Leader has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

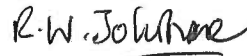
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Resources committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Mr A J Smith
Chair of Trustees

Date: 21 November 2019



Mr R W Johnstone
Accounting Officer

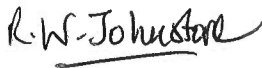
Orchard Community Trust
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Statement on Regularity, Propriety and Compliance

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

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

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



Mr R W Johnstone
Accounting Officer
Date: 21 November 2019

Orchard Community Trust
(A Company Limited by Guarantee)

Statement of Trustees' responsibilities
For the Period Ended 31 August 2019

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

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

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

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

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

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

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



Mr A J Smith
Chair of Trustees

Date: 21 November 2019

Orchard Community Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Orchard Community Trust

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the 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 period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Orchard Community Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Orchard Community 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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Orchard Community Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Orchard Community 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.

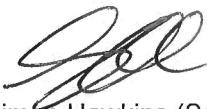
Auditors' responsibilities for the audit of the financial statements

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.



Simon Hawkins (Senior Statutory Auditor)

for and on behalf of

Dains LLP

Chartered Accountants

Suite 2, Albion House

2 Etruria Office Village

Forge Lane

Stoke on Trent

ST1 5RQ

Date: 21-11-19

Orchard Community Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Orchard Community Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 May 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Orchard Community Trust during the period 12 October 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 Orchard Community Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Orchard Community 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 Orchard Community Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Orchard Community Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Orchard Community Trust's funding agreement with the Secretary of State for Education dated 30 April 2019 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 period 12 October 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.

Orchard Community Trust
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to Orchard Community Trust and
the Education & Skills Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the period 12 October 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.



Dains LLP
Chartered Accountants
Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Stoke on Trent
ST1 5RQ

Date: 21 November 2019

Orchard Community Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Period Ended 31 August 2019

	Note	Unrestricted funds 4 months ended 31 August 2019 £	Restricted funds 4 months ended 31 August 2019 £	Restricted fixed asset funds 4 months ended 31 August 2019 £	Total funds 4 months ended 31 August 2019 £
Income from:					
Donations and capital grants:	3				
Transferred on conversion		1,243,196	(7,652,000)	29,289,211	22,880,407
Other donations and capital grants		5,413	-	29,151	34,564
Charitable activities: Funding for the academy trust's educational operations	4	26,384	2,838,189	-	2,864,573
Other trading activities	5	105,386	68,818	-	174,204
Investments	6	119	-	-	119
Total income		1,380,498	(4,744,993)	29,318,362	25,953,867
Expenditure on:					
Raising funds	7	57,129	3,815	-	60,944
Charitable activities: academy trust's educational operations	8	-	3,524,889	124,322	3,649,211
Total expenditure		57,129	3,528,704	124,322	3,710,155
Net income/(expenditure)		1,323,369	(8,273,697)	29,194,040	22,243,712
Transfers between funds	17	(429,267)	364,671	64,596	-
Net movement in funds before other recognised gains/(losses)		894,102	(7,909,026)	29,258,636	22,243,712
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	23	-	(1,351,000)	-	(1,351,000)
Net movement in funds		894,102	(9,260,026)	29,258,636	20,892,712
Reconciliation of funds:					
Net movement in funds		894,102	(9,260,026)	29,258,636	20,892,712
Total funds carried forward		894,102	(9,260,026)	29,258,636	20,892,712

The notes on pages 32 to 63 form part of these financial statements.

Orchard Community Trust
(A Company Limited by Guarantee)

Balance Sheet
For the Period Ended 31 August 2019

	Note		2019 £
Fixed assets			
Tangible assets	14		29,229,485
			29,229,485
Current assets			
Debtors	15	1,108,915	
Cash at bank and in hand		919,144	
			2,028,059
Creditors: amounts falling due within one year	16	(1,062,832)	
			965,227
Net current assets			965,227
Total assets less current liabilities			30,194,712
Net assets excluding pension liability			30,194,712
Defined benefit pension scheme liability	23	(9,302,000)	
Total net assets			20,892,712
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	17	29,258,636	
Restricted income funds	17	41,974	
			29,300,610
Restricted funds excluding pension asset	17	29,300,610	
Pension reserve	17	(9,302,000)	
			19,998,610
Total restricted funds	17		19,998,610
Unrestricted income funds	17		894,102
Total funds			20,892,712

Registered number: 11620282

Orchard Community Trust
(A Company Limited by Guarantee)

Balance Sheet (continued)
For the Period Ended 31 August 2019

The financial statements on pages 28 to 63 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



Mr A J Smith
Chair of Trustees

Date: 21 November 2019

The notes on pages 32 to 63 form part of these financial statements.

