

Company Registration Number: 11968610 (England and Wales)

SAND ACADEMIES TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2019

SAND ACADEMIES TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2019

Members	J Banks M Wolten S Harvey
Trustees	L Dance, Chief Executive (appointed 2 July 2019) D Ellis (appointed 29 April 2019) S Harvey (appointed 29 April 2019) C Haslam (appointed 29 April 2019) R Levinge, Chair of Trustees (appointed 29 April 2019) A Noble (appointed 29 April 2019) J Smith (appointed 29 April 2019) I Heather (appointed 29 April 2019, resigned 18 October 2019) M Hughes (appointed 29 April 2019)
Company registered number	11968610
Company name	SAND Academies Trust
Principal and registered office	c/o The Milestone School Longford Lane Longlevens Gloucestershire GL2 9EU
Company secretary	K Shepherd
Chief executive officer	L Dance
Senior management team	Lyn Dance, Chief Executive Officer D Taylor, Acting Head, The Milestone School S Dowell, Deputy Head, The Milestone School A Fidderman, Acting Head, The Paternoster School J Walsh, Deputy Head, The Paternoster School C Duncan, Assistant Head, The Paternoster School A Hargreaves, Business Manager, The Milestone School
Independent auditor	Crowe U.K. LLP Carrick House Lypiatt Road Cheltenham GL50 2QJ
Bankers	Lloyds Bank plc 19 Eastgate Street Gloucester Gloucestershire GL1 1NU

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2019**

Advisers (continued)

Solicitors

Harrison Clark Rickerbys
Overross House
Ross Park
Ross on Wye
Herefordshire
HR9 7US

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TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 June 2019 to 31 August 2019.

The Trust operates two special schools for pupils aged 2 to 16 in Gloucestershire. It has a PAN pupil capacity of 356 and had a roll in the last census of 374.

The Milestone School is a teaching school in partnership with Coney Hill - The Coney Hill and Milestone School Teaching School (CHMA).

The Milestone school is a DfE sponsor academy.

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of SAND Academies Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as SAND Academies Trust.

Details of the Trustees who served during the period are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Trustees' indemnities

In accordance with normal commercial practice the Academies Trust has purchased insurance (a member of Department for Education's Risk Protection Arrangement) to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10 million on any one claim.

d. Method of recruitment and appointment or election of Trustees

The Academies Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- Minimum of 3 but no maximum number of Trustees
- Up to 9 trustees appointed by the Members by ordinary resolution
- Under Article 57 of the Articles of Association, the CEO is appointed as a Trustee

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TRUSTEES' REPORT (continued)
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Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be reappointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

e. Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the schools and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. Induction is tailored specifically to the individual.

f. Organisational structure

SAND Academies Trust has followed the organisational structure laid down in the Articles of Association. The structure is represented on page 1.

The Board of Trustees normally meets at least 6 times a year. The Board establishes an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

- Finance and Risk Audit Committee - this meets at least six times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, risk assessment, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Resources Committee – This meets at least 6 times a year and is responsible H&S Reporting and oversight, property development and maintenance, Staffing and HR.
- Teaching and Learning – The Quality of Education Committee meets at least 6 times a year and is responsible for the quality of teaching, learning and curriculum delivery. The committee works to ensure that best practice from each school is shared and utilised to drive improvement to pupil progress.
- Chairs Committee – Comprised of the CEO, the Chair of Trustees and the Chairs of the Local Advisory Boards. Meets 6 times a year to monitor progress and feedback from the individual academies and to develop partnership working and collaborative projects.
- Principals/Head teachers and CEO meetings – meet termly to share good practice.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2019

The following decisions are reserved to the Board of Trustees, to:

- consider any proposals for changes to the status or constitution of the Trust and its committee structure,
- appoint or remove the Chairperson and/or Vice Chairperson,
- appoint the Chief Executive Officer and Clerk to the Trustees,
- approve the strategy and annual budget.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the trust to the CEO and Senior Leadership Team of each school. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Headteachers are responsible for the appointment of staff, though appointment panels for Head teacher posts will include a member of the Local Advisory Board and a Trustee.

