

Company Registration No. 10646689 (England and Wales)

RURAL CHURCH SCHOOLS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020

RURAL CHURCH SCHOOLS ACADEMY TRUST

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RURAL CHURCH SCHOOLS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Chester Diocesan Board of Education
P I Bostock
Rev S A Lawson
Rev T D M Hayward
Rev P F D Goggin (Resigned 31 August 2020)

Directors

P Bostock
S Loughlin
A Platt
I Rutter
A James
F Todd
H Spencer
A Denton (Appointed 4 February 2020)

Senior management team

- Executive Headteacher	F Todd
- Principal and Accounting Officer	N Badger (acting EHT from 1 June 2019)
- Principal	A Goodwin
- Principal	K Appleby
- Business Manager	J Jones

Company registration number

10646689 (England and Wales)

Registered office

RCSAT, St Oswald's Worleston CofE Primary School
Church Road, Aston, Juxta Mondrum
Nantwich
Cheshire
CW5 6DP

Academies operated

	Location
Bunbury Aldersey CofE Primary School	Cheshire East
St Oswald's Worleston CofE Primary School	Cheshire East
Warmingham CofE Primary School	Cheshire East

Principal

N Badger
A Goodwin

acting: G Coyne (01/09/2019 to 31/12/19),
K Appleby (from 01/01/2020)

Independent auditor

Afford Bond Holdings Limited
31 Wellington Road
Nantwich
Cheshire
CW5 7ED

RURAL CHURCH SCHOOLS ACADEMY TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 3 primary academies in Cheshire East. Its academies have a combined pupil capacity of 350 and had a roll of 346 in the school census in October 2019.

Structure, governance and management

Constitution

The academy trust is a 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 charitable company is known as Rural Church Schools Academy Trust.

The directors are the trustees of Rural Church Schools Academy Trust and are also the directors of the charitable company for the purposes of company law. Details of the directors who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

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.

Directors' indemnities

The trust has opted in to the Risk Protection Arrangement (RPA) offered by the Education and Skills Funding Agency. The RPA provides indemnity cover to trustees up to a total of £10,000,000 per academy per year.

Method of recruitment and appointment or election of directors

Under the Articles of Association, Trustees (or Directors) are appointed by the Members, who are in turn appointed by the Chester Diocesan Board of Education. There are 5 Members, of whom the Chair of Trustees is one. The initial 6 Directors were appointed by the Members at the establishment of RCSAT, as being the existing Chairs of the standing committees and the Chair of Directors. Future recruitment will be skills based.

Policies and procedures adopted for the induction and training of directors

RCSAT has a system for the induction and training of new trustees, under the control of the Clerk to the Governing Body. New trustees are provided with the necessary range of documentation and access to training by the Clerk once their appointment is approved.

Organisational structure

As detailed in the Scheme of Delegation, the responsibilities for the management of RCSAT is retained by the Board of Directors, but the detailed work is delegated to the 5 standing committees of Achievement, Pastoral, Estates, Finance/HR and Pay, which report each term of the Board of Directors (BoD) on issues that require decisions by the BoD. The Directors work closely with the Executive Headteacher (EHT and AO) to ensure that all operational issues are managed by the EHT and governance overview is provided by the Directors. The Chair of Directors has weekly conversations or meetings with the EHT on all relevant matters.

RURAL CHURCH SCHOOLS ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Arrangements for setting pay and remuneration of key management personnel

Remuneration is considered by the Pay Committee and recommendations passed to the Finance/HR Committee which consists of at least three named Governors, appointed by the Board of Trustees, none of whom are paid to work at the school.

Terms of reference of the Pay Committee include:

Within the pay policy, to recommend the appropriate salary range for members of the leadership group.
To recommend the appropriate levels of teaching and learning responsibility (TLR) allowances, acting allowances and other awards.

Related parties and other connected charities and organisations

RCSAT operates under the guidance of Chester Diocesan Board of Education but is not formally part of that organisation's Academy Trust (CDAT)

Objectives and activities

Objects and aims

To advance, for the public benefit, education in the UK, particularly in developing academy schools which are either:

Church of England schools with a related ethos, or

Other academy schools with or without designated religious character, but having a matching ethos.

The focus of RCSAT is on primary schools.

