

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

REFERENCE AND ADMINISTRATIVE DETAILS

Members	H Massey C Bradley (appointed 2 December 2019) A Leach A Hurren
Trustees	H Massey, Chair (until 14 September 2020) ^{1,2,3,4,5,6,7} J Bishop, CEO & Executive Headteacher ^{1,2,3,4,5,6,7} S Taylor, Vice Chair ^{1,2,3,4,5,6,7} B Williams, Staff Trustee ⁷ S Noakes ⁵ R Billen ¹ M Pitts, Staff Trustee ⁷ M Gordon ^{1,2,3,4} J Waddingham ^{3,5} S Chapman ⁷ P Whitmarsh, Chair (from 14 September 2020) ^{2,4} K Dyson ^{1,2,7}
	¹ Personnel Committee ² Admissions Committee ³ Strategy Committee ⁴ Finance and Premises Committee ⁵ Marketing Committee ⁶ Health and Safety Committee ⁷ Standards Committee
Company registered number	07339625
Company name	Cornerstone Academy Trust
Principal and Registered office	Broadclyst Community Primary School School Lane Exeter Devon EX5 3JG
Company secretary	A Partridge
Accounting Officer	J Bishop
Senior management team	J Bishop, CEO & Executive Headteacher D James, Deputy CEO & Head of Education N Rothery, Head of Schools C Hall, Head of Schools G Newbery, Trust Business Manager A Pulfer, Head of Curriculum T Cavallo, Head of Strategy and Children's Services

**CORNERSTONE ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Bankers Lloyds TSB
234 High Street
Exeter
Devon
EX4 3NL

Solicitors Browne Jacobson
1 Manor Court
Dix's Field
Exeter
Devon
EX1 1UP

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2020. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates three primary academies in the East and North Devon areas. Its academies have a combined pupil capacity of 1140 and had a roll of 807 (not including the Nurseries) in January 2020. A fourth primary academy is due to open in September 2020

- Broadclyst has a pupil capacity of 450 (plus a 40 place Nursery) and had a roll of 437 (excluding 74 in the Nursery) in the school census in October 2019.
- When fully occupied, Westclyst school will have a pupil capacity of 420 and a 60 place nursery. This year the school has a capacity of 240 including a 40 place Nursery (that increased to 60 places in Jan 2020), Reception, Years 1, 2 and 3 classes only. WCPS had a roll of 170 (excluding 71 in the Nursery) in the school census in October 2019.
- Yeo Valley Primary School has a pupil capacity of 350 and had a roll of 200 (excluding the 19 in the Nursery) in the school census in October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Cornerstone Academy Trust are also the directors of the charitable company for the purposes of company law. The Charitable Company operates as Cornerstone Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Trustees are Directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Trustees are appointed for a four year period, except that this time limit does not apply to the Executive Headteacher. 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 Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the financial year under review the Trustees held eleven full Trustees' meetings and over twenty Trustees' committee meetings. The training and induction provided for new Trustees will depend on their existing experience.

The Trust buys the services of Browne Jacobson Solicitors who provide regular training events and also will provide bespoke training for Trustees on request. Trustees are given access to an online resource where they can obtain copies of policies, improvement plans, minutes, and other documents that they will need to undertake their role as Trustees. All Trustees also have access to an online specialist information depository aimed solely at school Trustees.

There is at least one Trustees' away day organised each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees meets once each month. 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.

There are 7 committees as follows:

- Finance and Premises Committee - this meets at least eleven 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, 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.
- Admissions Committee
- Personnel Committee
- Standards Committee
- Local Advisory Board - Broadclyst
- Local Advisory Board – Westclyst
- Local Advisory Board – Yeo Valley

In addition, there are 3 working parties:

- Strategy Working Party
- Marketing Working Party
- Health and Safety Working Party

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

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, to appoint or remove the Chair and/or Vice Chair, to appoint the Executive Headteacher and Clerk to the Trustees, to approve the Trust Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Trust by the use of budgets and other data, and making major decisions about the direction of the Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Trust to the Executive Headteacher and Leadership Team. The core Leadership Team comprises the Executive Headteacher and CEO, Deputy CEO, two Heads of Schools and the Trust Business Manager. The SMT implement the policies laid down by the Trustees and report back to them on performance.