The CEO is the Accounting Officer.

g. Pay policy for key management personnel

Remuneration for the Trust's key management personnel is through the performance management process, managed by the CEO. Recommendations for increases in salary are presented to the Finance and Risk Audit Committee for consideration.

The Chair of Trustees and the Chair of the Finance and Risk Audit Committee are responsible for the Pay and Appraisal of the CEO.

Headteachers' remuneration is through the performance management process overseen by the CEO and Chair of Governors of the school. Recommendations for increases in salary are presented to the Finance and Risk Audit Risk Committee for consideration.

The Trustees consider the Board of Trustees and the Senior Leadership Team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating of the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the period for their Trustee duties.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts

h. Connected organisations, including related party relationships

SAND Academies Trust through the Milestone School has Teaching School partnership with Coney Hill Primary School (CHMA) to offer a wide range of specialist support, advice and courses, with a strong emphasis on all aspects of Primary and Special Educational Needs expertise.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2019

Objectives and Activities

a. Objects and aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing two schools specifically organised to make special educational provision for pupils with severe, complex and profound and multiple learning difficulties

b. Objectives, strategies and activities

Ethos / Vision for SAND Academies Trust:

As a partnership we will achieve more together and therefore

- improve outcomes, opportunities and life chances for children and young people
- offer more / wider support for their families
- share and develop staff expertise

We will create a Trust which is child-centred, giving children and young people, families and carers a voice. Through collaboration we will challenge and maximise potential for our schools and individuals. We will ensure the individual identity of each school. We will develop a climate which is open to change and development. We will shape the future by influencing services and provisions. Individuals will be empowered to make decisions using research-based evidence to ensure the quality of education has sound intent, clear implementation and accountable impact. Community engagement will be embedded in learning experiences, both the local community of the provision and the children and young people. Opportunities and activities will be guided to support transitions for future learning and employment. Skills and knowledge of all employees will be utilised to improve educational outcomes for children and young people regardless of the accommodation where they are placed.

Aims for SAND Academies Trust

To provide the best possible education for children and young people, including those with additional and complex needs, in both mainstream and special schools.

To achieve excellence through innovation, creativity and continuous improvement.

To direct the maximum resources available to The Trusts' academies, facilitating and servicing high standards.

To build formal and informal partnerships across Gloucestershire and beyond.

To develop a Trust which is 'outward' looking and enterprising.

To support, challenge and improve underperforming schools.

To utilise internal and external providers in the pursuit of excellence based upon pupil need.

To utilise the skills and experience of staff and leaders across The Trust to the best advantage of the children and young people.

To provide an environment where staff can continually develop and progress their careers.

To develop multi agency working practices.

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TRUSTEES' REPORT (continued)
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To develop children and young people's independence skills and support families to take part in a parallel journey with their child as they prepare for adulthood.

To maximise value-for-money by continued attention to costs and streamlining & centralising working practices where appropriate.

To play a strategic role across the region by linking with other organisations such as GAPH, GASH, GASSH, G15, GSP, National Star College, The University of Gloucestershire, Gloucestershire college, SGS Stroud college, training providers (Prospects and Bridge), Parent Carers (Face 2 Face), Forwards Employment, GFirst LEP, local businesses and voluntary sector organisations.

c. Public benefit

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

Achievements and performance

Strategic report

a. Key performance indicators

The Academy Trust is in its first year of operation and the report for the period covers days that pupil attended school in June and July 2019. Detailed self-evaluation for each school in SAND Academies Trust for performance during the whole academic year can be found in their Self Evaluation Forms and in progress information published on the websites.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2019 were approximately 375.

Another key financial performance indicator is staffing costs as a percentage of total income. For the period, this was 92%.

b. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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 Accounting Policies.

c. Review of activities

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 2.

