



The Praxis Trust

The Praxis Trust

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 August 2019

**Company Registration Number:
07972070 (England and Wales)**

The Praxis Trust

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The Praxis Trust

Reference and Administrative Details

Members	D O'Donnell D Skupham C Wilson (until 02.09.19) Church of England Central Education Trust (CECET) representative
Trustees	C Beardmore C Hall G Hutton (CECET) D Skupham (Chair) B Wilkinson (Appointed 17.09.19) S Wilkinson (until 31.08.19) C Wilson (until 02.09.19)
Senior Management Team	
Senior Executive Lead	B Wilkinson
Principal	B Wilkinson (Bursley Academy; Accounting Officer)
Principal	J Mountford-Lees (Hollinsclough C of E Academy)
Principal	J Ackers (Manifold C of E Academy)
Clerk to Governors	I Sharp (Entrust Services)
Responsible Officer	L Healings FCCA – VAST
Company Name	The Praxis Trust
Principal and Registered Office	Bursley Way Bradwell Newcastle-Under-Lyme Staffordshire ST5 8JQ
Company Registration Number	07972070 (England and Wales)
Independent Auditor	RSM UK Audit LLP 3 Hardman Street Manchester M3 3HF
Accountants	VAST The Dudson Centre Hope Street Hanley Stoke on Trent ST1 5DD
Bankers	Lloyds Bank PLC PO Box 1000 Andover BX1 1LT
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

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Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates 3 primary academies in Staffordshire for pupils aged 3 – 11 years. The schools are known as Bursley Academy, Hollinsclough Church of England Academy and Manifold Church of England Academy. Its academies have a combined pupil capacity of 482 and had a roll 417 in the school census on 17 January 2019. The trust has a Senior Executive Lead and a Chief Finance Officer in place to ensure all procedures are clearly in place and that there is a consistency in financial approaches across the trust. After meeting with the Regional Schools Commissioner it was agreed that the focus of the trust would be explore the possibility of a merge with another trust or trust's, if the academies were to be best served by moving into different academy trusts.

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 trustees of The Praxis Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Praxis Trust.

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

The trust has purchased Governors' and Trustees' Liability Insurance, Personal Accident Insurance and Fidelity Guarantee Cover.

Method of Recruitment and Appointment or Election of Trustees

The academy trust shall have at least three members. The members have the right to appoint additional members. The members shall include appointees of the Diocesan Board of Education holding 25% of the representation rights.

The members shall appoint no fewer than three trustees. The trustees shall include appointees of the Diocesan Board of Education holding no more than 25% representation rights. The appointed trustees have four year terms of office. The appointed trustees may co-opt no more than two trustees for terms of no more than four years, subject to the condition that no more than one third of the trustees shall be employees of the trust.

Currently the trust has 5 trustees of which one is a representative of CECET.

The trustees appointed a Senior Executive Lead from the existing academy Principals on 28 November 2017. Initially this role was classified as not eligible to sit on the trust board as a trustee however, following a resignation and in light of the trust direction of travel it was agreed on 17th September 2019 that the Senior Executive Lead will become a trustee for the interim period to support the facilitation of the next phase of the trust evolution. The trustees shall ensure that the local governing bodies include at least two parent governors. In the absence of such local parent governors, two trustees shall be elected by the parents.

The trust has 3 members including the chair of trustees. 1 member is a CECET representative.

As at 31st August 2019 there were 6 trustees. There were no elected or co-opted trustees. Each of the local governing bodies had two parent governors.

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Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The trustees have designated the chair as the trustee responsible for the induction and training of trustees. All new trustees have received an induction from the chair and a pack of training materials including the DfE Governors Handbook, Academies Financial Handbook, the Articles of Association, the Funding Agreement, the School Development Plans and the minutes of previous meetings.

On the date of the approval of this report, the trustees were assessing further training needs and arranging governor and trustee training as appropriate.

Organisational Structure

The board of trustees establishes an overall framework for the governance of the trust and academies and agrees the membership of its committees. The local governing bodies are committees established by the trustees. The local governing bodies hold one meeting each term. The trustees are scheduled to meet before and after each round of local governing body meetings to promote communications. The trustees establish the terms of reference and procedures for the committees, receive reports and policy documents from the committees for ratification and monitor the activities of the committees through the minutes of their meetings. The trustees may also, from time to time, establish working groups to perform specific tasks over a limited time frame.

The trustees are responsible for the strategic development of the trust and its academies and determine any proposals for the alteration, closure or change of category of the academies. The trustees and committees monitor the academies by the use of budgets, management accounts, Principal's reports and educational performance measures.

The trustees delegate powers as appropriate under a scheme of delegation to the Senior Executive Lead, Principals, local governing bodies and senior leadership teams for the internal organisation, management and control of the academies.

The scheme of delegation has been reviewed during the year to ensure it remains fit for purpose and clear lines of delegation are in place.

Arrangements for setting pay and remuneration of key management personnel

The trustees receive no remuneration. The remuneration of the key management personnel is based on the statutory guidance in the statutory teachers' pay and conditions document 2018 (STPCD) and the local government pay scales for administrative staff in similar roles at maintained schools.

The Senior Executive Lead was paid within the STPCD pay range for a Principal of an ordinary school with a pupil roll equivalent to the combined pupil roll of the academies within the trust.

The Principals and the senior leadership team teaching staff at the individual academies within the trust were paid within the STPCD pay ranges for staff in similar roles at ordinary schools with similar pupil rolls.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the board of trustees and local boards of governors being drawn from the Church of England Central Education Trust (CECET), local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a trustee or governor may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. Details of related party transactions can be found in note 12 to the financial statements. All pecuniary interests and declaration of interests are available on the trust and academy websites.

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Trustees' Report (continued)

Objectives and Activities

Objects and Aims

The objective of the trust is to advance education for the public benefit by establishing, maintaining and developing academies that offer a broad and balanced curriculum. The trust recognises and supports the individual ethos of each of its academies, whether they are with or without a designated religious character.

The Church of England designated academies within the trust are conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Diocesan Board of Education.

The trust's aims are to:

- Create a happy, stimulating, healthy and safe environment that encourages a desire for learning
- Develop enquiring minds by encouraging children to become independent thinkers and learners through promoting a sense of curiosity
- Develop the whole person through high quality teaching, catering for all learning styles and setting appropriate challenges, which meet individual needs
- Prepare learners for the future, through quality, real life experience
- Help children be aware of others and the environment and develop their citizenship, through nurturing the qualities of tolerance, honesty, respect, teamwork, empathy and self-discipline
- Develop Christian distinctiveness, values and character within our designated academies
- Value the involvement of parents, governors and the local community
- Strive for continuous improvement in all that we do

Objectives, Strategies and Activities

Bursley Academy

The main actions for the year within Bursley Academy, as stated in the school development plan 2018/19, along with outcomes are as follows:

Objectives	Strategies/Activities	Achievements
To review and develop the academy curriculum structure to make sure it meets the needs of all pupils whilst ensuring maximum engagement of both pupils and staff. Creating a bespoke curriculum that is effective, manageable and creative and builds on the high quality teaching and learning opportunities for all pupils currently in place across the academy.	<ul style="list-style-type: none">• Review current curriculum model with all staff and pupils. Put questionnaires in place to ask about what is liked and what is needed to improve curriculum.• Visit a range of schools that have innovative and outstanding curriculums to see how they are structured and operated. Bring back curriculum models for discussion.• Identify and develop the new curriculum structure and content. Ensuring clarity around planning and lesson expectations.	<ul style="list-style-type: none">• Curriculum researched and training undertaken around new curriculum models.• Review of current practice and discussions around future structures with all stakeholders.• New structure is in place – this better meets the needs of all pupils and is designed to fit the ethos and values of the academy.