The Executive Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

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

The pay of key management personnel is reviewed annually. The Executive Headteacher is reviewed by a sub group of trustees that make a recommendation to the Board. The other members of key management are reviewed by the Executive Headteacher. Reviews take into account performance and sector rates.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information in Schedule 2 of the Regulations.

There were no relevant union officials for the year/period ended 31 August 2020.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Cornerstone Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

OBJECTIVES AND ACTIVITIES

Objects and Aims

At Cornerstone Academy Trust, we aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academies are communities in which children, staff and parents should be part of a happy and caring environment.

The Trust's main strategy:

"TCAT schools seek to create and promote a challenging learning environment that inspires children to achieve high standards and become lifelong independent learners. The Trust aims to set consistently high expectations, build children's confidence and ensure engagement for all. We endeavour to develop creative thinkers, inquisitive questioners and avid problem solvers with flexible skills who are successful communicators. We want children to learn to collaborate effectively at all levels, including working with our international partners, and be equipped to adapt to the needs of a diverse and everchanging society."

The main objectives of the Trust during the year ended 31st August 2020 are summarised below:

- Sustain and grow Core Offering and services across the Cornerstone Academy Trust Schools
- Achieve position as a top performing Multi Academy Trust nationally
- Continue to raise standards at Yeo Valley Primary School
- Successfully open the new Monkerton Primary School
- Ensure readiness, sufficient expertise and capacity to provide school to school support
- Develop the Multi Academy Trust structures, services and back office functions to prepare for the growth of its schools and to bring about economies and efficiencies that will help maintain the current excellent offer of high quality education across the breadth of the curriculum.
- Maintain a consistently high quality Trust wide approach to teaching and learning; by appropriate and timely investment in staff, resources and infrastructure.
- Review and implement new leadership structures to ensure there is the capacity to deliver the Trust priorities as the schools develop and the range of services offered by the Teaching School and Curriculum Hubs.
- Maintain recognition as a UK/Global Leader in Digital Excellence in Schools
- Continue as a Microsoft partner and showcase MAT, promoting and disseminating best practice and remain an influential voice in innovative practice.
- Further develop the offerings of the Teaching School, English Hub, Science & Learning Partnership, NCCE Computing Hub and Edtech Demonstrator School.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Objectives, Strategies and Activities

Key activities and targets were identified in the Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The key strategic areas are:

- Pupils
 - o Pupils, Pupil Services & SEND
 - o Curriculum, Teaching & Learning
 - o Nursery Provision
- People
 - o Governance
 - o Leadership and Management
 - o Personnel
 - o Partners
 - o Teaching School/Curriculum Hubs
- Performance
 - o Assessment, Monitoring and Reporting
 - o Standards & Achievement
- Policies & Procedures
 - o Compliance
 - o Finance & Business Management
- MAT wide expansion and services
 - o Operations Management
 - o Trust expansion

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 Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

Westclyst Community Primary School successfully moved to its new site in Westclyst. Whilst some snagging issues remain, Staff, Pupils and Parents are extremely pleased with the finish and learning environment that has been created. We have seen a continued steady growth in pupil numbers as the school has become more established and the achievement of excellent results since opening; outcomes that are above the local and national averages.

During the year, the Trust has continued to work on the project to open a new school in the Monkerton area of Exeter. This will be our second free school and is due to open September 2020. Planning permission has been granted for the building, but delays have pushed back the build project so the new school will open at the Westclyst site (where we currently have spare classrooms).

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

We are continuing the work at Yeo Valley to raise the achievements and expectations of pupils and parents and rebuild the reputation of the school in the local area. Our investment in IT, furniture and renovating buildings, combined with the teaching collaboration across the Trust is beginning to have a positive impact.