During the period ended 31 August 2019, the Trust received total income of £2,023,138 (excluding net funds received on conversion of £7,375,380, and excluding restricted fixed asset funds of £20,238) and incurred total expenditure of £2,218,224 (excluding restricted fixed asset funds of £75,052). This results in an operating deficit of £195,086. This includes expenditure of £163,000 in relation to the Local Government Pension Scheme, and one off start up costs of £60,366 meaning that the overall operating position for the period is a surplus of £28,280.

At August 2019 the net book value of fixed assets was £12,934,988 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academies Trust.

Key financial policies adopted include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending.

d. Investment policy and performance

The Trustees have agreed the following:

Investments must be made only in accordance with written procedures approved by the Board of Trustees. All investments must be recorded in detail including date of purchase, cost and description, to identify it and to enable market value to be calculated. Additional procedures may be required to ensure all relevant income is received.

Financial review

a. Reserves policy

Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.

The CEO as Accounting Officer must inform ESFA immediately if a deficit is anticipated.

If the academy trust is anticipating a deficit at the end of any financial year, the Board of Trustees and the Accounting Officer have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The governing body must ensure that a recovery plan is submitted and approved by the ESFA.

If the academy trust has a surplus larger than 12% of its GAG allocation, the Governing Body through the Accounting Officer will need to submit a detailed plan stating why the academy trust requires reserves to be held at this level together with a plan for the date of expenditure.

The academy trust undertakes to ensure that a contingency reserve of £500,000 of the previous year's total GAG is kept.

Capital Reserves

Any overall surpluses at the end of the year are carried over to the following year.

It is the responsibility of Chief Finance Officer to keep accurate records of the capital funds, especially where grants have been received for capital projects.

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b. Principal risks and uncertainties

The Trustees use a number of academy policies including health and safety, finance, safeguarding and schools' risk registers to evaluate strategic and reputational, operational and financial risks to which the Trust is exposed and ensure that the management structure, systems and controls are in place to manage those risks, as well as insurance to cover financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation which is being submitted to the ESFA.

The trustees ensure regular review of risks as a standing item in the finance and operations committee.

The principal risk facing the Trust is the future level of funding. This risk is managed carefully through controls over budget expenditure at each school.

Fundraising

The Milestone School has a part time fund raiser, and also raises funds through its charity – Friends of Milestone School. The Paternoster school also has a Friends association who have recently raised in excess of £100K for a new playground.

Plans for future periods

a. Future developments

Over the coming year, the Trust aims to:

- Appoint a Finance Director, which was completed in November 2019;
- Submit building improvement applications;
- Submit an application for Gloucestershire SEMH Free School;
- Complete the due diligence process for two additional schools to join the Trust, and open discussions with other special schools expressing an interest to join the Trust;
- Hold initial discussions with mainstream primary schools to broaden the MAT to mixed economy.

Funds held as custodian

The Academies Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

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TRUSTEES' REPORT (continued)
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Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 23 December 2019 and signed on its behalf by:



R Levinge
Chair of Trustees



L Dance
Accounting Officer

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GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between SAND Academies 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 2 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Levinge, Chair of Trustees	1	2
L Dance, Chief Executive	2	2
J Smith	2	2
C Haslam	2	2
D Ellis	1	2
I Heather	1	2
A Noble	1	2
S Harvey	1	2
M Hughes	2	2

The Finance and Risk Audit Committee is a sub-committee of the main board of trustees. Its purpose is to take responsibility on behalf of the Board for overseeing all financial aspects of the Trust in order to ensure short and long term viability.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
M Hughes (Chair)	1	1
D Ellis	1	1
L Dance	1	1
R Levinge	1	1
S Harvey	1	1

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GOVERNANCE STATEMENT (continued)

The Resources Committee is also a sub-committee of the main board of trustees. Its purpose is to oversee and evaluate the HR/Staffing processes and Property maintenance and development throughout SAND Academies Trust. The Committee shall make appropriate recommendations to the Trust Board within the context of its terms of reference.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
C Haslam (Chair)	2	2
A Noble	2	2
L Dance	2	2
I Heather	1	2

Review of Value for Money

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

The Accounting Officer considers how the academy'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.

