

**REGISTERED COMPANY NUMBER: 08827502 (England and Wales)**

**YOUTH ENGAGEMENT SCHOOLS TRUST  
TRUSTEES' REPORT AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 AUGUST 2019**

**YOUTH ENGAGEMENT SCHOOLS TRUST**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	8
Statement on Regularity, Propriety and Compliance	11
Statement of Trustees Responsibilities	12
Report of the Independent Auditors	13
Independent Accountant's Report on Regularity	15
Statement of Financial Activities	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Cash Flow Statement	19
Notes to the Financial Statements	20

**YOUTH ENGAGEMENT SCHOOLS TRUST**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**MEMBERS**

Youth Federation Limited  
S Armstrong  
C Hindley  
M Howlett

**TRUSTEES**

S Armstrong (resigned 7.10.19)  
M Howlett  
N Brindle  
E Colley (resigned 7.10.19)  
T Haselwood  
A N Smith  
R N Halsall  
T D G Seth (resigned 4.12.18)  
I J Carden (appointed 7.10.19)  
J B Logan (appointed 7.10.19)

**SENIOR MANAGEMENT TEAM**

S Finch (Business Manager) (resigned 31.1.19)  
C Heptinstall (appointed 1.4.19)  
N Brindle (Principal)  
L Cambray (Deputy Principal)

**REGISTERED OFFICE**

The Fermain Academy  
Beswick Street  
Macclesfield  
Cheshire  
SK11 8JG

**REGISTERED COMPANY NUMBER**

08827502 (England and Wales)

**AUDITORS**

Murray Smith LLP  
Chartered Accountants  
Statutory Auditors  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire  
CW8 1AU

**SOLICITORS**

Brabners  
Horton House  
Exchange Flags  
Liverpool  
L2 3YL

**YOUTH ENGAGEMENT SCHOOLS TRUST**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**BANKERS**

Lloyds Bank PLC  
60/62 Merseyway Shopping Centre  
Stockport  
Cheshire  
SK1 1PL

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates a brand new free school in Macclesfield, The Fermain Academy, which opened for students in September 2015. With facilities to cater for up to 60 students (within three years) aged 13-16 at any given time, the academy will be a safe place of learning for those who, for whatever reason, have become disengaged from mainstream education.

2018-19 has also been the beginning of the Trust operating a small Primary Alternative Provision service to support local primary schools. This service started in January 2019 and is provided from a rented building on a primary school site in Cheshire East and is currently being run as a trial, fully supported and funded through the LA and local schools, until Summer 2020.

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

The principal object of the Academy Trust is the operation of The Fermain Academy to advance, for the public benefit, education of students who have been excluded or are at risk of exclusion, and who may be experiencing emotional and behavioural difficulties.

The Trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives.

The Academy Trust has agreed within the provisions of the Funding Agreement between the Trustees and Secretary of State the following characteristics of the Academy:

- The Academy will offer a balanced and broadly based curriculum;
- The Academy will provide education for pupils of different abilities; and
- The Academy will provide education for pupils who are mainly drawn from the area in which the Academy is situated.

The main objectives of the Academy are:

- To reengage those students who have become disconnected with not only mainstream education but with their own dreams and aspirations.
- To help students recognise their achievements, and by delivering a personalised curriculum that will allow them to sit a minimum of five GCSEs (or equivalent), we will prepare them for a world where they can truly realise their full potential.
- To encourage all students to be respectful of, and generate their own alternative viewpoints and ideas, we'll deliver a complete academic, social and emotional learning experience by placing students in smaller working groups led by adult role models that our students trust.
- To provide the best possible standards of care, support and learning for all students and staff by promoting an environment in which our staff can develop and share their skills, knowledge and experience.

**Public benefit**

Trustees have referred to the public benefit guidance contained in part 1, section 4 of the Charities Act 2011 and the SORP (items GL 49), to have due regard to the Charity Commission's published general and relevant guidance when they have reviewed the Academy's aims and objectives. This has been used in planning future activities to ensure the primary objective of the Academy is achieved rather than providing a financial return.