Orchard Community Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Period Ended 31 August 2019

	Note	4 months ended 31 August 2019 £
Cash flows from operating activities		
Net cash provided by operating activities	19	146,178
Cash flows from investing activities	20	772,966
Change in cash and cash equivalents in the period		919,144
Cash and cash equivalents at the end of the period	21	<u><u>919,144</u></u>

The notes on pages 32 to 63 form part of these financial statements

Orchard Community Trust
(A Company Limited by Guarantee)

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

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements 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.

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

• **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.

1.4 Expenditure

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

• **Expenditure on raising funds**

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

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

• **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.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.7 Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold Land	- Not depreciated
Freehold property	- 2% straight line
Long-term Leasehold Land	- 0.8% straight line
Long-term Leasehold property	- 2% straight line
Furniture and equipment	- 20% straight line
Computer equipment	- 33% straight line

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

1.8 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.

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.

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

1. Accounting policies (continued)

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.

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

1. Accounting policies (continued)

1.13 Conversion to an academy trust

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

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

Freehold and leasehold land and buildings

On the transfer date of 1 May 2019, the Trust was gifted the freehold rights to school sites of Abbey Hulton Primary School and Forest Park Primary School by Stoke on Trent City Council on a 125 year lease. On the transfer date of 1 May 2019, the Trust was gifted the to school sites of Oakhill Primary School by Stoke on Trent City Council on a 125 year lease. On the transfer date of 1 July 2019, the Trust was gifted the to school sites of Kemball School and Watermill by Stoke on Trent City Council on a 125 year lease. For the school sites', value is based upon the valuation provided by Stoke on Trent City Council under the depreciated cost method. The school site has been credited as a donation in the Restricted Fixed Asset Funds column of the Statement of Financial Activities and included within tangible fixed assets on the balance sheet.

Local Government Pension Scheme (LGPS) deficit

The obligation relating to the employees in the LGPS scheme that were transferred as part of the conversion from the maintained schools were transferred to the Trust on 1 May 2019 and 1 July 2019. The deficit on the Local Government Pension Scheme has been debited as a donation in the Restricted General Funds column of the Statement of Financial Activities and included within the LGPS liability on the balance sheet.

Cash

Cash balances at 1 May 2019 and 1 July 2019 in respect of the maintained schools and school funds were transferred to the Trust. These cash balances have been credited as a donation in the Statement of Financial Activities under the Unrestricted Funds column and included within the cash and bank balances on the balance sheet.

Further details of the transaction are set out in note 22.

1.14 Fund accounting

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

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

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

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

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

Local Government Pension Scheme

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

Land and Buildings Valuation

The freehold land and buildings within the financial statements relates to the academy premises which were donated to the trust on conversion from Stoke on Trent City Council. The freehold properties were valued using the Stoke on Trent City Council's valuation. These are being depreciated in accordance with the depreciation policies set out in note 1.7.

The long term leasehold land and buildings within the accounts relates to the academy premises which were donated to the academy on conversion on a 125 year lease from Stoke on Trent City Council. The leasehold land and buildings were valued using the Stoke on Trent City Council's valuation. These are being depreciated in accordance with the depreciation policies set out in note 1.7. No annual charge is made for the use of the land and buildings under the terms of the lease, based on management not being able to reliably measure the open market rate.

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

3. Income from donations and capital grants

	Unrestricted funds 4 months ended 31 August 2019 £	Restricted funds 4 months ended 31 August 2019 £	Restricted funds - class ii 4 months ended 31 August 2019 £	Total funds 4 months ended 31 August 2019 £
Donations				
Transferred on conversion (Note 22)	1,243,196	21,637,211	-	22,880,407
Subtotal detailed disclosure	1,243,196	21,637,211	-	22,880,407
Donations	5,413	(29,289,211)	29,289,211	5,413
Capital Grants	-	-	29,151	29,151
Subtotal	5,413	(29,289,211)	29,318,362	34,564
Total 2019	1,248,609	(7,652,000)	29,318,362	22,914,971

Included within the restricted funds above are assets on conversion of £29,289,211 and capital grant income of £29,151 allocated to restricted fixed asset funds and pension deficit on conversion of £7,652,000 allocated to restricted funds.