As a new Trust, accounting and finance policies were put in place as our top priority to safeguarding DfE funding and to optimise value for money while delivering our curriculums. Going forward we will continue to adopt best practices recommended in ESFA Financial Handbook and Academies Accounting Directions. We have plans to improve our finance systems in the coming year which will enable staff and stakeholders to have better visibility in their spending and introduce timely mitigation actions where necessary. We will strengthen our internal controls to minimise fraud; enhance our budgeting and monitoring process to ensure the Board of Trustees decisions are underpinned by sound financial analysis. We will also introduce treasury management to stretch our funding capabilities further; along with continuation of external bidding for extra funding where opportunities arises to warrant financial viability. With full support and collaboration from our partner organisations, local communities, trustees and local authorities, we will continue to deliver our mission on removing obstacles and enabling access to learning for all the children under our care in a sustainable manner.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 SAND Academies Trust for the period 1 June 2019 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 1 June 2019 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.

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

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

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included: Shortly after converting to a multi academy trust a detailed review of the Trust's systems and controls was completed. This focussed on the processes around authorising, processing and recording transactions and was completed to try and ensure that the Trust meets the requirement of the Academies Financial Handbook to have a 'sound internal control, risk management and assurance process'.

On a quarterly basis, the external auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the auditors 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 23 December 2019 and signed on their behalf, by:



R Lovinge
Chair of Trustees



L Dance
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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



L. Dance
Accounting Officer

Date: 23 December 2019

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

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 23 December 2019 and signed on its behalf by:



R Levinge
Chair of Trustees

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAND ACADEMIES TRUST

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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 (which includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement), 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.

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAND ACADEMIES TRUST

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

SAND ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAND
ACADEMIES TRUST**

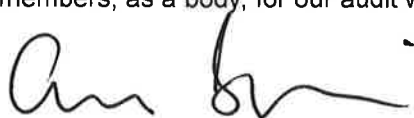
Auditor's responsibilities for the audit of the financial statements

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: 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 academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy'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 academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Guy Biggin (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ
23 December 2019

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 13 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by SAND Academies Trust during the period 29 April 2019 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of SAND Academies Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of SAND Academies Trust's funding agreement with the Secretary of State for Education dated 29 May 2019, and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 29 April 2019 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

SAND ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SAND
ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 29 April 2019 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe U.K. LLP

Statutory Auditor

Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

23 December 2019

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Income from:					
Donations and capital grants	2	580,380	(6,185,000)	13,000,238	7,395,618
Charitable activities	3	37,758	1,940,716	-	1,978,474
Teaching schools	26	-	20,119	-	20,119
Other trading activities	4	24,493	-	-	24,493
Investments	5	52	-	-	52
Total income		642,683	(4,224,165)	13,000,238	9,418,756
Expenditure on:					
Charitable activities		2,956	2,209,583	75,052	2,287,591
Teaching schools	26	-	5,685	-	5,685
Total expenditure	6	2,956	2,215,268	75,052	2,293,276
Net income / (expenditure) before transfers					
Transfers between Funds	16	639,727	(6,439,433)	12,925,186	7,125,480
		(4,510)	(5,292)	9,802	-
Net income / (expenditure) before other recognised gains and losses					
		635,217	(6,444,725)	12,934,988	7,125,480
Other recognised losses		-	(593,000)	-	(593,000)
Net movement in funds		635,217	(7,037,725)	12,934,988	6,532,480
Reconciliation of funds:					
Total funds brought forward		-	-	-	-
Total funds carried forward		635,217	(7,037,725)	12,934,988	6,532,480

All of the academy's activities derive from acquisitions in the current financial period.

The notes on pages 24 to 45 form part of these financial statements.