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a company limited by guarantee with no share capital (registration no 08827502) and an exempt charity. The charitable company was incorporated on 30 December 2013 and opened as an academy on 1 September 2015. The charitable company's memorandum and articles of association were amended on 12 July 2018 to reflect the change of Trust name from East Cheshire Youth Achievement Free School Ltd to Youth Engagement Schools Trust. These are the primary governing documents of the Academy Trust. The articles of association require the members of the charitable company to appoint at least three trustees to the board of trustees and shall not be more than ten. The trustees of Youth Engagement Schools Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Fermain Academy.

Details of the trustees who served during the year 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.

**Trustees' Indemnities**

In accordance with normal commercial practice the Academy Trust has purchased insurance through the Department for Education's Risk Pooling Arrangement (RPA) to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides unlimited cover for the year ended 31 August 2019.

**Recruitment and appointment of new trustees**

All members of the board of trustees are appointed and/or elected in accordance with the Articles of Association of the Academy Trust. In summary:

- Up to 10 Trustees may be appointed by the Members;
- a minimum of two Parent Trustees appointed under Articles 53-58;
- the Principal / Accounting officer

The Members may appoint Staff Trustees through such process as they may determine (by election or appointment), provided the total number of Trustees (including the Principal) who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

During the year under review the board of trustees and its Committees held a total of 14 meetings (3 x Full Board of Trustees, 4 x Finance, 3 x Strategy, 3 x Education Standards, & 1 x Pay Committee).

**Organisational structure**

The Board of Trustees is collectively responsible for the overall direction of the Youth Engagement Schools Trust (YES Trust) and its strategic management. This involves determining the guiding principles within which the Academy Trust operates, setting general policy, adopting an annual development plan and budget, monitoring the Academy activities and making major decisions about capital expenditure and senior staff appointments. The Board of Trustees is also responsible for ensuring that the Academy meets all its statutory obligations and through the Executive Head and Director of Business that it complies with financial regulations. The Executive Head is the Accounting Officer of the Academy.

The Board of Trustees recognises that it would be impractical to undertake all of the day to day activities itself in discharging its responsibilities and that it is necessary to delegate some of its functions through committees and to the Executive Leadership Team (ELT), comprising the CEO and Director of Business, and to the Academy Headteacher and its SLT (Senior Leadership Team). The SLT of The Fermain Academy currently comprises the Headteacher, Assistant Head and the Pastoral Lead Manager. These managers control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them and the ELT. The ELT and SLT meet on a weekly basis to consider curriculum policy matters, pupil progress and business matters.

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Induction and training of new trustees**

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academy and the opportunity to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

**Risk management**

The trustees have a duty to identify and review the risks to which the academy trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

**Trade union facility time**

The Trust is not required to employ union officials.

**STRATEGIC OVERVIEW**

The Fermain Academy built on its excellent outcomes last year with all year 11's having Post-16 destinations once again. Formally recognised by Ofsted who deemed the school 'Outstanding' in June 2018 the Trust has began the process of expansion and is currently awaiting formal approval from the RSC to become a Multi Academy Trust, which will allow the Trust to work with more schools and academies going forward.

Cornerstone, the primary AP service the Trust has been operating has had a very positive impact across the authority. Since its beginning in January 2019, there have been no permanent exclusions of primary children in Cheshire East, which can be directly linked back to this service.

**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 it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Notes to the Financial Statements.

**FINANCIAL REPORT FOR THE YEAR**

The Trust's key sources of funding are the General Annual Grant (GAG) from the Education Funding Agency (EFA) and top up funding from the Local Authority and schools commissioning places. Funding from the EFA, Local Authority and schools is shown as restricted funds in the Statement of Financial Activities. The analysis of specific grants received can be seen within note 3 to the financial statements.

During the year to 31 August 2019, the Trust received GAG of £601,323 and top up funding of £506,540. The Trust also received £157,000 in additional income from the Local Authority to run the trial Primary AP service.

The Trust received Project Development Grant of £60,000 in respect of The Axis Academy which the Trust will be opening in September 2020.

The Trust received £36,797 in capital funding during the year, of which £8,237 was DFC, and £28,560 was Free Schools Capital Building Grant.

During the year to 31 August 2019, total resources expended are £1,151,965, excluding depreciation. Depreciation of £68,680 has been charged for the year against the fixed asset fund. The Trust spent £113,143 on Fixed Assets during the year ended 31 August 2019.