Objectives, strategies and activities

For the reporting period to 31st August 2020, the main objectives have been to establish the RCSAT, determine its operation and management, develop the roles and responsibilities for the key personnel, maintain and control the budgets at each school and evolve the structure to include more schools wishing to join RCSAT.

Public benefit

The directors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

Strategic report

Achievements and performance

The 5 standing committees (Achievement, Pastoral, Estates, Finance/HR and Pay) have been established and terms of reference set and agreed. The work of those committees has progressed well. The Policies and Procedures have been normalised across the 3 schools, as far as is practicable and the budgets for each school were controlled. An RCSAT central office continues to assist in managing the RCSAT and the school budgets.

Key performance indicators

Specific KPIs for RCSAT have not been set, other than the continued performance data and budgetary control for each school, and are not considered necessary at this stage of the Trust's development. The EHT reports to the Directors on all key aspects of school management, including Pupil attendance.

Going concern

After making appropriate enquiries, the board of directors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. The Directors are vigilant in ongoing assessment of the resources available. For this reason the board of directors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

RURAL CHURCH SCHOOLS ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Financial review

The trustees consider that the level of surplus maintained in the period and the principal risks and uncertainties that are present have been managed satisfactorily. The results for the year are set out in the statement of financial activities.

The balance sheet shows that the academy has maintained a satisfactory level of reserves this year. The trustees continue to closely monitor expenditure and follow best value principles whilst seeking successful impact on student outcomes.

The academy's principle source of funding is through the ESFA in the form of a General Annual Grant. Additional funding is received from school generated activities such as holiday and after school clubs.

The arrival of Covid 19 and subsequent national lockdown in March 2020 has affected school generated activities adversely at all 3 schools, but budgets have been maintained.

The directors consider the results satisfactory.

Reserves policy

The directors aim to hold free reserves (total reserves less fixed assets and pension liability) in excess of one month's expenditure.

At 31 August 2020 free reserves were £521,254 against average monthly expenditure for the period of £159,785.

Investment policy

At this point in the establishment of RCSAT, no investments are being made or are planned.

Principal risks and uncertainties

The biggest single risk at each school is the loss of pupil numbers, on which the funding to the school is based. At present at the 3 schools, one is oversubscribed, one is recovering pupil numbers (from the effects of a poor OFSTED 5 years ago) and the third is fully subscribed.

Plans for future periods

RCSAT's strategic plan is to increase the number of academy schools within its control from 3 to 6 in the foreseeable future, but the lack of Government focus on academisation has meant that the pressure on schools to convert has diminished. Currently, three schools are expressing interest and are in the process of working through their options to make a decision on which to take up.

RCSAT is discussing options actively with these schools and Chester Diocesan Board of Education, but are also advertising within the Cheshire/Staffordshire area.

RURAL CHURCH SCHOOLS ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Auditor

In so far as the directors are aware:

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

A resolution proposing that Afford Bond Holdings Limited be reappointed as auditor of the charitable company will be put to the members.

The directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 16 November 2020 and signed on its behalf by:

P Bostock

P Bostock

RURAL CHURCH SCHOOLS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

The board of directors has delegated the day-to-day responsibility to the Executive Headteacher, 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 Rural Church Schools Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met 10 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
P Bostock	10	10
S Loughlin	10	10
A Platt	6	10
I Rutter	5	10
A James	9	10
F Todd	0	10
H Spencer	7	10
A Denton (Appointed 4 February 2020)	3	4

The Board of Directors has worked hard to establish and align the RCSAT with its three academies, bringing the Policies and Procedures up to date and encompassing the activity in all the academies, as well as developing the work of the five standing committees; Achievements, Estates, Pastoral, Finance/HR and Pay. The development of this structure has been very challenging for directors and governors, but is now well established and working well.

The directors have received and analysed performance and financial data from all three academies and have challenged and accepted the data as reasonable.

A review of governance effectiveness and the knowledge and understanding of governors is carried out annually and is reported in the Board minutes. The results of this exercise will inform the development of future training needs for governors and Directors.

Review of value for money

As accounting officer the Executive Headteacher 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.

RURAL CHURCH SCHOOLS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Establishing and maintaining financial controls on the budgets of all three schools through the CFO,
- Ensuring that pupil premium is used correctly and effectively,
- Establishing and monitoring the use of funds through competitive tendering and prudent purchasing,
- Benchmarking across the schools and outside RCSAT to identify best practice in Education and learning.
- Managing the extra costs involved in Covid 19 schools operations.