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Trustees' Report (continued)

Objectives	Strategies/Activities	Achievements
	<ul style="list-style-type: none"> Development of base schemes of work for all subject areas and year groups, these will show coverage and objectives to cover but will leave staff with the flexibility to deliver the lessons and content through a range of formats and focuses which best suit the needs of the pupils in their class. Complete audit for workload management, review schools position and identify areas where workload could be better managed. Launch curriculum after trial period. 	
To audit, review and enhance the current provision for Spiritual, Moral, Social and Cultural (SMSC) across the whole school, building on current good practice to refresh and grow the provision to make it more overt and clear within practice (running alongside the curriculum review) to ensure it is relevant for current and future pupils.	<ul style="list-style-type: none"> Complete full audit. Design relevant action plan for improvements. Share and implement action plan. 	<ul style="list-style-type: none"> Audit completed and reviewed. Action plan in place. Provision enhancements in place alongside curriculum development.

Hollinsclough C of E Academy

The main actions for the year, as stated in the school development plan 2018/19, along with outcomes are as follows:

Objectives	Strategies/Activities	Achievements
Joint vision statement and development plan with trust encompassing Christian values	<ul style="list-style-type: none"> Trust meetings. Principal meetings. 	Trustees have developed joint vision statement.
Teaching and Learning focus – Greater Depth Increase the percentage of pupils working at greater depth in maths, writing and spelling punctuation and grammar (SPAG) (30%), and continue improvement in presentation and spelling.	<ul style="list-style-type: none"> Termly continuing professional development (CPD) for maths and literacy managers, including; Termly management days to analyse effectiveness of teaching and learning. Monitoring teaching of Maths and English throughout the school. Data triangulation. Gap analysis of progress in understanding maths (PUMA) and progress in reading assessment (PIRA) termly tracking. 	<ul style="list-style-type: none"> 100% good level of development (GLD) for literacy and maths in early years foundation stage (EYFS). 100% pass for phonics in Year 1. 74% average pass Key Stage1(KS1). 58.5% average pass at Key Stage2 (KS2). <p>Ofsted rated academy as 'good' in July 2018.</p>

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Trustees' Report (continued)

Objectives, Strategies and Activities (continued)

Objectives	Strategies/Activities	Achievements
Audit of Science provision – Continuing to ensure that academy has a broad and balanced curriculum.	<ul style="list-style-type: none"> • Audit of science provision. • Monitoring of science lessons. • Dedicated science days. 	<ul style="list-style-type: none"> • Science provision audited and new resources ordered. • Lesson rated 'good'. • Dedicated science days raised profile of science. • Ofsted 2018 stated 'The curriculum is broad and balanced. Pupils enjoy the additional activities, including opportunities to learn outside and the educational visits that complement the topics they study'.
Focus on mental health and Well-being.	<ul style="list-style-type: none"> • Named lead/staff training/awareness. • Policy to be developed after training. • Appointed lead to audit the needs and arrange provision. • Changes to practice in academy if needed. 	<ul style="list-style-type: none"> • Named lead appointed. • Training of lead on-going and continuing. Also in budget for 2018/2019. • Ofsted 2018 reported that 'The school's work to promote pupils' personal development and welfare is good. • Statutory Inspection of Anglican, Methodist and ecumenical Schools (SIAMS) rated the academy as Outstanding: 'These focus on providing an inclusive, nurturing environment.

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Trustees' Report (continued)

Objectives, Strategies and Activities (continued)

Manifold C of E Academy

The main actions for the year, as stated in the school development plan 2018/19, along with outcomes are as follows:

Main target for development	Actions	Achievements
<p>To increase the proportion of pupils attaining the higher standards in reading, writing and mathematics at the end of each year.</p> <p>Ensure that pupil progress Meetings include a focus on the % of pupils working beyond the expected level.</p> <p>To ensure there is an effective target setting process in place.</p>	<ul style="list-style-type: none"> • Ensure all higher ability (HA) pupils are identified in planning and that activities are devised to meet their needs. • Identify any barriers to accelerated learning for every higher attaining child and put supportive strategies in place to address these. • Aspirational targets for HA pupils set in consultation with teachers and Principal. • Teacher to feedback key points from these discussions at the pupil progress meetings with the teaching assistants. • Cross phase monitoring and pupil progress meetings (PPMs) will hold teachers/teaching assistants to account and will take place as above. • Principal to hold pupil progress meetings with teachers to ensure that high level questioning is embedded in all year groups. 	<ul style="list-style-type: none"> • All teachers and leaders regularly tracked individual pupils to monitor progress. Resulted in a greater proportion of pupils attaining GLD in reading, writing and mathematics. • Half termly pupil progress meetings highlighted the progress of HA pupils from their starting points. Interventions then used as needed. • Teachers were clear about individual pupil progress and attainment and set challenging targets based on these. • Monitoring cycle/task planner strategic plan was devised – detailing a timetable of scrutiny. • Year 1/2 teacher visited two other schools to observe how they offered challenge.
<p>To ensure that maths progress and attainment scores by July 2019 are positive in all year groups based on our internal tracking system.</p>	<ul style="list-style-type: none"> • Ensure that activities are devised to meet all pupils' needs. • Half termly pupil progress meetings highlight pupil performance at timely intervals. • Interventions are tailored accordingly based on these discussions. • Senior leadership team (SLT) to conduct pupil learning conversations with children and scrutinise books with a specific focus on reasoning and problem solving. • Teachers build up their own portfolio of reasoning and problem solving challenges. 	<ul style="list-style-type: none"> • A greater proportion of pupils attained age related expectations in maths at the end of each year group. • End of year attainment data for each year highlighted the % of pupils achieving at both the Expected and Greater Depth standard (GDS) is comparable at least to that of reading. • Higher level questioning and challenging/open ended mathematic problems and puzzles support children in developing their ability to reason. • Increased % of pupils achieving GDS at the end of each year group.