The excess of income over expenditure for the period (excluding movement in the pension reserve) was £123,839.

At 31 August 2019 the net book value of fixed assets was £1,882,031 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets will be used exclusively for providing education and the associated support services to the students of the Academy.

**RESERVES AND INVESTMENT POLICY  
PURPOSE**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

The purpose of the reserve policy for The Fermain Academy is to ensure the stability of the School's organisational operations, to protect it so that it has the ability to adjust quickly to financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and working capital.

**DEFINITIONS AND GOALS**

**Restricted Reserves**

Restricted reserves are represented by the main income for the Academy which is General Annual Grant (GAG), other grant contributions or donations that are received for a specific project or purpose, and top up funding. These funds are restricted for the use according to the funding agreements or donor's instructions. The level of reserves will be determined by Governors annually and can fluctuate depending on operational needs. The Governors have determined that the Academy should aim to have the following levels of reserves:

<b>Reserves</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>Notes</b>
Minimum Level	£103,000	£133,000	Approximately one month's operational outgoings
Optimal Level	£206,000	£266,000	Approximately two month's operational outgoings
Maximum Level	£309,000	£399,000	Approximately three month's operational outgoings

The reasons behind retaining these levels of reserves are as follows:

- To provide sufficient working capital to cover delays between spending and receipt of grants and top up funding.
- To provide a cushion to deal with unexpected emergencies such as urgent maintenance.
- To allow the school to retain staffing levels and curriculum delivery should the school experience a drop in numbers and therefore income.
- To provide working capital for the upfront, annual payment of service level agreements and insurance policies.

All reserves are reported and reviewed regularly at management meetings and the Resource and Audit Committee.

**USE OF RESERVES**

**1. Identification of appropriate use of reserve funds**

The ELT will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

**2. Authorisation of use of reserves**

Authorisation to use reserves of any kind will be made by the Resource and Audit Committee, providing the school is still posting an overall in year surplus. Any requests over this amount will require full Trust Board approval.

**3. Reporting and monitoring**

The Governors are responsible for ensuring that the funds are maintained and used only as described in this policy. Upon approval for the use of these funds, the Academy will maintain a record of the use of the funds. The Resource and Audit Committee should regularly monitor the progress of the reserves.

**REVIEW OF POLICY**

This policy will be reviewed by the Resource and Audit Committee every year or sooner if warranted by internal or external events or changes. Changes to the policy will be recommended by the Resource and Audit Committee to the Board of Governors.

**INVESTMENT POLICY**

The Trust has an investments policy. Positive cash balances are currently held in the bank current account. The utilisation of a deposit account is currently being discussed by the Resource and Audit Committee.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk for the Trust in the coming year will be capacity with the ELT looking to further expand the Trust in terms of new schools opening and exploring a longer term solution to support Primary pupils in the local authority. The Axis Academy, the new SEN Academy opening in September 2020 also has some key milestones such as appointments of the staff team, Ofsted pre-inspection, readiness to open meeting, student recruitment and the procurement of supplies and services. The build itself is a risk as any delay to the opening might affect the budget due to pupil start dates and receipts of grants and top up funding, and the fact that the staff team will have been offered contracts to start September 2020.

**PLANS FOR FUTURE PERIODS**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trust has had confirmation from the Department for Education of its conversion to Multi Academy Trust (September 2019) and is in the process of adopting new Articles of Association, in addition to appointing two new Members, and two new Trustees. This will allow the Trust to split its governance structure and operate a Trust Board, and Local Support & Scrutiny Boards from October 2019.

The Fermain Academy will continue working closely with local high schools and other partner organisations to ensure there is a high quality, alternative provision setting for those young people that need it most. The Academy is exploring funding streams for a capital project to extend the school building to provide more space following last year's increase in pupil numbers.

The Trust is looking to expand its Alternative provision setting, currently operating in Congleton, to support more Primary students across the county. This will potentially be expanded to hubs in Crewe and Macclesfield giving students additional opportunities and improving their personal and social development at a younger age thus helping them prepare for secondary school life.

The Trust is also working through the process of opening its new Special Free School, The Axis Academy, and are working closely with the local authority DFE and EFSA to make sure this is successful for September 2020. Planning permission has been granted for the build and the contractors are due to commence work during the 2019/20 Autumn term.