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 Rural Church Schools Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of directors 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 directors 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 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of directors.

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 directors;
- 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 directors has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the directors have appointed A Platt, a director, to carry out a programme of internal checks.
- An Audit Committee, as part of the Finance/HR Committee, has been established to review the Monthly Management Accounts (MMAs).

The reviewers role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

RURAL CHURCH SCHOOLS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The reviewer reports to the board of directors on the operation of the systems of control and on the discharge of the financial responsibilities of the board of directors.

No material control issues have been identified.

Review of effectiveness

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

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

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

Approved by order of the board of directors on 16 November 2020 and signed on its behalf by:

P / Bostock

P Bostock

RURAL CHURCH SCHOOLS ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of Rural Church Schools Academy Trust, I have considered my responsibility to notify the academy trust board of directors and the Education and 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 2019.

I confirm that I and the academy trust's board of directors are able to identify any material irregular or improper use of 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 2019.

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 directors and ESFA.



Accounting Officer

16 November 2020

RURAL CHURCH SCHOOLS ACADEMY TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The directors (who also act as trustees for Rural Church Schools Academy Trust) are responsible for preparing the directors' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under company law, the directors must not approve the accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors 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 accounts 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 directors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The directors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of directors on 16 November 2020 and signed on its behalf by:

P I Bostock

P Bostock

RURAL CHURCH SCHOOLS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RURAL CHURCH SCHOOLS ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Rural Church Schools Academy Trust for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

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 'Auditor's responsibilities for the audit of the accounts' 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 accounts in the UK, including the FRC'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 directors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the directors have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The directors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

RURAL CHURCH SCHOOLS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RURAL CHURCH SCHOOLS ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions 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 directors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 directors' report, including the incorporated 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the directors 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 directors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

RURAL CHURCH SCHOOLS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RURAL CHURCH SCHOOLS ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Paul Edwards FCCA CTA (Senior Statutory Auditor)
for and on behalf of Afford Bond Holdings Limited**

16 November 2020

**Chartered Accountants
Statutory Auditor**

31 Wellington Road
Nantwich
Cheshire
CW5 7ED

RURAL CHURCH SCHOOLS ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RURAL CHURCH SCHOOLS ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 8 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Rural Church Schools Academy Trust during the period 1 September 2019 to 31 August 2020 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 Rural Church Schools Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Rural Church Schools Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Rural Church Schools Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Rural Church Schools Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Rural Church Schools Academy Trust's funding agreement with the Secretary of State for Education dated 29 March 2017 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of sample expenditure to ensure appropriate use of funds
- Review of controls and procedures for efficacy of control
- Review of journal entries to ensure that these are accurate and legitimate
- Review of terms of revenue and capital funding to ensure funds used as intended

RURAL CHURCH SCHOOLS ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RURAL CHURCH SCHOOLS ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Afford Bond

Reporting Accountant

Afford Bond Holdings Limited

Dated: 16 November 2020

RURAL CHURCH SCHOOLS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	3	52,078	-	20,953	73,031	136,265
Charitable activities:						
- Funding for educational operations	4	-	1,849,005	-	1,849,005	1,684,510
Other trading activities	5	134,204	-	-	134,204	222,619
Investments	6	690	-	-	690	245
Total		<u>186,972</u>	<u>1,849,005</u>	<u>20,953</u>	<u>2,056,930</u>	<u>2,043,639</u>
Expenditure on:						
Raising funds	7	90,894	-	-	90,894	88,244
Charitable activities:						
- Educational operations	9	38,628	1,871,903	38,597	1,949,128	1,940,808
Total	7	<u>129,522</u>	<u>1,871,903</u>	<u>38,597</u>	<u>2,040,022</u>	<u>2,029,052</u>
Net income/(expenditure)		57,450	(22,898)	(17,644)	16,908	14,587
Transfers between funds	17	-	(31,492)	31,492	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	19	-	-	-	-	(154,000)
Net movement in funds		57,450	(54,390)	13,848	16,908	(139,413)
Reconciliation of funds						
Total funds brought forward		434,194	(546,000)	5,152,379	5,040,573	5,179,986
Total funds carried forward		<u>491,644</u>	<u>(600,390)</u>	<u>5,166,227</u>	<u>5,057,481</u>	<u>5,040,573</u>