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Trustees' Report (continued)

Objectives, Strategies and Activities (continued)

Objectives	Strategies/Activities	Achievements
To ensure that writing progress and attainment scores by July 2019 are positive in all year groups based on our internal tracking system.	<ul style="list-style-type: none"> • Quality first teaching to be in place. • Principal to track and monitor pupil progress in writing at each half term points. • Directed time will be allocated for teachers to meet each half term to discuss data, concerns etc. • Ensure effective intervention is in place. • Teachers to fully utilise the 'Book Based' curriculum. • Teachers to look for opportunities to write across the curriculum in a variety of ways. • Incorporate 'Writer award' initiative in all year groups. 	<ul style="list-style-type: none"> • Staff track the progress of individual pupil's progress, with specific focus on children who exited the end of the previous year at a higher level. • Half termly pupil progress meetings clearly highlighted the progress of HA and Special Educational Needs (SEN) pupils from their starting points. • Monitoring cycle/task planner strategic plan clearly detailed a timetable of scrutiny. • Book based learning curriculum in place ensuring pupils have a balanced writing diet.
SIAMS - To understand and prepare for the new SIAMS framework to be introduced September 2019.	<ul style="list-style-type: none"> • Policies to be reviewed as necessary. • Christian Distinctiveness Advisor (CDA) to lead a training session for all staff to ensure that they understand the school as a Church school. • Staff to use Understanding Christianity and the Staffordshire Scheme of work when lesson planning. • Lesson observations and book scrutinies to be carried out by Principal and CDA. • Quiet prayer spaces to be available both inside and outside classrooms, including the outdoor areas. 	<ul style="list-style-type: none"> • Leaders ensure that all staff members at all levels are supported in the development of their understanding of the school as a Church school. • Governors ensure that a robust and continuous self-evaluation process is in place for evaluating their effectiveness as a Church school. • RE provision reflects the Church of England Statement of Entitlement.

Public Benefit

The trustees have given careful regard to the Charity Commission guidance on public benefit in setting our objectives, running our academies and reporting on our activities. During the year the academies, through fundraising, have supported the following charities: Poppy Appeal, Macmillan Cancer Research, The Donna Louise Trust, Help for Heroes, NSPCC, The Lyme Trust, Alice Charity and Douglas Macmillan Hospice.

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Trustees' Report (continued)

Strategic Report

Achievements and Performance

Bursley Academy

The following end of year attainment data is taken from analyse school performance (ASP), year 2 results are stated in terms of the percentage of pupils achieving the expected standard in all areas, year 6 results are stated as percentage of pupils achieving the expected standard and as the cohorts scaled scores against national average:

Year 2	Reading	Reading Higher	Writing	Writing Higher	Maths	Maths Higher
School	81%	34%	76%	21%	81%	26%
National	75%	25%	69%	15%	76%	22%
Difference	+6%	+9%	+6%	+6%	+5%	+4

Year 6	Reading	Reading Higher	Writing	Writing Higher	Maths	Maths Higher	GPS	GPS Higher	Combined	Combined
School	71%	20%	82%	16%	88%	22%	88%	24%	61%	10%
National	73%	27%	78%	20%	79%	27%	78%	36%	65%	11%
Difference	-2%	-7%	+4%	-4%	+9%	-5%	+10%	-12%	-4%	-1%

Scaled Scores	Reading	GPS	Maths
School	103.9	105.9	105.3
National	104.4	105	106.3
Difference	-0.5	+0.9	-1

Outcomes were lower in reading than expected for pupils at Bursley Academy during academic year 2018/19.

Manifold C of E Academy

The following end of year attainment data is taken from analyse school performance (ASP), year 2 results are stated in terms of the percentage of pupils achieving the expected standard in all areas.

Year 2	Reading	Reading Higher	Writing	Writing Higher	Maths	Maths Higher
School	70%	20%	60%	10%	70%	20%
National	75%	25%	69%	15%	76%	22%
Difference	-5%	-5%	-9%	-5%	-6%	-2%

Year 1	Phonics
School	78%
National	82%
Difference	-4%

NB – each child in year 1 is worth 11%. 7/9 children achieved the threshold of 32.

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Trustees' Report (continued)

Hollinsclough C of E Academy

Early Years Foundation Stage

Percentage achieving the expected standard = 40%

NB: Rec = 5 pupils – 3 entering EYFS in summer term

Phonics

Percentage meeting the expected standard in phonics Y2 = 100%

Percentage meeting the expected standard in phonics Y1 = 50%

NB: Y1 = 2 pupils – 1 coming from EHE in summer term

Year 2	Reading	Reading Higher	Writing	Writing Higher	Maths	Maths Higher
School	80%	60%	60%	20%	100%	0%
National	75%	25%	69%	15%	76%	22%
Difference	+5%	+35%	-0.9%	+5%	+24%	-22%

Year 6	Reading	Reading Higher	Writing	Writing Higher	Maths	Maths Higher
School	100%	22%	67%	11%	67%	11%
National	73%	27%	78%	20%	79%	27%
Difference	+27%	-5%	-11%	-9%	-12%	-16%

Scaled Scores	Reading	GPS	Maths
School	106.9	105	102.8
National	104.4	105	106.3
Difference	+2.5	0	-3.5

Key Performance Indicators

	2019	2018
Total staff costs	£1,415,482	£1,411,366
Staff costs per pupil	£ 3,394	£ 3,409
Staff costs to AWPU rate	115.43 %	114.55%
Salary costs to GAG Income	83.90 %	84.88%
Salary costs to total Income (Includes CIF monies in 2018)	62.51 %	25.78%
Educational resources total costs	£140,597	£139,540
Educational resource costs per pupil	£337	£337
ICT provision total costs	£30,427	£18,513
ICT costs per pupil	£74	£45

The above ratios do not include agency supply costs of £99,529 compared to 2018: £97,187

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 Statement of Accounting Policies.

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Trustees' Report (continued)

Financial Review

In the first year of operation, the MAT initially adopted the financial policies of the founder academy which had been in place and used for a number of years as laid down by the Academies Financial Handbook. The process of updating these for the MAT has continued during the year under review. Financial performance is monitored by regular reviews of income and expenditure versus planned budgets by the finance committee. All key policies have now been updated and reflect trust wide planning and procedures and are published on the trust website.

The trust's restricted income is principally obtained from the Department of Education via the Education and Skills Funding Agency and from the local authority as Nursery Education Funding. This income has been applied in maintaining, developing and running the academies within the trust.

The trustees are satisfied with the current year results. When adding back the loss on the defined benefit pension scheme and the depreciation charge, the Trust has made a small surplus and has generated cash. The main change in the constitution of the balance sheet relates to the accrued CIF income included in debtors in the prior year, which has been received during the current year and is included in cash at bank and in hand as at 31st August 2019.

Other income received from capital grants has reduced significantly; this is due to the level of Condition Improvement Funding received in the prior year. Whilst income relating to the project at Bursley Academy was recognised during 2017/18, the majority of the expenditure will occur during 2019/20. Further income was received from lettings, out of school activities and fund raising. Lettings and out of school activities do not account for a significant level of income within the overall budget.

The trust agreed to one of the academy's (Manifold) setting a deficit budget for 2018/19; this deficit was created by a lag in funding brought about by an increase in their early years intake from the previous year. Long term planning will ensure that this academy will be able to set a positive budget in the future. The trust has a clear overview of the financial positions of each academy and their longer term financial requirements.