**AUDITORS**

The Trustees have confirmed, that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, Murray Smith LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 3 December 2019 and signed on its behalf by:

A N Smith - Trustee

## YOUTH ENGAGEMENT SCHOOLS TRUST

### GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019

#### Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Youth Engagement Schools 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 of loss.

The board of the trustees has delegated the day-to-day responsibility to the Executive Head, 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 Youth Engagement Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees Responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
S Armstrong (resigned 7.10.19)	3	3
M Howlett	2	3
N Brindle	2	3
E Colley (resigned 7.10.19)	3	3
T Haselwood	2	3
	-	-
	-	-
T D G Seth (resigned 4.12.18)	-	-
A N Smith	2	3
R N Halsall	3	3

The Trustees plan to undertake the next internal review during the forthcoming academic year .

The Resource and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the Academy's finances resources, including proper planning, monitoring and probity. The Resource and Audit Committee meet on a termly basis prior to the main Governing Board and report back to the Board on their delegated responsibilities.

#### Review of Value for Money

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

The accounting officer considers how the 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 available. The accounting officer also reviews contracts with the Director of Business on a cyclical, planned basis. The main contracts reviewed during the 2018/19 year were as follows:

Cleaning services  
Refuse removal  
MIS  
Secure waste disposal  
Staff absence insurance  
External HR consultancy  
Staff benefits and assistance

## **YOUTH ENGAGEMENT SCHOOLS TRUST**

### **GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019**

#### **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 Youth Engagement Schools Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

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

#### **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 resources 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 Murray Smith LLP, the external auditor, to perform additional checks in the Responsible Officer role.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks to be carried out during the 2017/18 year include:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- Utilisation and updating of asset register

On a termly basis, Murray Smith LLP, the reviewer, reports to the board of trustees, through the Resource and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

#### **Review of Effectiveness**

As accounting officer, the Executive Head, 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 external auditor
- 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 finance and resources committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

**YOUTH ENGAGEMENT SCHOOLS TRUST**

**GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2019**

Approved by order of the members of the board of trustees on 3 December 2019 and signed on its behalf by:

A N Smith - Trustee

Nic Brindle - Accounting Officer

## **YOUTH ENGAGEMENT SCHOOLS TRUST**

### **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019**

As accounting officer of Youth Engagement Schools Trust I have considered my responsibility to notify the academy trust board of trustees 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 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.

Nic Brindle - Accounting Officer

3 December 2019

## **YOUTH ENGAGEMENT SCHOOLS TRUST**

### **STATEMENT OF TRUSTEES RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the board of trustees on 3 December 2019 and signed on its behalf by:

A N Smith - Trustee

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YOUTH ENGAGEMENT SCHOOLS TRUST**

### **Opinion**

We have audited the financial statements of Youth Engagement Schools Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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) and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

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

### **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 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 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.

### **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 Report of the Independent Auditors thereon.

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.

### **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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of 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 Trustees' Report.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YOUTH ENGAGEMENT SCHOOLS TRUST**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

### **Responsibilities of trustees**

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

In preparing the financial statements, the trustees are responsible for assessing the 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.

### **Our 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 a Report of the Independent Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **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 the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Benson (Senior Statutory Auditor)  
for and on behalf of Murray Smith LLP  
Chartered Accountants  
Statutory Auditors  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire  
CW8 1AU

3 December 2019

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO YOUTH ENGAGEMENT SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 2 December 2015 and further to the requirements of the Education and 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 Youth Engagement Schools Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Youth Engagement Schools Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Youth Engagement Schools Trust and the 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 Youth Engagement Schools Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Youth Engagement Schools Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Youth Engagement Schools Trust's funding agreement with the Secretary of State for Education 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 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the 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.