RURAL CHURCH SCHOOLS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted	Restricted funds:		Total
		funds	General	Fixed asset	2019
		£	£	£	£
Income and endowments from:					
Donations and capital grants	3	36,164	-	100,101	136,265
Charitable activities:					
- Funding for educational operations	4	-	1,684,510	-	1,684,510
Other trading activities	5	222,619	-	-	222,619
Investments	6	245	-	-	245
Total		<u>259,028</u>	<u>1,684,510</u>	<u>100,101</u>	<u>2,043,639</u>
Expenditure on:					
Raising funds	7	88,244	-	-	88,244
Charitable activities:					
- Educational operations	9	65,917	1,838,040	36,851	1,940,808
Total	7	<u>154,161</u>	<u>1,838,040</u>	<u>36,851</u>	<u>2,029,052</u>
Net income/(expenditure)		104,867	(153,530)	63,250	14,587
Transfers between funds	17	(86,877)	106,293	(19,416)	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	19	-	(154,000)	-	(154,000)
Net movement in funds		17,990	(201,237)	43,834	(139,413)
Reconciliation of funds					
Total funds brought forward		416,204	(344,763)	5,108,545	5,179,986
Total funds carried forward		<u>434,194</u>	<u>(546,000)</u>	<u>5,152,379</u>	<u>5,040,573</u>

RURAL CHURCH SCHOOLS ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	13		5,166,227		5,128,174
Current assets					
Debtors	14	101,083		147,462	
Cash at bank and in hand		568,595		494,136	
		<u>669,678</u>		<u>641,598</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(148,424)		(183,199)	
Net current assets			521,254		458,399
Net assets excluding pension liability			5,687,481		5,586,573
Defined benefit pension scheme liability	19		(630,000)		(546,000)
Total net assets			<u>5,057,481</u>		<u>5,040,573</u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			5,166,227		5,152,379
- Restricted income funds			29,610		-
- Pension reserve			(630,000)		(546,000)
Total restricted funds			<u>4,565,837</u>		<u>4,606,379</u>
Unrestricted income funds	17		491,644		434,194
Total funds			<u>5,057,481</u>		<u>5,040,573</u>

The accounts on pages 16 to 37 were approved by the directors and authorised for issue on 16 November 2020 and are signed on their behalf by:

P I Bostock

P Bostock

Company Number 10646689

RURAL CHURCH SCHOOLS ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	20		129,466		(37,717)
Cash flows from investing activities					
Dividends, interest and rents from investments		690		245	
Capital grants from DfE Group		15,953		58,601	
Capital funding received from sponsors and others		5,000		41,500	
Purchase of tangible fixed assets		(76,650)		(196,619)	
Net cash used in investing activities			(55,007)		(96,273)
Net increase/(decrease) in cash and cash equivalents in the reporting period			74,459		(133,990)
Cash and cash equivalents at beginning of the year			494,136		628,126
Cash and cash equivalents at end of the year			<u>568,595</u>		<u>494,136</u>

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Rural Church Schools Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the directors' report.

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

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

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

Land and buildings	Straight line over the life of the lease
Computer equipment	Straight line over 3 years
Fixtures, fittings & equipment	Straight line over 5 years

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

1.6 Liabilities

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

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.9 Taxation

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

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.11 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2020. 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.

Critical areas of judgement

The trustees do not believe there to be any areas of judgement critical to the academy trust's financial statements.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	15,953	15,953	58,601
Other donations	52,078	5,000	57,078	77,664
	<u>52,078</u>	<u>20,953</u>	<u>73,031</u>	<u>136,265</u>

The income from donations and capital grants was £73,031 (2019: £136,265) of which £52,078 was unrestricted (2019: £36,164), £nil restricted (2019: £nil) and £20,953 was restricted fixed assets (2019: £100,101).