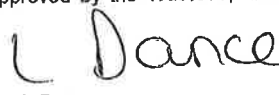
SAND ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 11968610

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £
Fixed assets			
Tangible assets	13		12,934,988
Current assets			
Debtors	14	659,848	
Cash at bank and in hand		420,653	
		1,080,501	
Creditors: amounts falling due within one year	15	(417,009)	
Net current assets			663,492
Total assets less current liabilities			13,598,480
Defined benefit pension scheme liability	22		(7,066,000)
Net assets including pension scheme liabilities			6,532,480
Funds of the academy			
Restricted income funds:			
Restricted income funds	16	28,275	
Restricted fixed asset funds	16	12,934,988	
		12,963,263	
Restricted income funds excluding pension liability		(7,066,000)	
Pension reserve			
Total restricted income funds			5,897,263
Unrestricted income funds	16		635,217
Total funds			6,532,480

The financial statements on pages 21 to 45 were approved by the Trustees, and authorised for issue, on 23 December 2019 and are signed on their behalf, by:


R Levinge
Chair of Trustees


L Dance
Accounting Officer

SAND ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2019

	Note	Period ended 31 August 2019 £
Cash flows from operating activities		
Net cash provided by operating activities	18	<u>13,410,403</u>
Cash flows from investing activities:		
Transferred on conversion		(12,980,000)
Purchase of tangible fixed assets		(30,040)
Capital grants from DfE Group		20,238
Net cash used in investing activities		<u>(12,989,802)</u>
Bank interest		<u>52</u>
Net cash provided by financing activities		<u>52</u>
Change in cash and cash equivalents in the period		<u>420,653</u>
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	19	<u><u>420,653</u></u>

All of the cash flows are derived from acquisitions in the current financial period.

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

1. Accounting Policies

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

The company is a private company (limited by guarantee), which is incorporated and registered in England and Wales (no. 11968610). The address of the principal office is The Milestone School, Longford Lane, Longlevens, Gloucestershire, GL2 9EU.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the 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.

SAND Academies Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

1.4 Expenditure

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

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	30 - 40 years
Furniture and fixtures	-	2 - 5 years

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

1.6 Debtors

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

1.7 Cash at Bank and in hand

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

1.8 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.9 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 academy'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 costs as detailed in note 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 the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

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

1.11 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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. As stated in note 22, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

1. Accounting Policies (continued)

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

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

1.12 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from The Milestone School and Paternoster School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 20.

1.13 Fund accounting

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

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

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

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Inherited on conversion - see note 20	580,380	6,795,000	7,375,380
Capital Grants	-	20,238	20,238
	580,380	6,815,238	7,395,618

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

3. Funding for Academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	929,878	929,878
Other DfE/ESFA revenue grants	-	91,531	91,531
	<u>-</u>	<u>1,021,409</u>	<u>1,021,409</u>
Other government grants			
Local Authority Grants	-	864,919	864,919
Other government grants	-	54,388	54,388
	<u>-</u>	<u>919,307</u>	<u>919,307</u>
Other funding			
Academy Funds	37,758	-	37,758
	<u>37,758</u>	<u>-</u>	<u>37,758</u>
	<u><u>37,758</u></u>	<u><u>1,940,716</u></u>	<u><u>1,978,474</u></u>

4. Other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Hire of facilities	21,825	-	21,825
Other income	2,668	-	2,668
	<u>24,493</u>	<u>-</u>	<u>24,493</u>

5. Investment income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Investment income	52	-	52
	<u>52</u>	<u>-</u>	<u>52</u>

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

6. Expenditure

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £
Funding for educational operations				
Direct costs	1,621,950	75,052	83,551	1,780,553
Support costs	311,292	-	195,746	507,038
Teaching schools	-	-	5,685	5,685
	<u>1,933,242</u>	<u>75,052</u>	<u>284,982</u>	<u>2,293,276</u>

7. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £
Funding for educational operations	<u>1,780,553</u>	<u>507,038</u>	<u>2,287,591</u>