### **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 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.

Murray Smith LLP  
Chartered Accountants  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire  
CW8 1AU

3 December 2019

**YOUTH ENGAGEMENT SCHOOLS TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	Unrestricted fund £	Restricted fund £	Restricted Fixed Asset £	2019 Total funds £	2018 Total funds £
<b>INCOME AND ENDOWMENTS FROM Charitable activities</b>						
Funding for the academy's educational operations	3	-	1,285,841	36,797	1,322,638	828,222
Other trading activities	4	21,363	-	-	21,363	15,404
Investment income	5	483	-	-	483	362
<b>Total</b>		<u>21,846</u>	<u>1,285,841</u>	<u>36,797</u>	<u>1,344,484</u>	<u>843,988</u>
<b>EXPENDITURE ON Charitable activities</b>						
Academy's educational operations		-	1,153,255	67,390	1,220,645	887,985
<b>NET INCOME/(EXPENDITURE)</b>		21,846	132,586	(30,593)	123,839	(43,997)
<b>Other recognised gains/(losses)</b>						
Actuarial gains/losses on defined benefit schemes		-	(81,000)	-	(81,000)	23,000
<b>Net movement in funds</b>		<u>21,846</u>	<u>51,586</u>	<u>(30,593)</u>	<u>42,839</u>	<u>(20,997)</u>
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>		39,437	110,297	1,825,027	1,974,761	1,995,758
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>61,283</u></u>	<u><u>161,883</u></u>	<u><u>1,794,434</u></u>	<u><u>2,017,600</u></u>	<u><u>1,974,761</u></u>

The notes form part of these financial statements

**YOUTH ENGAGEMENT SCHOOLS TRUST (REGISTERED NUMBER: 08827502)**

**BALANCE SHEET  
AT 31 AUGUST 2019**

	Notes	Unrestricted fund £	Restricted fund £	Restricted Fixed Asset £	2019 Total funds £	2018 Total funds £
<b>FIXED ASSETS</b>						
Tangible assets	11	-	87,597	1,794,434	1,882,031	1,837,568
<b>CURRENT ASSETS</b>						
Debtors	12	-	110,390	-	110,390	15,363
Cash at bank		61,283	250,828	-	312,111	198,721
		<u>61,283</u>	<u>361,218</u>	-	<u>422,501</u>	<u>214,084</u>
<b>CREDITORS</b>						
Amounts falling due within one year	13	-	(165,932)	-	(165,932)	(56,891)
<b>NET CURRENT ASSETS</b>		<u>61,283</u>	<u>195,286</u>	-	<u>256,569</u>	<u>157,193</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		61,283	282,883	1,794,434	2,138,600	1,994,761
<b>PENSION LIABILITY</b>	17	-	(121,000)	-	(121,000)	(20,000)
<b>NET ASSETS</b>		<u>61,283</u>	<u>161,883</u>	<u>1,794,434</u>	<u>2,017,600</u>	<u>1,974,761</u>
<b>FUNDS</b>						
Unrestricted funds	16				61,283	39,437
Restricted funds:						
Restricted					161,883	110,297
Restricted Fixed Asset					1,794,434	1,825,027
					<u>1,956,317</u>	<u>1,935,324</u>
<b>TOTAL FUNDS</b>					<u>2,017,600</u>	<u>1,974,761</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees on 3 December 2019 and were signed on its behalf by:

A N Smith -Trustee

The notes form part of these financial statements

**YOUTH ENGAGEMENT SCHOOLS TRUST**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	189,283	54,413
Interest paid		(30)	(89)
		<hr/>	<hr/>
<b>Net cash provided by (used in) operating activities</b>		<b>189,253</b>	<b>54,324</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(113,143)	(16,795)
Capital grants from DfE/ESFA		36,797	4,068
Interest received		483	362
		<hr/>	<hr/>
<b>Net cash provided by (used in) investing activities</b>		<b>(75,863)</b>	<b>(12,365)</b>
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>113,390</b>	<b>41,959</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>198,721</b>	<b>156,762</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>312,111</b>	<b>198,721</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

**YOUTH ENGAGEMENT SCHOOLS TRUST**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2019**

**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2019	2018
	£	£
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	123,839	(43,997)
<b>Adjustments for:</b>		
Depreciation	68,680	64,754
Capital grants from DfE/ESFA	(36,797)	(4,068)
Interest received	(483)	(362)
Interest paid	30	89
(Increase)/decrease in debtors	(95,027)	25,755
Increase/(decrease) in creditors	109,041	(4,758)
Difference between pension charge and cash contributions	20,000	17,000
	<hr/>	<hr/>
<b>Net cash provided by (used in) operating activities</b>	<u>189,283</u>	<u>54,413</u>

## YOUTH ENGAGEMENT SCHOOLS TRUST

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

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Youth Engagement Schools Trust meets the definition of a public benefit entity under FRS 102.