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,553,314	1,553,314	1,374,724
Other DfE group grants	-	183,551	183,551	175,078
	-	1,736,865	1,736,865	1,549,802
Other government grants				
Local authority grants	-	112,140	112,140	134,708
Total funding	-	1,849,005	1,849,005	1,684,510

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	6,646	-	6,646	6,891
Catering income	22,052	-	22,052	37,715
Parental contributions	17,501	-	17,501	42,226
Other income	88,005	-	88,005	135,787
	134,204	-	134,204	222,619

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Short term deposits	690	-	690	245

Investment income was £690 (2019: £245) of which £690 was unrestricted (2019: £245).

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Expenditure on raising funds					
- Direct costs	87,329	-	3,565	90,894	88,244
Academy's educational operations					
- Direct costs	1,151,737	-	79,319	1,231,056	1,256,588
- Allocated support costs	326,788	176,950	214,334	718,072	684,220
	<u>1,565,854</u>	<u>176,950</u>	<u>297,218</u>	<u>2,040,022</u>	<u>2,029,052</u>

Expenditure for the year was £2,040,022 (2019: £2,029,052) of which £1,565,854 were staff costs (2019: £1,498,623), £176,950 were premises and equipment costs (2019: £173,473) and £297,218 were other costs (2019: £356,956).

Net income/(expenditure) for the year includes:	2020 £	2019 £
Fees payable to auditor for audit services	5,000	5,000
Operating lease rentals	15,982	16,801
Depreciation of tangible fixed assets	38,597	36,851
Net interest on defined benefit pension liability	10,000	11,000
	<u> </u>	<u> </u>

8 Central services

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

- human resources
- financial services
- legal services
- educational support services
- others as arising

The academy trust did not charge the academies for these services as they were funded by brought forward reserves.

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Direct costs				
Educational operations	16,812	1,214,244	1,231,056	1,256,588
Support costs				
Educational operations	21,816	696,256	718,072	684,220
	<u>38,628</u>	<u>1,910,500</u>	<u>1,949,128</u>	<u>1,940,808</u>

	2020 £	2019 £
Analysis of support costs		
Support staff costs	326,788	277,939
Depreciation	38,597	36,851
Technology costs	37,454	38,972
Premises costs	138,353	136,622
Other support costs	112,157	128,369
Governance costs	64,723	65,467
	<u>718,072</u>	<u>684,220</u>

10 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	1,123,164	1,130,189
Social security costs	91,587	88,482
Pension costs	349,656	250,340
	<u>1,564,407</u>	<u>1,469,011</u>
Staff costs - employees	1,564,407	1,469,011
Agency staff costs	1,447	9,612
Staff restructuring costs	-	20,000
	<u>1,565,854</u>	<u>1,498,623</u>
Staff development and other staff costs	7,577	16,160
	<u>1,573,431</u>	<u>1,514,783</u>

Staff restructuring costs comprise:

Severance payments	-	20,000
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RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

(Continued)

Staff numbers

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

	2020 Number	2019 Number
Teachers	24	26
Administration and support	49	48
Management	5	5
	<u>78</u>	<u>79</u>

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	<u>1</u>	<u>2</u>

Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £248,124 (2019: £299,590)

11 Directors' remuneration and expenses

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

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

Mrs F Todd (Executive Headteacher and trustee):

Remuneration: £30,000 - £35,000 (2019: £65,000 - £70,000)

Employer pension contributions: £5,000 - £10,000 (2019: £10,000 - £15,000)

12 Insurance for directors and officers

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 directors 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 directors and officers indemnity element from the overall cost of the RPA scheme.

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2019	5,071,419	41,909	83,734	5,197,062
Additions	30,989	20,663	24,998	76,650
	<u>5,102,408</u>	<u>62,572</u>	<u>108,732</u>	<u>5,273,712</u>
Depreciation				
At 1 September 2019	15,267	36,059	17,562	68,888
Charge for the year	14,766	10,812	13,019	38,597
	<u>30,033</u>	<u>46,871</u>	<u>30,581</u>	<u>107,485</u>
Net book value				
At 31 August 2020	<u>5,072,375</u>	<u>15,701</u>	<u>78,151</u>	<u>5,166,227</u>
At 31 August 2019	<u>5,056,152</u>	<u>5,850</u>	<u>66,172</u>	<u>5,128,174</u>

Transactions relating to land and buildings during the year include:

- £30,579 for the refurbishment of St Oswald's School Nursery WC's.