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 4 months ended 31 August 2019 £	Restricted funds 4 months ended 31 August 2019 £	Total funds 4 months ended 31 August 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	1,897,860	1,897,860
Other DfE/ESFA income	-	147,200	147,200
Pupil Premium	-	244,974	244,974
Universal free school meals	-	42,497	42,497
Start up grant	-	240,000	240,000
	-	2,572,531	2,572,531
Other government income			
Higher needs income	-	165,801	165,801
Pupil premium	-	8,175	8,175
Pupil placement	-	33,333	33,333
	-	207,309	207,309
Other income			
Catering income	26,384	-	26,384
Trip income	-	3,390	3,390
Other income	-	54,959	54,959
	26,384	2,838,189	2,864,573

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

5. Income from other trading activities

	Unrestricted funds 4 months ended 31 August 2019 £	Restricted funds 4 months ended 31 August 2019 £	Total funds 4 months ended 31 August 2019 £
Inspire income	-	66,667	66,667
Supply teacher insurance income	16,227	-	16,227
Other income	86,253	2,151	88,404
Lettings income	2,906	-	2,906
	105,386	68,818	174,204
	105,386	68,818	174,204

6. Investment income

	Unrestricted funds 4 months ended 31 August 2019 £	Total funds 4 months ended 31 August 2019 £
Investment income	119	119
	119	119

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

7. Expenditure

	Staff Costs 4 months ended 31 August 2019 £	Premises 4 months ended 31 August 2019 £	Other 4 months ended 31 August 2019 £	Total 4 months ended 31 August 2019 £
Expenditure on raising funds:				
Direct costs	40,902	-	20,042	60,944
Educational operations:				
Direct costs	2,414,324	-	86,124	2,500,448
Allocated support costs	283,089	247,787	617,887	1,148,763
	<u>2,738,315</u>	<u>247,787</u>	<u>724,053</u>	<u>3,710,155</u>

8. Analysis of expenditure by activities

	Direct costs 4 months ended 31 August 2019 £	Support costs 4 months ended 31 August 2019 £	Total funds 4 months ended 31 August 2019 £
Educational operations	<u>2,500,448</u>	<u>1,148,763</u>	<u>3,649,211</u>

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

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 4 months ended 31 August 2019 £
Staff costs	2,414,324
Educational supplies	33,712
Examination fees	58
Consultancy services	48,555
Subscriptions	3,799
	<hr/>
	2,500,448

Analysis of support costs

	Total funds 4 months ended 31 August 2019 £
LGPS pension cost	46,000
Staff costs	283,089
Depreciation	124,322
Technology costs	37,943
Professional services	237,174
Catering costs	80,361
Insurance	27,783
Repairs and maintenance	149,471
Cleaning	26,544
Water and general rates	14,414
Energy costs	57,358
Other support costs	64,304
	<hr/>
	1,148,763

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

9. Net income/(expenditure)

Net income/(expenditure) for the period includes:

	2019
	£
Operating lease rentals	9,602
Depreciation of tangible fixed assets	124,322
PFI charges	189,958
Fees paid to auditors for:	
- audit	19,500
- other services	3,600
	<u> </u>

10. Staff costs

a. Staff costs

Staff costs during the period were as follows:

	4 months
	ended
	31 August
	2019
	£
Wages and salaries	1,905,063
Social security costs	157,441
Pension costs	642,586
	<u> </u>
	2,705,090
Agency staff costs	33,225
	<u> </u>
	<u>2,738,315</u>

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

10. Staff costs (continued)

b. Staff numbers

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

	4 months ended No. 2019 No.
Management	6
Teachers	76
Admin and Support	194
	<hr/>
	276
	<hr/> <hr/>

c. Higher paid staff

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

	4 months ended 31 August 2019 No.
In the band £60,001 - £70,000	1
In the band £70,001 - £80,000	2
In the band £90,001 - £100,000	2
	<hr/>
	<hr/> <hr/>

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £173,716.