##### **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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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.

##### **Income**

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

##### **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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 it is probable that the income will be received and the amount can be measured reliably.

##### **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**

Donated goods are recognised at fair value unless it is impractical to measure this reliably in which case a derived value, being the cost of the item to the donor (for example sponsor services), is used. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities except where the donated good is a fixed asset in which case 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.

**YOUTH ENGAGEMENT SCHOOLS TRUST**

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

**1. ACCOUNTING POLICIES - continued**

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy trust to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**Charitable activities**

Costs of charitable activities are 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.

## YOUTH ENGAGEMENT SCHOOLS TRUST

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

#### 1. ACCOUNTING POLICIES - continued

##### **Tangible fixed assets**

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. 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:

Freehold buildings	- 50 years
Fixtures and fittings	- 5 years
Computer equipment	- 4 years
Plant and machinery	- 7 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

##### **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.

##### **Provisions**

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

##### **Leases**

Rentals under operating leases are charged on a straight line basis over the lease term.

## YOUTH ENGAGEMENT SCHOOLS TRUST

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

#### 1. ACCOUNTING POLICIES - continued

##### **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. Amounts due to the charity's wholly owned subsidiary are held at face value less impairment.

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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

##### **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.

##### **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 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 ESFA/DfE.

##### **Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

## YOUTH ENGAGEMENT SCHOOLS TRUST

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

#### 1. ACCOUNTING POLICIES - continued

##### **Pension 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 so as to spread the costs 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. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they related.

The LGPS is a funded 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.

##### **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.

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### 2. GENERAL ANNUAL GRANT

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2019.

**YOUTH ENGAGEMENT SCHOOLS TRUST**

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

**3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
Grants receivable	-	795,120	795,120	420,474
Other income	-	527,518	527,518	407,748
	<u>-</u>	<u>1,322,638</u>	<u>1,322,638</u>	<u>828,222</u>

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
<b>DfE/ESFA revenue grant</b>				
General Annual Grant(GAG)	-	601,323	601,323	416,406
Local authority grants	-	157,000	157,000	-
	<u>-</u>	<u>758,323</u>	<u>758,323</u>	<u>416,406</u>
<b>DfE/ESFA capital grant</b>				
Capital grants	-	36,797	36,797	4,068
	<u>-</u>	<u>795,120</u>	<u>795,120</u>	<u>420,474</u>

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
Hire of facilities	11,180	-	11,180	15,185
Income from ancillary trading activities	10,183	-	10,183	219
	<u>21,363</u>	<u>-</u>	<u>21,363</u>	<u>15,404</u>

**5. INVESTMENT INCOME**

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
Deposit account interest	483	-	483	362
	<u>483</u>	<u>-</u>	<u>483</u>	<u>362</u>

YOUTH ENGAGEMENT SCHOOLS TRUST

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

6. EXPENDITURE

		Non-pay expenditure		2019	2018
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
<b>Charitable activities</b>					
<b>Academies educational operations</b>					
Direct costs	816,692	-	83,017	899,709	638,295
Allocated support costs	113,135	111,934	95,867	320,936	249,690
	<u>929,827</u>	<u>111,934</u>	<u>178,884</u>	<u>1,220,645</u>	<u>887,985</u>

Net income/(expenditure) is stated after charging/(crediting):

	2019	2018
	£	£
Auditors' remuneration	4,141	3,570
Depreciation - owned assets	68,680	64,754
Hire of plant and machinery	170	9,470
	<u>73,991</u>	<u>77,794</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	2019 Total funds	2018 Total funds
	£	£	£	£
<b>Direct costs</b>	-	899,709	899,709	638,295
<b>Support costs</b>	-	320,936	320,936	249,690
	<u>-</u>	<u>1,220,645</u>	<u>1,220,645</u>	<u>887,985</u>

	2019 Total	2018 Total
	£	£
<b>Analysis of support costs</b>		
Support staff costs	107,851	80,168
Depreciation	31,038	27,722
Technology costs	34,088	23,089
Premises costs	110,119	84,074
Other support costs	26,600	22,846
Governance costs	11,240	11,791
<b>Total support costs</b>	<u>320,936</u>	<u>249,690</u>