14 Debtors

	2020 £	2019 £
Trade debtors	6,063	4,220
VAT recoverable	51,910	115,670
Prepayments and accrued income	43,110	27,572
	<u>101,083</u>	<u>147,462</u>

15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	46,320	63,230
Other taxation and social security	18,453	21,948
Accruals and deferred income	83,651	98,021
	<u>148,424</u>	<u>183,199</u>

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	74,114	54,404
Deferred income at 1 September 2019	54,404	61,287
Released from previous years	(54,404)	(61,287)
Resources deferred in the year	74,114	54,404
Deferred income at 31 August 2020	74,114	54,404

At the balance sheet date the academy trust was holdings funds of £74,114 (2019: £54,404) relating to funding for future periods.

17 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	-	1,553,314	(1,492,212)	(31,492)	29,610
Other DfE / ESFA grants	-	183,551	(183,551)	-	-
Other government grants	-	112,140	(112,140)	-	-
Pension reserve	(546,000)	-	(84,000)	-	(630,000)
	(546,000)	1,849,005	(1,871,903)	(31,492)	(600,390)
Restricted fixed asset funds					
Inherited on conversion	4,837,650	-	(1,860)	-	4,835,790
DfE group capital grants	254,178	15,953	(17,761)	31,492	283,862
Capital expenditure from GAG	4,921	-	(10,356)	-	(5,435)
Private sector capital sponsorship	55,630	5,000	(8,620)	-	52,010
	5,152,379	20,953	(38,597)	31,492	5,166,227
Total restricted funds	4,606,379	1,869,958	(1,910,500)	-	4,565,837
Unrestricted funds					
General funds	434,194	186,972	(129,522)	-	491,644
Total funds	5,040,573	2,056,930	(2,040,022)	-	5,057,481

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

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

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and Department for Education.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	-	1,374,724	(1,481,017)	106,293	-
Other DfE / ESFA grants	18,237	175,078	(193,315)	-	-
Other government grants	-	134,708	(134,708)	-	-
Pension reserve	(363,000)	-	(29,000)	(154,000)	(546,000)
	<u>(344,763)</u>	<u>1,684,510</u>	<u>(1,838,040)</u>	<u>(47,707)</u>	<u>(546,000)</u>
Restricted fixed asset funds					
Transfer on conversion	4,848,836	-	(11,186)	-	4,837,650
DfE group capital grants	230,687	58,601	(15,694)	(19,416)	254,178
Capital expenditure from GAG	6,772	-	(1,851)	-	4,921
Private sector capital sponsorship	22,250	41,500	(8,120)	-	55,630
	<u>5,108,545</u>	<u>100,101</u>	<u>(36,851)</u>	<u>(19,416)</u>	<u>5,152,379</u>
Total restricted funds	<u>4,763,782</u>	<u>1,784,611</u>	<u>(1,874,891)</u>	<u>(67,123)</u>	<u>4,606,379</u>
Unrestricted funds					
General funds	<u>416,204</u>	<u>259,028</u>	<u>(154,161)</u>	<u>(86,877)</u>	<u>434,194</u>
Total funds	<u>5,179,986</u>	<u>2,043,639</u>	<u>(2,029,052)</u>	<u>(154,000)</u>	<u>5,040,573</u>

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

Total funds analysis by academy

	2020	2019
	£	£
Fund balances at 31 August 2020 were allocated as follows:		
Bunbury Aldersey CofE Primary School	173,148	112,860
St Oswald's Worleston CofE Primary School	247,520	229,069
Warmingham CofE Primary School	73,777	66,751
Central services	26,809	25,514
	<u>521,254</u>	<u>434,194</u>
Total before fixed assets fund and pension reserve		
Restricted fixed asset fund	5,166,227	5,152,379
Pension reserve	(630,000)	(546,000)
	<u>5,057,481</u>	<u>5,040,573</u>

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2020	Total 2019
	£	£	£	£	£	£
Bunbury Aldersey CofE Primary School	525,206	99,406	22,410	145,255	792,277	828,430
St Oswald's Worleston CofE Primary School	398,640	112,960	18,266	110,834	640,700	606,319
Warmingham CofE Primary School	315,947	47,272	31,066	90,163	484,448	511,421
Central services	-	-	-	-	-	17,030
	<u>1,239,793</u>	<u>259,638</u>	<u>71,742</u>	<u>346,252</u>	<u>1,917,425</u>	<u>1,963,200</u>