It has been identified that Hollinsclough's financial position based on their predicted intake and staffing costs leaves them in a financial vulnerable position and potentially at risk of closure in the future. To mitigate this, the trust has prepared a 5 year budget plan to allow the academy to remain financially viable.

The trust uses HCSS budgeting and accounting software to closely monitor the budgets of the individual academies and consolidated at trust level. This allows an increased level of control both over current spending and the development of future budgets to ensure the long-term viability of individual academies.

Reserves Policy

The trustees review the reserve levels annually. The review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees determine an appropriate level of reserves. The free reserves are monitored to ensure that they provide appropriate working capital for accruals and cover for contingencies.

The restricted and unrestricted funds are detailed in note 16. The unrestricted funds are free reserves. The trustees expect to designate reserves toward building renewal and expansion over the medium term. All reserves amassed by the academies up until 31st August 2019 will be held by the academies. Subsequent reserves will be in line with reserves policy.

The trust have determined a target level for working capital and equivalent to one month's average payroll costs and 1/12th of annual expenditure currently set at £160,000 and is funded proportionately by each individual academy; Reserve levels are currently Bursley Academy £785,501, Hollinsclough C of E Academy £98,901, Manifold C of E Academy £45,835, Trust reserves £12,812. The trust is currently operating at a level which is above the working capital initially set, meaning the trust has a strong financial position.

Investment Policy

The trust aims to manage its cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the trust aims to invest surplus cash funds to optimise return, ensuring the investments are such that there is no risk to the loss of these cash funds and they are invested in easily accessible accounts which are ethical and socially responsible. On the date of approval of this report, the trust holds no investments.

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Trustees' Report (continued)

Principal Risks and Uncertainties

The principal risk faced by the Trust is the compliant operation and the adherence to policies and procedures of the three academies as a MAT, coupled with the financial challenges faced by two schools within the trust.

Due to the context of the academies, particularly the two small rural academies a major risk is the recruitment and retention of staff and pupils and its impact on longer term viability. The improvement in standards is directly linked to the ability of academies to recruit and retain good teachers, but this is becoming increasingly challenging for all academies within the trust. The Principals are working closely with key staff to ensure that good staff are retained and that marketing strategies are developed to recruit pupils.

The details of the national funding formula significantly influence the income of the trust. One of the principal uncertainties is the application of the national funding formula and the effect of this funding on the individual academies. Any changes to funding can have long term effects on the viability of individual academies and as such carefully budgeted plans have been developed to ensure the academies remain viable in the longer term.

The uncertainty concerning the completion of capital works represents a continuing operational risk to the trust. During the year 2017/18, the trust received capital income, from the 2018/19 Condition Improvement Fund, which funded for the following projects; expansion of Bursley Academy to two form entry which was conditional to receiving planning permission, this permission was granted during the academic year 2018/19. The second project at Manifold Church of England Academy was completed during the year 2018/19 and funded by two Condition Improvement Fund bids; one for the removal of asbestos within the building and the other for roof and building repair. The trust is working with Entrust and other organisations to develop the potential of its sites and protect their viability.

The maintenance of educational standards is critical. The trust academies provide continuing professional development to ensure close tracking of progress and attainment against a changing curriculum.

The trust has no financing obligations. The operational financial risks are considered minimal at present due to the nature and value of the net current assets.

The pension reserve shown in restricted funds is the trust's share of deficit on the Local Government Pension Scheme (LGPS), which represents the difference between the fair value of the assets within the LGPS and the present value of its defined benefit obligations, as detailed in note 24 to the accounts. The pension reserve stood at £858,000 deficit on 31 August 2019 compared with £486,000 deficit on 31 August 2018.

The Trust has continued with a 1% increase in contributions which was implemented April 2019, following receipt of the triennial revaluation figures received in November 2017.

Fundraising

Academies within the Trust carry out fundraising activities from time to time. The proceeds of which can either be for school funds or for external charities both national and local.

Fundraising activities vary from fairs, community events, own clothes days and cake sales; all of which are voluntary in both participation and donations.

Professional fundraisers are not used and events are organised within the individual academies by staff and/or parents and monitored by the Accounting Officer.

Complaints regarding fundraising would be addressed through the trust's normal complaints procedure.

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Trustees' Report (continued)

Post Balance Sheet Events

At the date of signing this report it has been agreed by the trustees that the Senior Executive Lead was to be appointed as a trust board member. The role of trustee will be time limited to the length of time the Senior Executive Lead remains in his position of Senior Executive Lead.

Plans for Future Periods

The academies have a remarkably wide range of unique characteristics. The trust will utilise these characteristics to the best financial and educational advantage by encouraging each of the academies to work together.

After meeting with the Regional Schools Commissioner it was agreed that the focus of the trust would be explore the possibility of a merge with another trust or trust's, if the academies were to be best served by moving into different academy trusts.

At the date of approval of this report, the trust is currently in discussion with two other trust's in relation to Bursley Academy moving to a trust which is geographically more appropriate and Manifold and Hollinsclough also moving together to a more relevant trust geographically.

Planning permission for the expansion of Bursley Academy was received during the year to enable the academy to grow to two form entry. At the date of approval of this report, building work had commenced and is scheduled to be completed in readiness for the new intake in September 2020.

The site of Manifold continues to be explored as a potential finance stream.

Funds Held as Custodian

The trust does not hold any funds on behalf of others

Auditor

Insofar as the trustees are aware:

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

RSM UK Audit LLP has indicated its willingness to continue in office.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 3 December 2019 and signed on the board's behalf by:



D Skupham

Chair of Trustees

The Praxis Trust

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Senior Executive Lead, as accounting officer for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Praxis 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 8 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
C Beardmore	6	8
C Hall	7	8
G Hutton	7	8
D Skupham (Chair)	8	8
S Wilkinson	1	8
J Wilson	4	8

The trust board has been ably supported by the Senior Executive Lead and the Chief Finance Officer. The stability in these positions has enabled core policies and procedures to be developed with consistency and monitoring schedules effectively developed. The trust is now looking at future growth plans and operational models to enable it to further meet the vision and ethos.

The Finance Committee are a sub-committee of the main board of trustees. Its purpose is to:

- set spending priorities
- consider, approve and monitor the budget
- determine virement and expenditure thresholds
- evaluate the effectiveness of spending decisions
- approve and ensure sufficient oversight to ensure adherence with the finance procedures manual and the Academies Financial Handbook

The trust board intends to undertake a governance audit; reviewing the skills of the trust board and that of the local governing bodies. This will comprise of a review of each local governing body against the scheme of delegation to ensure they are enacting their responsibilities as set in the Academies Financial Handbook, a review of the trust board against the scheme of delegation will also take place and these reviews will be completed by March 2020.

The trust has two committees which are; Finance Committee, Teaching and Learning Committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a possible
C Hall	1	1
G Hutton	1	1
D Skupham	1	1

The Praxis Trust

Governance Statement (continued)

The principal of Bursley academy continues to be seconded to the role of the Senior Executive Lead and the Chief Finance Officer continue in their positions. This has given stability to the structure.