**YOUTH ENGAGEMENT SCHOOLS TRUST**

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

**8. TRUSTEES' REMUNERATION AND BENEFITS**

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:

N Brindle (principal and trustee):

Remuneration £89,427 (2018: £60,619)

Employer's pension contributions paid £14,407 (2018: £9,767)

E Colley (staff trustee):

Remuneration £40,816 (2018: £38,730)

Employer's pension contributions paid £6,727 (2018: £6,288)

**Trustees' expenses**

During the period ended 31 August 2019, travel and subsistence expenses totalling £1,085 (2018: £1,047) were reimbursed or paid directly to 3 trustees (2018: 3 trustees).

**9. STAFF COSTS**

	2019	2018
	£	£
Wages and salaries	709,029	487,848
Social security costs	63,126	42,560
Other pension costs	99,913	73,388
	<hr/>	<hr/>
	872,068	603,796
Supply teacher costs	24,785	20,006
DBS checks	909	541
Staff absence insurance	7,534	3,598
	<hr/>	<hr/>
	<u>905,296</u>	<u>627,941</u>

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

	2019	2018
Teachers	22	15
Administration and support	1	1
Management	3	3
	<hr/>	<hr/>
	26	19
	<hr/>	<hr/>

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

	2019	2018
£60,001 - £70,000	1	1
	<hr/>	<hr/>

**Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £211,309 (2018: £162,502).

**YOUTH ENGAGEMENT SCHOOLS TRUST**

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

**10. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides unlimited cover for the year ended 31 August 2019.

**11. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 September 2018	1,851,884	9,029	46,607
Additions	68,167	-	2,909
At 31 August 2019	<u>1,920,051</u>	<u>9,029</u>	<u>49,516</u>
<b>DEPRECIATION</b>			
At 1 September 2018	73,690	2,061	17,441
Charge for year	37,642	1,290	9,467
At 31 August 2019	<u>111,332</u>	<u>3,351</u>	<u>26,908</u>
<b>NET BOOK VALUE</b>			
At 31 August 2019	<u>1,808,719</u>	<u>5,678</u>	<u>22,608</u>
At 31 August 2018	<u>1,778,194</u>	<u>6,968</u>	<u>29,166</u>
	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 September 2018	-	73,879	1,981,399
Additions	14,000	28,067	113,143
At 31 August 2019	<u>14,000</u>	<u>101,946</u>	<u>2,094,542</u>
<b>DEPRECIATION</b>			
At 1 September 2018	-	50,639	143,831
Charge for year	-	20,281	68,680
At 31 August 2019	<u>-</u>	<u>70,920</u>	<u>212,511</u>
<b>NET BOOK VALUE</b>			
At 31 August 2019	<u>14,000</u>	<u>31,026</u>	<u>1,882,031</u>
At 31 August 2018	<u>-</u>	<u>23,240</u>	<u>1,837,568</u>

**YOUTH ENGAGEMENT SCHOOLS TRUST**

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

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade debtors	55,223	4,390
Other debtors	1,360	1,360
VAT recoverable	26,670	-
Prepayments and accrued income	27,137	9,613
	<u>110,390</u>	<u>15,363</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade creditors	49,708	691
Other taxation and social security	20,679	11,771
Other creditors	-	299
Accruals and deferred income	95,545	44,130
	<u>165,932</u>	<u>56,891</u>

**14. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	8,680	8,621
Between one and five years	1,038	6,933
	<u>9,718</u>	<u>15,554</u>

**15. 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.

**16. MOVEMENT IN FUNDS**

	At 1.9.18	Net movement in funds	At 31.8.19
	£	£	£
<b>Unrestricted funds</b>			
General fund	39,437	21,846	61,283
<b>Restricted funds</b>			
Restricted	110,297	51,586	161,883
Restricted Fixed Asset	1,825,027	(30,593)	1,794,434
	<u>1,935,324</u>	<u>20,993</u>	<u>1,956,317</u>
<b>TOTAL FUNDS</b>	<u>1,974,761</u>	<u>42,839</u>	<u>2,017,600</u>