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

11. Central services

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

- Finance function
- School improvement

The Academy Trust charges for these services on the following basis:

2.74% of funding per pupil multiplied by the number of students on roll.

The actual amounts charged during the period were as follows:

	2019 £
Abbey Hulton Primary School	8,710
Forest Park Primary School	13,379
Kemball School	10,002
Oakhill Primary School	13,903
Watermill School	10,393
Total	56,387

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:

	4 months ended 31 August 2019 £
Mr R W Johnstone (Accounting Officer)	30,000 -
	35,000
	5,000 -
	10,000

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

13. Trustees' and Officers' insurance

The academy trust has opted into the Department for 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 trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

14. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
Additions	30,556	-	2,729	31,311	64,596
Transfer on conversion	5,542,082	23,650,793	-	96,336	29,289,211
At 31 August 2019	<u>5,572,638</u>	<u>23,650,793</u>	<u>2,729</u>	<u>127,647</u>	<u>29,353,807</u>
Depreciation					
Charge for the period	31,242	81,674	45	11,361	124,322
At 31 August 2019	<u>31,242</u>	<u>81,674</u>	<u>45</u>	<u>11,361</u>	<u>124,322</u>
Net book value					
At 31 August 2019	<u><u>5,541,396</u></u>	<u><u>23,569,119</u></u>	<u><u>2,684</u></u>	<u><u>116,286</u></u>	<u><u>29,229,485</u></u>

Included in freehold land and property is £919,000 of freehold land which is not depreciated

15. Debtors

	2019 £
Due within one year	
Trade debtors	30,990
VAT repayable	119,680
Prepayments and accrued income	958,245
	<u>1,108,915</u>

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

16. Creditors: Amounts falling due within one year

	2019 £
Trade creditors	349,541
Other taxation and social security	158,796
Other creditors	300,317
Accruals and deferred income	254,178
	<hr/> 1,062,832 <hr/>
	2019 £
Resources deferred during the period	<hr/> 87,064 <hr/>

Deferred income relates to grant and trip income which relate to the 2019/20 academic year.

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

17. Statement of funds

	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds					
General Funds	1,380,498	(57,129)	(429,267)	-	894,102
Restricted general funds					
General Annual Grant (GAG)	1,897,860	(2,262,531)	364,671	-	-
Start up grant	240,000	(240,000)	-	-	-
Pupil premium	244,974	(244,974)	-	-	-
Other government grants	207,309	(207,309)	-	-	-
Universal free school meals	42,497	(40,563)	-	-	1,934
Other restricted income	127,167	(95,912)	-	-	31,255
Other DfE/ESFA Grants	147,200	(138,415)	-	-	8,785
Pension reserve	(7,652,000)	(299,000)	-	(1,351,000)	(9,302,000)
	<u>(4,744,993)</u>	<u>(3,528,704)</u>	<u>364,671</u>	<u>(1,351,000)</u>	<u>(9,260,026)</u>
Restricted fixed asset funds					
Transferred on conversion	29,289,211	(123,197)	-	-	29,166,014
Devolved formula capital	24,151	-	-	-	24,151
Road safety grant	5,000	-	-	-	5,000
Capital expenditure from GAG	-	(1,125)	64,596	-	63,471
	<u>29,318,362</u>	<u>(124,322)</u>	<u>64,596</u>	<u>-</u>	<u>29,258,636</u>
Total Restricted funds	<u>24,573,369</u>	<u>(3,653,026)</u>	<u>429,267</u>	<u>(1,351,000)</u>	<u>19,998,610</u>
Total funds	<u><u>25,953,867</u></u>	<u><u>(3,710,155)</u></u>	<u><u>-</u></u>	<u><u>(1,351,000)</u></u>	<u><u>20,892,712</u></u>

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

17. Statement of funds (continued)

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

Unrestricted funds

These funds represent those resources which may be used towards meeting the charitable objectives of the academy trust.

Restricted funds

These funds represent grants received for the operational activities and objectives of the academy trust.

Pension reserve

This fund represents the academy trust's share of the LGPS pension deficit.

Restricted fixed asset fund

This fund relates to the donation of Freehold and Leasehold land and buildings from Stoke on Trent City Council.