Review of Value for Money

As accounting officer, the Senior Executive Lead 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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Supporting the on-going work of the Chief Finance Officer who ensures consistent financial practice and therefore the financial stability of the trust whilst remaining in line with the current Trust budget.
- Overseeing the financial and governance policies/procedures to ensure they remain fit for purpose; and the internal financial controls remain stringent and streamlined within the organisation.
- Through dual control of the bank account the accounting officer has been able to closely monitor the financial transactions to ensure staffing and spending remain on track to ensure the future financial viability of each individual academy.
- The Chief Finance Officer has been able to utilise a clear accounting software package to support the trust in providing effective reporting to trust staff on all matters of financial management.
- The accounting officer in conjunction with the Chief Finance Officer has during the year reviewed all service level agreements to ensure that they all meet the levels of service required and continue to provide value for money.
- Maintaining good relationships with suppliers which has ensured fair and consistent pricing and supply across the member academies.
- Monitoring the systems and spending patterns to ensure full compliance with the requirements of the ESFA and the Academies Financial Handbook 2018.

During 2018/19 a 6% top slice was taken from individual academies GAG funding, this amounted to £100,428 (2017/18: £100,432). This money provided the following centralised services; Senior Executive Lead (2 days per week), Chief Finance Officer and centralised finance function, a MAT subscription for The Key for School Leaders and The Key for School Governors, Governor Clerking services, HR legal services, auditor costs, accountancy costs, HCSS budgeting and software packages plus principal's performance management.

The Praxis Trust

Governance Statement (continued)

The Purpose of the System of Internal Control

Bursley Academy operated as a single academy trust from 01 April 2012 to 31 August 2015. The system of internal control established at Bursley Academy was refined over this period to manage the risks at that academy.

The trust converted into a multi academy trust on 01 September 2015. The Hollinsclough and Manifold schools entered the trust as newly converted academies on the same date. The trust merged the new academies into its existing accounting system and extended its existing system of internal financial controls to manage the risk of financial irregularities.

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. It is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Praxis Trust for the period 01 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 multi 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 multi academy trust significant risks that has been in place for the period 01 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 multi 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:

- controlled monitoring by the principals and the finance committee
- comprehensive budget setting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- 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 that VAST will continue to perform the role of internal auditor; this includes the role of Responsible Officer.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems and procedures. The internal auditor reports to the board of trustees, through the finance committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditor delivered their termly schedule of work as planned checks were carried out and a review of the following areas were undertaken; income, grants and other income, debit card entries, journal entries, purchases and review of accounting system and no material control issues were identified. The trust has considered and continues to review their recommendations.

The robust procedures to mitigate risk along with the high level of monitoring and review put in place by the Chief Finance Officer, ensures that the trust's financial management continues to be exemplary. Any potential issues that have been identified have been resolved both efficiently and effectively.

The Praxis Trust

Governance Statement (continued)

Review of Effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the work of the senior staff 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 members of the board of trustees on 3 December 2019 and signed on its behalf by:



D Skupham
Chair of Trustees



J B Wilkinson
Accounting Officer

The Praxis Trust

Statement of Regularity, Propriety and Compliance

As accounting officer of The Praxis 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.



J B Wilkinson
Accounting Officer

3 December 2019

The Praxis Trust

Statement of Trustees' Responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction 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 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 2018 to 2019.
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the Members of the Board of Trustees on 3 December 2019 and signed on its behalf by:



D Skupham

Chair of Trustees

3 December 2019

Independent Auditor's Report on the Financial Statements to the Members of The Praxis Trust Year Ending on 31 August 2019

Opinion

We have audited the financial statements of The Praxis Trust (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities (including Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company'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 Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company'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 and Financial statements other than the financial statements and our auditor's report 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 matter 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, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent Auditor's Report to the Members of The Praxis Trust (continued) Year Ending on 31 August 2019

- The Directors' Report and The Strategic Report included within the Trustees Report have 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

- adequate accounting records have not been kept by the charity, 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 19, the trustees (who act as trustees for the charitable activities of the charitable company 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

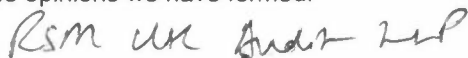
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



John Guest (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
Date: 6 December 2019

The Praxis Trust
Statement of Financial Activities for the Year Ended 31 August 2019
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	2	8,458	38,978	-	47,436	3,366,776
Other trading activities	3	11,852	-	-	11,852	13,628
Investment income	4	994	-	-	994	570
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	5	-	2,164,665	-	2,164,665	2,080,983
Other income	6	39,243	-	-	39,243	12,223
Total		60,547	2,203,643	-	2,264,190	5,474,180
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust's educational operations	8	5,784	2,252,344	101,097	2,359,225	2,211,896
Total		5,784	2,252,344	101,097	2,359,225	2,211,896
Net incoming/(outgoing) resources before transfers		54,763	(48,701)	(101,097)	(95,035)	3,262,284
Gross transfers between funds	16	(97,660)	88,220	9,440	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	16, 24	-	(308,000)	-	(308,000)	205,000
Net movement in funds		(42,897)	(268,481)	(91,657)	(403,035)	3,467,284
Reconciliation of funds						
Funds brought forward at 1 September 2018	16	291,834	104,593	7,027,634	7,424,061	3,956,777
Total funds carried forward at 31 August 2019		248,937	(163,888)	6,935,977	7,021,026	7,424,061

All of the academy trusts' activities derive from continuing operations during the above two financial years. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Company Registration Number:
07972070 (England and Wales)
The Praxis Trust
Balance sheet as at 31 August 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible Assets	13		4,552,067		3,959,149
Current assets					
Debtors	14	1,115,444		2,995,231	
Cash at bank and in hand		2,369,593		1,308,951	
		3,485,037		4,304,182	
Liabilities					
Creditors: Amounts falling due within one year	15	(158,078)		(353,270)	
Net current assets			3,326,959		3,950,912
Total assets less current liabilities			7,879,026		7,910,061
Pension scheme liability	24		(858,000)		(486,000)
Net assets including pension liability			7,021,026		7,424,061
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	6,935,977		7,027,634	
General fund	16	694,112		590,593	
Pension reserve	16	(858,000)		(486,000)	
Total restricted funds			6,772,089		7,132,227
Unrestricted funds					
General fund	16	248,937		291,834	
Total unrestricted funds			248,937		291,834
Total funds	16		7,021,026		7,424,061

The financial statements on pages 22 to 42 were approved by the trustees, and authorised for issue on 3 December 2019 and are signed on their behalf by:



D Skupham
Chair of Trustees

The Praxis Trust
Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	20	(323,002)	263,993
Cash flows from investing activities	21	1,383,644	(96,277)
Change in cash and cash equivalents in the reporting period		<u>1,060,642</u>	<u>167,716</u>
Cash and cash equivalents at 1 September 2018		1,308,951	1,141,235
Cash and cash equivalents at 31 August 2019		<u>2,369,593</u>	<u>1,308,951</u>

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

1. Statement of Accounting Policies

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

Basis of Preparation

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

The Praxis Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

The financial statements for the academy have been prepared under a going concern basis. No material uncertainties related to events or conditions cast a significant doubt over the ability of the academy trust to continue as a going concern. The trustees make this assessment of a period of at least one year and from the date of approval of these financial statements. The trustees meet regularly and have made their assessment based on budgeting forecasts along with cash flow forecasts and reserve levels.

Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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 where 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 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.

Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1. Statement of Accounting Policies (continued)

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 financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Expenditure

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

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Computer equipment	over three years
Fixtures, fittings and equipment	over five years
Long leasehold land and buildings	over term of the lease
Church land and buildings	over fifty years
Motor Vehicles	over five years

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1. Statement of Accounting Policies (continued)

Assets in the course of construction, are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings

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.

Leased Assets

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

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 as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any 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 as detailed in notes 15. 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.

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.

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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

Fund Accounting

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

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

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

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

The academy trust considers there not to be any critical areas of judgement.

2. Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Capital grants	-	38,978	38,978	16,651
Condition Improvement Fund	-	-	-	3,313,917
Other donations	8,458	-	8,458	36,209
	<u>8,458</u>	<u>38,978</u>	<u>47,436</u>	<u>3,366,776</u>

The income from donations and capital grants was £47,436 (2018: £3,366,776) of which £8,458 was unrestricted (2018: £11,149), £38,978 restricted (2018: £nil) and £38,978 restricted fixed assets (2018: £3,355,627).

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

3. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Hire of Facilities	7,890	-	7,890	9,652
Fundraising and Events	3,962	-	3,962	3,977
	<u>11,852</u>	<u>-</u>	<u>11,852</u>	<u>13,628</u>

The income from other trading activities was £11,852 (2018: £13,628) of which £11,852 was unrestricted (2018: £13,628), £nil restricted (2018: £nil) and £nil restricted fixed assets (2018: £nil).

4. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Bank Interest Receivable	994	-	994	570
	<u>994</u>	<u>-</u>	<u>994</u>	<u>570</u>

The income from investments was £994 (2018: £570) of which £994 was unrestricted (2018: £570), £nil restricted (2018: £nil) and £nil restricted fixed assets (2018: £nil).

5. Funding for Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds £	Total 2019 £	Total 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,687,133	1,687,133	1,662,698
Other DfE / ESFA grants	-	244,739	244,739	206,409
	<u>-</u>	<u>1,931,872</u>	<u>1,931,872</u>	<u>1,869,107</u>
Other Government grants				
NEF Funding	-	154,211	154,211	139,718
	<u>-</u>	<u>154,211</u>	<u>154,211</u>	<u>139,718</u>
Other				
Nursery income	-	20,149	20,149	13,013
Other income from the academy trust's educational operations	-	19,659	19,659	19,122
Catering Income	-	38,774	38,774	40,023
	<u>-</u>	<u>78,582</u>	<u>78,582</u>	<u>72,158</u>
	<u>-</u>	<u>2,164,665</u>	<u>2,164,665</u>	<u>2,080,983</u>

The income from the funding for academy trust's educational operations was £2,164,665 (2018: £2,080,983) of which £nil was unrestricted (2018: £nil), £2,164,665 restricted (2018: £2,080,983) and £nil restricted fixed assets (2018: £nil).

The Praxis Trust
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

6. Other income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Insurance income	19,074	-	19,074	300
Other sundry income	20,169	-	20,169	11,293
	<u>39,243</u>	<u>-</u>	<u>39,243</u>	<u>12,223</u>

Other income was £39,243 (2018: £12,223) of which £39,243 was unrestricted (2018: £12,223), £nil restricted (2018: £nil) and £nil restricted fixed assets (2018: £nil).

7. Expenditure

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2019 £	Total 2018 £
Academy's educational operations					
Direct costs	1,291,271	-	222,865	1,514,136	1,432,727
Allocated support costs	335,206	101,097	408,786	845,089	779,169
	<u>1,626,477</u>	<u>101,097</u>	<u>631,651</u>	<u>2,359,225</u>	<u>2,211,896</u>

Net income/(expenditure) for the period includes:

	Total 2019 £	Total 2018 £
Operating lease rentals	1,880	296
Depreciation	101,097	80,472
Fees payable to auditor (RSM UK Audit LLP) for:		
Audit	18,350	17,650
other services	3,950	3,950
Fees payable to external accountant (VAST) for:		
Responsible Officer fee	1,350	1,140
Accounts preparation	2,500	2,500
	<u>129,127</u>	<u>106,008</u>

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8. Charitable Activities – Academy's Educational Operations

	Total 2019 £	Total 2018 £
Direct Costs		
Teaching and educational support staff costs	1,291,271	1,216,098
Educational supplies	140,597	139,540
Technology costs	62,113	58,236
Other direct costs	20,155	18,853
	<u>1,514,136</u>	<u>1,432,727</u>
Allocated support costs		
Support staff costs	335,206	292,455
Defined benefit pension scheme costs	64,000	73,000
Depreciation	101,097	80,472
Maintenance of premises and equipment	29,484	35,761
Utilities	51,381	40,552
Cleaning	22,264	22,244
Insurance	15,277	17,721
Administration and technology	24,148	27,893
Catering	125,293	127,038
Other support costs	26,273	18,774
Governance costs	50,666	43,259
	<u>845,089</u>	<u>779,169</u>
	<u>2,359,225</u>	<u>2,211,896</u>

The expenditure on charitable activities was £2,359,225 (2018: £2,211,896) of which £5,784 was unrestricted (2018: £60,655), £2,252,344 restricted (2018: £2,070,769) and £101,097 restricted fixed assets (2018: £80,472).

9. Staff Costs

Staff costs during the period were:

	Total 2019 £	Total 2018 £
Wages and salaries	1,210,701	1,122,227
Social security costs	108,584	100,248
Pension costs	207,662	188,891
	<u>1,526,947</u>	<u>1,411,366</u>
Supply teacher costs	-	-
Agency teacher costs	99,529	97,187
Redundancy costs	-	-
	<u>1,626,476</u>	<u>1,508,533</u>

Agency teacher costs relate to costs incurred to cover staff absence.

Included in the above are Nursery staff salaries of:

	£	£
Wages and salaries	88,399	68,679
Social security costs	7,519	5,934
Pension costs	15,547	13,545
	<u>111,465</u>	<u>88,158</u>

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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

	2019 No.	2018 No.
Charitable Activities		
Teachers	21	21
Administration and support	39	40
Management	5	5
	<u>65</u>	<u>66</u>

Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	1	1

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 and national insurance contributions) received by key management personnel for their services to the academy trust was £211,797 (2018: £204,550).

10. Trustees' Remuneration and Expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the academy trust in respect of their roles as trustees. At the year-end we had no staff trustees so therefore there have been no remuneration payments.