Analysis of direct costs

	Funding for educational operations £	Total 2019 £
Catering costs	17,333	17,333
Teaching and educational support	2,662	2,662
Educational supplies	40,757	40,757
Educational activities	2,956	2,956
Staff development	6,957	6,957
Other direct costs	5,797	5,797
Professional fees	7,089	7,089
Wages and salaries	1,235,875	1,235,875
National insurance	92,123	92,123
Pension cost	293,952	293,952
Depreciation	75,052	75,052
	<u>1,780,553</u>	<u>1,780,553</u>

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Funding for educational operations	Total 2019
	£	£
Staff costs	311,292	311,292
Examination fees	38,000	38,000
Maintenance of premises	24,270	24,270
Cleaning	13,145	13,145
Insurance	2,876	2,876
Security and transport	9,987	9,987
Professional fees	72,544	72,544
Other support costs	34,924	34,924
	<u>507,038</u>	<u>507,038</u>

Included in professional fees are one off start up costs of £60,366.

8. Net income/(expenditure)

This is stated after charging:

	Period ended 31 August 2019
	£
Depreciation of tangible fixed assets: - owned by the charity	75,052
Auditor's remuneration - audit	9,950
Auditor's remuneration - other services	3,950
	<u>88,952</u>

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

9. Staff costs

a. Staff costs

Staff costs were as follows:

	Period ended 31 August 2019 £
Wages and salaries	1,375,362
Social security costs	101,254
Operating costs of defined benefit pension schemes	456,626
	<hr/> 1,933,242 <hr/> <hr/>

b. Staff numbers

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

	Period ended 31 August 2019 No.
Teachers	54
Administration and support	332
Management	7
	<hr/> 393 <hr/> <hr/>

No employee received remuneration amounting to more than £60,000 in either period.

c. Key management personnel

The key management personnel of the academy comprises the Senior Management Team as detailed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the academy trust was £135,348.

10. Central services

No central services were provided by the academy to its academies during the period and no central charges arose.

SAND ACADEMIES TRUST
(A company limited by guarantee)

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

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		Period ended 31 August 2019 £
L Dance	Remuneration	20,000-25,000
	Pension contributions paid	0-5,000
J Smith	Remuneration	0-5,000

During the period ended 31 August 2019, no Trustees received any reimbursement of expenses.

12. 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, error or omissions occurring whilst on academy business, and provides unlimited cover. It is not possible to quantify the Directors and officers indemnity element from the overall cost of the RPA scheme.

13. Tangible fixed assets

	Freehold property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost				
Additions	-	19,080	10,960	30,040
Donation on conversion to Academy	12,980,000	-	-	12,980,000
At 31 August 2019	12,980,000	19,080	10,960	13,010,040
Depreciation				
Charge for the period	74,386	209	457	75,052
At 31 August 2019	74,386	209	457	75,052
Net book value				
At 31 August 2019	12,905,614	18,871	10,503	12,934,988

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FOR THE PERIOD ENDED 31 AUGUST 2019

14. Debtors

	2019 £
Other debtors	48,608
Prepayments and accrued income	611,240
	<hr/>
	659,848
	<hr/> <hr/>

15. Creditors: Amounts falling due within one year

	2019 £
Trade creditors	126,405
Other creditors	247,173
Accruals and deferred income	43,431
	<hr/>
	417,009
	<hr/> <hr/>
	£
Deferred income	
Resources deferred during the year	8,796
Deferred income at 31 August 2019	8,796
	<hr/> <hr/>

The deferred income at 31 August 2019 relates to Universal Infant Free School Meals which will be released over the year to 31 August 2020.