The devolved formula capital relates to grants received from the ESFA for works of a capital nature.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £
Abbey Hulton Primary School	54,827
Forest Park Primary School	271,176
Kemball School	186,546
Oakhill Primary School	125,470
Watermill School	223,283
Central services	74,774
	<hr/>
Total before fixed asset funds and pension reserve	936,076
Restricted fixed asset fund	29,258,636
Pension reserve	(9,302,000)
	<hr/>
Total	20,892,712
	<hr/> <hr/>

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

17. Statement of funds (continued)

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019
	£	£	£	£	£
Abbey Hulton Primary School	264,661	56,489	6,503	104,016	431,669
Forest Park Primary School	534,770	69,933	5,739	150,175	760,617
Kemball School	420,868	35,052	1,213	86,915	544,048
Oakhill Primary School	445,308	86,753	17,006	145,934	695,001
Watermill School	482,321	28,179	-	50,145	560,645
Central services	292,862	21,119	3,251	276,621	593,853
Academy Trust	<u>2,440,790</u>	<u>297,525</u>	<u>33,712</u>	<u>813,806</u>	<u>3,585,833</u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2019	2019	2019	2019
	£	£	£	£
Tangible fixed assets	-	-	29,229,485	29,229,485
Current assets	894,102	1,104,806	29,151	2,028,059
Creditors due within one year	-	(1,062,832)	-	(1,062,832)
Provisions for liabilities and charges	-	(9,302,000)	-	(9,302,000)
Total	<u>894,102</u>	<u>(9,260,026)</u>	<u>29,258,636</u>	<u>20,892,712</u>

Orchard Community Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2019

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

	4 months ended 2019 £
Net income for the period (as per Statement of Financial Activities)	22,243,712
Adjustments for:	
Dividends, interest and rents from investments	(119)
Depreciation	124,322
Capital grants from DfE and other capital income	(29,151)
Defined benefit pension scheme obligation inherited	7,652,000
Defined benefit pension scheme cost less contribution payable	253,000
Defined benefit pension scheme finance cost	46,000
Increase in debtors	(562,121)
Increase in creditors	950,942
Net surplus on assets and liabilities from local authority on conversion	(29,289,211)
Funds received from local authority on conversion	(1,243,196)
Net cash provided by operating activities	146,178

20. Cash flows from investing activities

	2019 £
Dividends, interest and rents from investments	119
Purchase of tangible fixed assets	(64,596)
Capital grants from DfE Group	29,151
Cash received on conversion	808,292
	772,966

21. Analysis of cash and cash equivalents

	2019 £
Cash in hand	919,144
Total cash and cash equivalents	919,144

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

22. Conversion to an academy trust

On 1 May 2019, Abbey Hulton Primary School, Forest Park Primary School and Oakhill Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Orchard Community Trust from Stoke on Trent City Council for £NIL consideration.

On 1 July 2019, Kemball School and Watermill School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Orchard Community Multi-Academy Trust from Stoke on Trent City 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	-	-	5,542,082	5,542,082
Leasehold land and buildings	-	-	23,650,793	23,650,793
Other tangible fixed assets	-	-	96,336	96,336
Current assets				
Funds - representing budget surplus on LA funds	1,243,196	-	-	1,243,196
LGPS pension deficit	-	(7,652,000)	-	(7,652,000)
Net assets/(liabilities)	<u>1,243,196</u>	<u>(7,652,000)</u>	<u>29,289,211</u>	<u>22,880,407</u>

The LGPS pension deficit is not included in the tables below as the amount transferred on conversion is shown above for the Trust as a whole.

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Notes to the Financial Statements
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22. Conversion to an academy trust (continued)

Abbey Hulton Primary School

On 1 May 2019 Abbey Hulton Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Orchard Community Trust from Stoke on Trent City 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 fixed asset funds £	Total funds £
Tangible fixed assets			
Freehold land and buildings	-	1,635,805	1,635,805
Current assets			
Funds - representing budget surplus on LA funds	90,371	-	90,371
Net assets	<u>90,371</u>	<u>1,635,805</u>	<u>1,726,176</u>

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22. Conversion to an academy trust (continued)