11. Trustees' and Officers' Insurance

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

12. Related Party Transactions

Chesterton Academy Trust in which D Skupham (Trustee) is a director and Headteacher.

- During the year ended 31.08.19, Bursley Academy purchased Swimming, Broadband and ICT services from Chesterton Academy Trust totalling £15,526 (2018: £16,990)
- There were no amounts outstanding as at 31 August 2019
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018 and that of the trust Financial Handbook

The element above £2,500 has been provided 'at no more than cost' and Chesterton Academy Trust has provided a statement of assurance confirming this.

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

13. Tangible Fixed Assets

	Leasehold Land and Buildings £	Leasehold Improvements £	Fixtures, Fittings & Equipment £	Computer Equipment £	Vehicles £	Total £
Cost						
At 1 September 2018	3,254,318	799,209	117,163	102,005	28,366	4,301,060
Additions	-	684,575	7,163	2,277	-	694,015
At 31 August 2019	3,254,318	1,483,784	124,326	104,282	28,366	4,995,075
Depreciation						
At 1 September 2018	186,714	12,708	49,053	87,763	5,673	341,911
Charged in year	34,196	27,446	22,340	11,442	5,673	101,097
At 31 August 2019	220,910	40,154	71,393	99,205	11,346	443,008
Net book values						
At 31 August 2019	3,033,408	1,443,630	52,933	5,077	17,020	4,552,067
At 31 August 2018	3,067,604	786,501	68,110	14,250	22,693	3,959,149

At 31 August 2017 The Praxis Trust had a full valuation of land and buildings at Bursley Academy. The Valuation Report was prepared by Gavin Scott-Brooker B.Sc. F.R.I.C.S., DipNDEA of Brooker & Co (Nantwich) Limited Chartered Surveyors & Valuers. The property is a primary school, for which there would be no tradable market, and it is therefore regarded as 'specialised property', and the basis of valuation adopted is depreciated replacement cost. The trust took the decision to use the ESFA desktop valuation for the financial year ending 31 August 2017 for both Hollingsclough C of E Academy and Manifold C of E Academy and continue to do so.

Recognition on transfer to academy status

Where assets were received by the Trust on conversion to a multi academy trust, the transferred assets were measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership passed to the Trust. An equal amount of income was recognised as transfer on conversion within donations and capital grant income.

The Trust, since academisation in 2015 has held the land and buildings of Hollingsclough C of E Academy, and the buildings of Manifold C of E Academy, on a licence to occupy from the owners, the Church of England Central Education Trust (CECET), as evidenced in the Church Supplemental Agreement. The land and buildings are recognised in the balance sheet on the basis of the flow of future economic benefit from the use of the property and its continuing occupancy by the school on the basis of substance over form. The properties were valued at depreciated replacement cost in 2015 by ESFA and are being depreciated over 50 years (its remaining useful economic life).

On conversion to academy during year ended 31 August 2012, Bursley Academy received transfer of property under lease agreements and license arrangements for £nil consideration. The land and buildings were valued by Kier Group plc. for the ESFA on the basis of fair value and were transferred to the Trust with a 125 year lease agreement with Staffordshire County Council. The land upon which the Manifold C of E Academy buildings sit is owned by Staffordshire County Council and agreement for the use of the Land is in place until the agreement is terminated.

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

14. Debtors

	2019 £	2018 £
VAT recoverable	91,754	90,007
Prepayments and accrued income	1,023,582	2,904,741
Other debtors	108	483
	<u>1,115,444</u>	<u>2,995,231</u>

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	44,618	209,774
Other creditors	-	-
Accruals and deferred income	113,460	143,496
	<u>158,078</u>	<u>353,270</u>

Deferred Income

	2019 £
Deferred Income at 1 September 2018	70,572
Resources deferred in the year	69,841
Amounts released from previous years	(70,572)
Deferred Income at 31 August 2019	<u>69,841</u>

At the balance sheet date the academy trust was holding funds received in advance for trips due to take place in the autumn term 2019 and grants for the 2019/20 financial year.

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16. Funds

	Balance at 1 September 2018	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2019
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	201,554	1,687,132	(1,742,476)	97,660	243,870
Other DfE/ESFA grants	164,941	244,739	(244,739)	-	164,941
DfE/ESFA Capital grants	-	38,978	(29,538)	(9,440)	-
Pension reserve	(486,000)	-	(64,000)	(308,000)	(858,000)
Nursery funding	197,689	174,361	(113,158)	-	258,892
School visits	-	18,609	(18,609)	-	-
Tuition fees	-	1,050	(1,050)	-	-
Catering income	7,935	38,774	(38,774)	-	7,935
Assets on conversion	18,474	-	-	-	18,474
	104,593	2,203,643	(2,252,344)	(219,780)	(163,888)
Restricted fixed asset funds					
DfE/ESFA capital grants	25,996	-	(19,536)	46,474	52,934
Capital Balance transferred on conversion/merger	11,137	-	-	-	11,137
Leasehold premises	3,067,604	-	(34,196)	-	3,033,408
Capital expenditure from GAG	65,261	-	(12,176)	(37,034)	16,051
Classroom extension	174,343	-	(1,478)	-	172,865
Other donations	20,047	-	(5,012)	-	15,035
Condition Improvement Fund	3,660,442	-	(25,895)	-	3,634,547
Other	2,804	-	(2,804)	-	-
	7,027,634	-	(101,097)	9,440	6,935,977
Total restricted funds	7,132,227	2,203,643	(2,353,441)	(210,340)	6,772,089
Unrestricted funds					
Unrestricted funds	291,834	60,547	(5,784)	(97,660)	248,937
Total unrestricted funds	291,834	60,547	(5,784)	(97,660)	248,937
Total funds	7,424,061	2,264,190	(2,359,225)	(308,000)	7,021,026

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16. Funds (continued)

	Balance at 1 September 2017	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	232,696	1,662,698	(1,641,522)	(52,318)	201,554
Other DfE/ESFA grants	164,941	206,409	(206,409)	-	164,941
Sponsor capacity fund	2,233	-	(2,233)	-	-
Pension reserve	(618,000)	-	(73,000)	205,000	(486,000)
Nursery funding	134,320	152,731	(89,362)	-	197,689
School visits	-	19,122	(19,122)	-	-
Other donations	-	-	-	-	-
Catering income	7,033	40,023	(39,121)	-	7,935
Assets on conversion	18,474	-	-	-	18,474
	(58,303)	2,080,983	(2,070,769)	152,682	104,593
Restricted fixed asset funds					
DfE/ESFA capital grants	20,100	16,651	(10,755)	-	25,996
Capital Balance transferred on conversion/merger	11,137	-	-	-	11,137
Leasehold premises	3,101,800	-	(34,196)	-	3,067,604
Capital expenditure from GAG	32,448	-	(19,505)	52,318	65,261
Classroom extension	175,821	-	(1,478)	-	174,343
Other donations	-	25,059	(5,012)	-	20,047
Condition Improvement Fund	353,248	3,313,917	(6,723)	-	3,660,442
Other	5,607	-	(2,803)	-	2,804
	3,700,161	3,355,627	(80,472)	52,318	7,027,634
Total restricted funds	3,641,858	5,421,111	(2,151,241)	205,000	7,132,227
Unrestricted funds					
Unrestricted funds	314,919	37,570	(60,655)	-	291,834
Total unrestricted funds	314,919	37,570	(60,655)	-	291,834
Total funds	3,956,777	5,474,180	(2,211,896)	205,000	7,424,061