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

16. Statement of funds

	Balance at 29 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Funds inherited on conversion	-	580,380	-	(4,510)	-	575,870
School Fund	-	37,758	-	-	-	37,758
Hire of facilities	-	21,825	-	-	-	21,825
Other funding	-	2,720	(2,956)	-	-	(236)
	<u>-</u>	<u>642,683</u>	<u>(2,956)</u>	<u>(4,510)</u>	<u>-</u>	<u>635,217</u>
Restricted funds						
General Annual Grant (GAG)	-	916,695	(911,403)	(5,292)	-	-
Pupil premium	-	91,531	(77,690)	-	-	13,841
High needs top up funding	-	819,370	(819,370)	-	-	-
Special Educational Needs funding	-	45,420	(45,420)	-	-	-
Other funding	-	67,700	(67,700)	-	-	-
Funds inherited on conversion	-	125,000	(125,000)	-	-	-
Teaching School	-	20,119	(5,685)	-	-	14,434
Pension reserve	-	(6,310,000)	(163,000)	-	(593,000)	(7,066,000)
	<u>-</u>	<u>(4,224,165)</u>	<u>(2,215,268)</u>	<u>(5,292)</u>	<u>(593,000)</u>	<u>(7,037,725)</u>
Restricted fixed asset funds						
Capital grant income	-	20,238	-	(20,238)	-	-
Funds inherited on conversion	-	12,980,000	(75,052)	30,040	-	12,934,988
	<u>-</u>	<u>13,000,238</u>	<u>(75,052)</u>	<u>9,802</u>	<u>-</u>	<u>12,934,988</u>
Total restricted funds	<u>-</u>	<u>8,776,073</u>	<u>(2,290,320)</u>	<u>4,510</u>	<u>(593,000)</u>	<u>5,897,263</u>
Total of funds	<u>-</u>	<u>9,418,756</u>	<u>(2,293,276)</u>	<u>-</u>	<u>(593,000)</u>	<u>6,532,480</u>

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

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16. Statement of funds (continued)

Restricted General Funds:

The General Annual Grant is subject to specific expenditure within the Academy's declared objectives. Other DfE/ESFA grants relate to Government funding for the provision of education by the Academy and have been fully expended in the period. Funding is repayable if the Academy does not meet all funding requirements.

The Local Government Pension Scheme is also included within this fund. Please refer to note 21 for further details regarding this balance.

Restricted Fixed Asset Funds:

These funds relate to the land, buildings, and other fixed assets which are used in accordance with the charitable objectives.

Unrestricted funds:

Represents income generated by the School (such as lettings and hire facilities) and any other donations or investment income, which is not restricted for any specific purpose and can be spent as determined by the Governing Body.

Transfers between funds relate to amounts expended on fixed assets from the unrestricted general fund which have been used for the acquisition of fixed assets during the period.

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

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £
The Milestone School	496,005
Paternoster School	167,487
Total before fixed asset fund and pension reserve	663,492
Restricted fixed asset fund	12,934,988
Pension reserve	(7,066,000)
Total	6,532,480

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NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2019 £
The Milestone School	1,376,901	153,446	63,370	129,910	1,723,627
Paternoster School	245,049	32,846	20,181	27,836	325,912
Central Trust	-	125,000	-	38,000	163,000
Teaching School	-	-	5,685	-	5,685
	<u>1,621,950</u>	<u>311,292</u>	<u>89,236</u>	<u>195,746</u>	<u>2,218,224</u>

17. Analysis of net assets between funds

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	12,934,988	12,934,988
Current assets	1,052,226	28,275	-	1,080,501
Creditors due within one year	(417,009)	-	-	(417,009)
Provisions for liabilities and charges	-	(7,066,000)	-	(7,066,000)
	<u>635,217</u>	<u>(7,037,725)</u>	<u>12,934,988</u>	<u>6,532,480</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Reconciliation of net movement in funds to net cash flow from operating activities

	Period ended 31 August 2019 £
Net income for the period (as per Statement of Financial Activities)	7,125,480
Adjustment for:	
Depreciation charges	75,052
Increase in debtors	(659,848)
Increase in creditors	417,009
Capital grants from DfE and other capital income	(20,238)
Defined benefit pension scheme obligation inherited	6,310,000
Defined benefit pension scheme cost less contributions payable	125,000
Defined benefit pension scheme finance cost	38,000
Bank interest	(52)
Net cash provided by operating activities	13,410,403