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Analysis of net assets between funds

	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	5,166,227	5,166,227
Current assets	620,275	29,610	19,793	669,678
Creditors falling due within one year	(128,631)	-	(19,793)	(148,424)
Defined benefit pension liability	-	(630,000)	-	(630,000)
Total net assets	491,644	(600,390)	5,166,227	5,057,481

	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	5,128,174	5,128,174
Current assets	441,586	127,001	73,011	641,598
Creditors falling due within one year	(7,392)	(127,001)	(48,806)	(183,199)
Defined benefit pension liability	-	(546,000)	-	(546,000)
Total net assets	434,194	(546,000)	5,152,379	5,040,573

19 Pension and similar obligations

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £173,252 (2019: £121,465).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % for employees. The estimated value of employer contributions for the forthcoming year is £74,000.

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.

Total contributions made	2020 £	2019 £
Employer's contributions	102,000	113,000
Employees' contributions	22,000	20,000
Total contributions	<u>124,000</u>	<u>133,000</u>

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations (Continued)

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	2.2	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.8

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

	2020 Years	2019 Years
Retiring today		
- Males	21.2	21.2
- Females	23.6	23.5
Retiring in 20 years		
- Males	21.9	22.2
- Females	25.0	25.0

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2020

0.5% decrease in Real Discount Rate = 15% or £199,000 increase in employer liability
 0.5% increase in the Salary Increase Rate = 0% or £5,000 increase in employer liability
 0.5% increase in the Pension Increase Rate = 14% or £191,000 increase in employer liability

The academy trust's share of the assets in the scheme	2020 Fair value £	2019 Fair value £
Equities	330,000	360,000
Bonds	300,000	229,000
Property	73,000	59,000
Other assets	29,000	7,000
Total market value of assets	732,000	655,000

The actual return on scheme assets was £(35,000) (2019: £42,000).

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations	(Continued)	
Amount recognised in the Statement of Financial Activities	2020	2019
	£	£
Current service cost	176,000	131,000
Past service cost	-	4,000
Interest income	(13,000)	(15,000)
Interest cost	23,000	26,000
Benefit changes, curtailments and settlements gains or losses	-	(4,000)
	<hr/>	<hr/>
Total operating charge	186,000	142,000
	<hr/> <hr/>	<hr/> <hr/>
Changes in the present value of defined benefit obligations	2020	2019
	£	£
At 1 September 2019	1,201,000	843,000
Current service cost	176,000	127,000
Interest cost	23,000	26,000
Employee contributions	22,000	20,000
Actuarial (gain)/loss	(48,000)	181,000
Benefits paid	(12,000)	-
Past service cost	-	4,000
	<hr/>	<hr/>
At 31 August 2020	1,362,000	1,201,000
	<hr/> <hr/>	<hr/> <hr/>
Changes in the fair value of the academy trust's share of scheme assets	2020	2019
	£	£
At 1 September 2019	655,000	480,000
Interest income	13,000	15,000
Actuarial (loss)/gain	(48,000)	27,000
Employer contributions	102,000	113,000
Employee contributions	22,000	20,000
Benefits paid	(12,000)	-
	<hr/>	<hr/>
At 31 August 2020	732,000	655,000
	<hr/> <hr/>	<hr/> <hr/>

RURAL CHURCH SCHOOLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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

	2020	2019
	£	£
Net income for the reporting period (as per the statement of financial activities)	16,908	14,587
Adjusted for:		
Capital grants from DfE and other capital income	(20,953)	(100,101)
Investment income receivable	(690)	(245)
Defined benefit pension costs less contributions payable	74,000	18,000
Defined benefit pension scheme finance cost	10,000	11,000
Depreciation of tangible fixed assets	38,597	36,851
Decrease/(increase) in debtors	46,379	(17,355)
(Decrease) in creditors	(34,775)	(454)
Net cash provided by/(used in) operating activities	<u>129,466</u>	<u>(37,717)</u>

21 Analysis of changes in net funds

	1 September 2019	Cash flows	31 August 2020
	£	£	£
Cash	494,136	74,459	568,595

22 Related party transactions

No related party transactions took place in the period of account other than certain directors' remuneration and expenses already disclosed in note 11.

23 Members' liability

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