**YOUTH ENGAGEMENT SCHOOLS TRUST**

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

**16. MOVEMENT IN FUNDS - continued**

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	21,846	-	-	21,846
<b>Restricted funds</b>				
Restricted	1,285,841	(1,153,255)	(81,000)	51,586
Restricted Fixed Asset	36,797	(67,390)	-	(30,593)
	<u>1,322,638</u>	<u>(1,220,645)</u>	<u>(81,000)</u>	<u>20,993</u>
<b>TOTAL FUNDS</b>	<u><u>1,344,484</u></u>	<u><u>(1,220,645)</u></u>	<u><u>(81,000)</u></u>	<u><u>42,839</u></u>

**Comparatives for movement in funds**

	At 1.9.17 £	Net movement in funds £	At 31.8.18 £
<b>Unrestricted Funds</b>			
General fund	23,671	15,766	39,437
<b>Restricted Funds</b>			
Restricted	82,755	27,542	110,297
Restricted Fixed Asset	1,889,332	(64,305)	1,825,027
	<u>1,972,087</u>	<u>(36,763)</u>	<u>1,935,324</u>
<b>TOTAL FUNDS</b>	<u><u>1,995,758</u></u>	<u><u>(20,997)</u></u>	<u><u>1,974,761</u></u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	15,766	-	-	15,766
<b>Restricted funds</b>				
Restricted	824,154	(819,612)	23,000	27,542
Restricted Fixed Asset	4,068	(68,373)	-	(64,305)
	<u>828,222</u>	<u>(887,985)</u>	<u>23,000</u>	<u>(36,763)</u>
<b>TOTAL FUNDS</b>	<u><u>843,988</u></u>	<u><u>(887,985)</u></u>	<u><u>23,000</u></u>	<u><u>(20,997)</u></u>

**17. PENSION AND SIMILAR OBLIGATIONS**

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

17. PENSION AND SIMILAR OBLIGATIONS  
- continued

**Teachers' pension scheme**

*Introduction*

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**Local government pension scheme**

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Present value of funded obligations	(245,000)	(100,000)
Fair value of plan assets	124,000	80,000
	<u>(121,000)</u>	<u>(20,000)</u>
Deficit	<u>(121,000)</u>	<u>(20,000)</u>
Liability	<u><u>(121,000)</u></u>	<u><u>(20,000)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Current service cost	45,000	31,000
Net interest from net defined benefit asset/liability	4,000	-
Interest income on plan assets	-	(2,000)
Interest cost on defined benefit obligation	-	3,000
	<u>49,000</u>	<u>32,000</u>
Actual return on plan assets	<u>-</u>	<u>2,000</u>

**YOUTH ENGAGEMENT SCHOOLS TRUST**

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

**17. PENSION AND SIMILAR OBLIGATIONS  
- continued**

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Defined benefit obligation	100,000	84,000
Current service cost	45,000	31,000
Contributions by scheme participants	9,000	5,000
Interest cost	4,000	3,000
Changes in financial assumptions	87,000	(23,000)
	<u>245,000</u>	<u>100,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Fair value of scheme assets	80,000	58,000
Contributions by employer	26,000	15,000
Contributions by scheme participants	9,000	5,000
Interest income on plan assets	3,000	2,000
Return on plan assets (excluding interest income)	6,000	-
	<u>124,000</u>	<u>80,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Changes in financial assumptions	(87,000)	23,000
	<u>(87,000)</u>	<u>23,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
Equities	43%	48%
Bonds	47%	43%
Property	8%	8%
Cash	2%	1%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2019	2018
Rate of increase in salaries	2.6%	2.6%
Rate of increase for pensions	2.3%	2.3%
Discount rate for scheme liabilities	1.9%	2.8%
Commutation of pensions to lump sums	50%	50%

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

**YOUTH ENGAGEMENT SCHOOLS TRUST**

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

**17. PENSION AND SIMILAR OBLIGATIONS  
- continued**

	<b>At 31 August 2019</b>	<b>At 31 August 2018</b>
<b>Retiring today</b>		
Males	22.3	22.3
Females	24.5	24.5
<b>Retiring in 20 years</b>		
Males	23.9	23.9
Females	26.5	26.5

**18. RELATED PARTY DISCLOSURES**

Owing to the nature of the academy trust 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 the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account