Forest Park Primary School

On 1 May 2019 Forest Park Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Orchard Community Trust from Stoke on Trent City 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 fixed asset funds £	Total funds £
Tangible fixed assets			
Freehold land and buildings	-	3,906,277	3,906,277
Other tangible fixed assets	-	96,336	96,336
Current assets			
Funds - representing budget surplus on LA funds	305,457	-	305,457
Net assets	<u>305,457</u>	<u>4,002,613</u>	<u>4,308,070</u>

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22. Conversion to an academy trust (continued)

Kemball School

On 1 July 2019 Kemball School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Orchard Community Trust from Stoke on Trent City 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 fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	11,267,796	11,267,796
Current assets			
Funds - representing budget surplus on LA funds	354,872	-	354,872
Net assets	<u>354,872</u>	<u>11,267,796</u>	<u>11,622,668</u>

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22. Conversion to an academy trust (continued)

Oakhill Primary School

On 1 May 2019 Oakhill Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Orchard Community Trust from Stoke on Trent City 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 fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	2,580,253	2,580,253
Current assets			
Funds - representing budget surplus on LA funds	160,777	-	160,777
Net assets	<u>160,777</u>	<u>2,580,253</u>	<u>2,741,030</u>

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22. Conversion to an academy trust (continued)

Watermill School

On 1 July 2019 Watermill School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Orchard Community Trust from Stoke on Trent City 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 fixed asset funds	Total funds
	£	£	£
Tangible fixed assets			
Leasehold land and buildings	-	9,802,744	9,802,744
Current assets			
Funds - representing budget surplus on LA funds	331,719	-	331,719
Net assets	331,719	9,802,744	10,134,463

23. 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 Staffordshire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £188,425 were payable to the schemes at 31 August 2019 and are included within creditors.

23. 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 Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

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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23. 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 period amounted to £158,000.

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 period ended 31 August 2019 was £285,000, of which employer's contributions totalled £230,000 and employees' contributions totalled £55,000. The agreed contribution rates for future years are 22.2% per cent for employers and 5.5-12.5% per cent for employees.

The Trustees estimate that employer contributions which fall due within one year will be £985,000.

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

Principal actuarial assumptions

	2019 %
Rate of increase in salaries	2.7
Rate of increase for pensions in payment/inflation	2.3
Discount rate for scheme liabilities	1.9
Inflation assumption (CPI)	0
Commutation of pensions to lump sums - Pre April 2005	50
Commutation of pensions to lump sums - Post April 2005	75

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

	2019 Years
<i>Retiring today</i>	
Males	21.1
Females	23.5
<i>Retiring in 20 years</i>	
Males	22.2
Females	24.8

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23. Pension commitments (continued)

Sensitivity analysis

	2019 £000
Discount rate +0.1%	569
Discount rate -0.1%	(569)
CPI rate +0.1%	402
CPI rate -0.1%	(402)
Salary rate +0.1%	151
Salary rate -0.1%	(151)
	(151)

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

	At 31 August 2019 £000
Equities	5,353
Bond	1,732
Property	630
Cash and other liquid assets	157
Total market value of assets	7,872

The actual return on scheme assets was £27,000.

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

	4 months ended 2019 £
Current service cost	(381,000)
Past service cost	(102,000)
Interest income	45,000
Interest cost	(91,000)
Total amount recognised in the Statement of Financial Activities	(529,000)

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23. Pension commitments (continued)

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

	2019 £
Conversion of academy trusts	14,954,000
Current service cost	381,000
Interest cost	91,000
Employee contributions	55,000
Actuarial losses/(gains)	1,591,000
Past service costs	102,000
At 31 August	17,174,000

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

	2019 £
Conversion of academy trusts	7,302,000
Interest income	45,000
Actuarial gains	240,000
Employer contributions	230,000
Employee contributions	55,000
At 31 August	7,872,000

24. 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 £
Not later than 1 year	28,806
Later than 1 year and not later than 5 years	43,831
	72,637

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25. Other financial commitments

At 31 August 2019 the Academy Trust had annual commitments under non-cancellable PFI contracts as follows:

	2019 £
Within 1 year	829,880
Later than 1 year and not later than 5 years	3,319,520
Later than 5 years	345,783
	<hr/>
	4,495,183
	<hr/> <hr/>

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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of accounts, other than certain trustees' remuneration and expenses already disclosed in the notes to the financial statements.