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

- 1 The restricted general funds must be used for the normal running costs of the Academy or as specifically designated by the fund originator. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019. The Pension reserve is the deficit in the Local Government Pension Scheme.
- 2 The restricted fixed assets funds include capital grants, the transfer of the leasehold property at nil consideration by the local authority and capital reserves transferred on conversion. These are designated for purchase of capital items, maintenance and future expansion.
- 3 Unrestricted funds include transferred reserves from the local authority on conversion and School Fund balances. These may be spent at the discretion of the governors.

The Praxis Trust
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16. Funds (continued)

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £	Total 2018 £
Multi Academy Trust central services	12,812	7,032
Bursley Academy	785,501	702,908
Hollinsclough Academy	98,901	86,117
Manifold Academy	45,835	86,370
Total before fixed assets and pension reserve	943,049	882,427
Restricted fixed asset fund	6,935,977	7,027,634
Pension reserve	(858,000)	(486,000)
Total	7,021,026	7,424,061

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2019 £	Total 2018 £
Central services	11,142	37,609	215	46,677	95,643	97,866
Bursley Academy	860,640	202,401	94,353	220,507	1,377,901	1,292,738
Hollinsclough Academy	186,978	51,437	19,750	54,679	312,844	317,096
Manifold Academy	232,511	43,759	26,278	105,193	407,741	350,723
Academy Trust	1,291,271	335,206	140,596	427,056	2,194,129	2,058,423

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17. Analysis of Net assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2019
	£	£	£	£
Tangible fixed assets	-	-	4,552,067	4,552,067
Current assets	248,937	852,190	2,383,910	3,485,036
Current liabilities	-	(158,078)	-	(158,078)
Pension scheme liability	-	(858,000)	-	(858,000)
Total net assets	248,937	163,888	6,935,977	7,021,026

Fund balances at 31 August 2018 were represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2018
	£	£	£	£
Tangible fixed assets	-	-	3,959,149	3,959,149
Current assets	291,834	734,370	3,068,485	4,094,689
Current liabilities	-	(143,777)	-	(143,777)
Pension scheme liability	-	(486,000)	-	(486,000)
Total net assets	291,834	104,593	7,027,634	7,424,061

18. Capital Commitments

	2019 £	2018 £
Contracted for, but not provided for in the financial statements	2,286,309	2,556,903
	<u>2,286,309</u>	<u>2,556,903</u>

19. Commitments under Operating Leases

Operating Leases

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

	2019 £	2018 £
Amounts due within one year	1,708	296
Amounts due between one and five years	5,070	148
Amounts due after five years	-	-
	<u>6,778</u>	<u>444</u>

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

20. Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(95,035)	3,262,284
Adjusted for:		
Depreciation (note 13)	101,097	80,472
Capital grants from DfE and other capital income	(38,978)	(482,353)
Interest receivable (note 4)	(994)	(570)
Defined benefit pension scheme cost less contributions payable (note 24)	51,000	56,000
Defined benefit pension scheme finance cost (note 24)	13,000	17,000
(Increase)/decrease in debtors	(157,900)	(2,707,624)
Increase/(decrease) in creditors	(195,192)	38,784
Net cash provided by/(used in) Operating Activities	(323,002)	263,993

21. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	994	570
Purchase of tangible fixed assets	(694,015)	(579,200)
Capital grants from DfE/ESFA	2,076,665	482,353
Net cash provided by/(used in) investing activities	1,383,644	(96,277)

22. Analysis of cash and cash equivalents

	At 31 August 2019 £	At 31 August 2018 £
Cash in hand and at bank	2,369,593	1,308,951
Total cash and cash equivalents	2,369,593	1,308,951

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/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.

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24. Pension and Similar Obligations

The academy'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 Staffordshire County Council. Both are defined-benefit schemes.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2018: £nil).

Teachers' Pension Scheme

Introduction

The trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £129,551 (2018: £120,310).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

The Praxis Trust
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24. Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £93,000 of which employer's contributions totalled £75,000 and employees' contributions totalled £18,000. The agreed contribution rates for future years are 24.20% for employers and an average of 6.62% for employees.

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

Principal Actuarial Assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	2.70%	2.70%
Rate of increase for pensions in payment/inflation	2.30%	2.30%
Discount rate for scheme liabilities	1.90%	2.80%
Inflation assumption (CPI)	2.70%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	21.1	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.2	24.1
Females	24.8	26.4

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24. Pension and Similar Obligations (continued)

Local Government Pension Scheme (Continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair Value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	760,920	677,600
Bonds	246,180	183,920
Property	89,520	77,440
Cash	22,380	29,040
Total market value of assets	1,119,000	968,000

Amounts recognised in the statement of financial activities

	2019 £	2018 £
Current service cost (net of employee contributions)	(126,000)	(125,000)
Net interest cost	(13,000)	(17,000)
Total operating charge	(139,000)	(142,000)

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

	2019 £	2018 £
At 1 September	(1,443,000)	(1,449,000)
Current service cost	(126,000)	(125,000)
Past service costs	(11,000)	-
Interest cost	(42,000)	(38,000)
Employee contributions	(18,000)	(16,000)
Actuarial loss/(gain)	(342,000)	168,000
Benefits paid	5,000	6,000
At 31 August	(1,977,000)	(1,454,000)

Movements in the fair value of academy trust's share of scheme assets:

	2019 £	2018 £
At 1 September	968,000	831,000
Expected return on assets	29,000	21,000
Return on plan assets (excluding amounts recognised in net interest cost)	34,000	37,000
Employer contributions	75,000	69,000
Employee contributions	18,000	16,000
Benefits paid	(5,000)	(6,000)
At 31 August	1,119,000	968,000

Included within the pension scheme liability of £858,000 above, the trust has made provision for the estimated impact of the McCloud judgment. An amount of £11,000 has been recognised as a liability and this is included in past service costs within the statement of financial activities.

Independent Reporting Accountant's Assurance Report on Regularity to The Praxis Trust and the Education and Skills Funding Agency

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 18 July 2018 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by The Praxis 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.

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.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Part 9: Regularity Reporting. We are independent of The Praxis Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of The Praxis Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of The Praxis Trust's funding agreement with the Secretary of State for Education dated 01 April 2012 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of The Praxis Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to The Praxis Trust and the ESFA in accordance with the terms of our engagement letter dated 18 July 2018. Our work has been undertaken so that we might state to The Praxis 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 The Praxis Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

Date: *6 December 2019*