19. Analysis of cash and cash equivalents

	Period ended 31 August 2019 £
Cash in hand	420,653
Total	420,653

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20. Conversion to an academy trust - The Milestone School

On 1 June 2019 The Milestone School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to SAND Academies Trust from Gloucestershire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	9,540,000	9,540,000
Budget surplus/(deficit) on LA funds	516,369	-	-	516,369
LGPS pension surplus/(deficit)	-	(6,310,000)	-	(6,310,000)
Net assets/(liabilities)	<u>516,369</u>	<u>(6,310,000)</u>	<u>9,540,000</u>	<u>3,746,369</u>

The above net assets include £516,369 that were transferred as cash.

Conversion to an academy trust - Paternoster

On 1 June 2019 The Paternoster School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to SAND Academies Trust from Gloucestershire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	3,440,000	3,440,000
Budget surplus/(deficit) on LA funds	64,011	125,000	-	189,011
Total	<u>64,011</u>	<u>125,000</u>	<u>3,440,000</u>	<u>3,629,011</u>

The above net assets includes £189,011 that were transferred as cash.

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NOTES TO THE FINANCIAL STATEMENTS
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21. Contingent liabilities

On 26 October 2018 the High Court ruled that equalisation for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs". According to HM Treasury, any impact of GMPs is unlikely to be material to the pension valuation and therefore no allowance for GMP equalisation has been made in the FRS102 LGPS pension liability for this period. Full GMP indexation will be applied to the LGPS pension liability once changes to the LGPS have been formally announced.

22. Pension commitments

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

As described in note 20 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Contributions amounting to £145,535 were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

The Academy Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the period includes contributions payable to the TPS of £139,515. and at the period-end £46,498. was accrued in respect of contributions to this scheme.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2019 was £288,638, of which employer's contributions totalled £244,027 and employees' contributions totalled £44,611. The agreed contribution rates for future years are 30.2% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2019
Discount rate for scheme liabilities	1.90 %
Rate of increase in salaries	2.60 %
Inflation assumption (CPI)	2.30 %

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

	2019
Retiring today	
Males	22.4
Females	24.6
Retiring in 20 years	
Males	24.0
Females	26.4

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NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

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

	Fair value at 31 August 2019 £
Equities	3,516,000
Corporate bonds	1,352,000
Property	433,000
Cash and other liquid assets	108,000
	<hr/>
Total market value of assets	5,409,000

The actual return on scheme assets was £307,000.

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

	Period ended 31 August 2019 £
Upon conversion	11,094,000
Interest cost	67,000
Employee contributions	45,000
Past service costs	25,000
Current service cost	344,000
Change in financial assumptions	900,000
	<hr/>
Closing defined benefit obligation	12,475,000

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

	Period ended 31 August 2019 £
Upon conversion	4,784,000
Interest income	29,000
Employee contributions	45,000
Benefits paid	244,000
Return on assets	307,000
	<hr/>
Closing fair value of scheme assets	5,409,000

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NOTES TO THE FINANCIAL STATEMENTS
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23. Operating lease commitments

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

	2019 £
Amounts payable:	
Within 1 year	6,952
Between 1 and 5 years	27,808
Total	<u>34,760</u>

24. 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 £NIL for the debts and liabilities contracted before he/she ceases to be a member.

25. Related party transactions

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

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26. Teaching school trading account

	Period ended 31 August 2019 £	Period ended 31 August 2019 £
Income		
Direct income		
Government grant income	18,775	
Training income	1,344	
Total Direct income	<u>20,119</u>	
Total income		20,119
Expenditure		
Direct expenditure		
Expenditure	5,685	
Total expenditure		<u>5,685</u>
Surplus from all sources		<u>14,434</u>
Teaching school balances at 29 April 2019		-
Teaching school balances at 31 August 2019		<u><u>14,434</u></u>