Although problematic nationally, the 2019-20 academic year has been successful for Cornerstone English Hub. During 2019-20, we supported 20 partner schools through a variety of in-person and virtual literacy specialist visits (during the lockdown and partial opening period). Throughout the academic year, we ran six showcases, five network CPD events and a virtual conference, engaging approximately **117 new schools**. Despite the COVID-19 outbreak, the vast majority of the hub offering was able to continue. This included continuing with the audit process via online means. This allowed us to ensure that we completed a **full quota of audits (30)** during the year.

Our partner schools, prior to lockdown, were predicted to make an **average improvement of 16%** in the forthcoming PSC. We were forced by LS illness to redistribute several schools. We also mitigated this issue by recruiting two new LSs for the 2019-20 academic year. Ahead of this year, we have expanded the team to 7 to ensure that the delivery remains robust. Ahead of the 2020-21 academic year, we **recruited 10 new partner schools**. We will also be **retaining all 20** of our wave 1 partner schools.

We provided **five medium level support network meetings** and a conference to schools in our area and beyond. We were able to draw upon the broad expertise of our LS team for the network events. We found that this worked well as they were able to tailor sessions to address areas for development that they had encountered in schools. When planning the roster for the **conference**, we were pleased to welcome the Stewart Gale (Ofsted Reading Champion), Rebecca Cosgrave (Babcock LDP), Anne-Marie Rutter (RMT & EHTC) and Kate Griggs (CEO of Made by Dyslexia). We were also pleased to work with Janine Ashman from Unlocking Excellence English Hub. Feedback from these was positive and it is our intention to use this model in 2020-21.

The biggest challenge to the Trust was the global Covid-19 Pandemic which led to the schools having to be closed to all but Key Workers from March until June, when Reception, Years 1 and 2 returned. We were able to offer a virtual classroom for all our pupils which lessened the impact on their education, and we have been recognised nationally as pioneers of online learning in schools.

Our innovative and wide use of technology means that we were successful in securing Ed-Tech Demonstrator School status. Due to the pandemic, the focus of the Demonstrators shifted to supporting schools with remote education and the use of digital platforms during this difficult time. We have supported over 150 schools, resulting in us being in the top 3 highest performing Edtech Demonstrators in the country, out of 58.

During the summer lockdown, we had to change our plans for our Edtech Festival, which was a conference due to be held at Broadclyst Primary School. Instead, we converted the conference to a virtual event, offering free of charge support with digital technologies. The event was a huge success, with over 100 speakers presenting webinars to 3000 people, over 2 days.

Our success of running the Edtech Festival, led to us being asked to host the DfE's Edtech Demonstrator 'Edtech Week'. A week long event of webinars and round table discussion, including a Saturday of back to back webinars. This was another successful event, with over 1500 registrations. Our reputation within the Edtech Demonstrator programme is well known, and we are now working with the policy team at the DfE.

Having been awarded Primary Lead organisation for the regional Computing hub (with Exeter Maths School) we began running face-to-face events on their behalf. When lockdown occurred, we then moved to online delivery of Computer Science CPD. Although our KPIs were suspended

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

for the year, we eventually ran significantly more events than we originally agreed to do, because we were so well placed to run online training when many other providers struggled to transition to online delivery.

This year we were awarded the contract for the 'STEM Club Champions' project by STEM Learning. Separate to our Science Learning Partnership work, this centred around providing free support to schools across Devon, Cornwall and West Somerset in the setting up and enhancing of extra-curricular STEM clubs in secondary schools. In some ways, this programme was made more accessible by the national lockdown as travel and geography were no longer barriers to attending the sessions. The programme as a whole has been progressing well and we are continuing to try to reach schools beyond Devon with whom we have not had contact within the past.

The Science Learning Partnership has been running for about two years now and has been becoming more recognised and established across the region. In this last year, the SLP has moved from being an 'emerging' hub to being a 'sustained' hub. Our ties with EdTech enabled us to run virtual sessions during the lockdown nationally on 'Delivering a remote science lesson' which were well attended and well received. We are well on track to exceed our KPIs this coming year.

The Pandemic did mean that, unfortunately we have had to cancel many of our extra-curricular activities this year, such as the residential trips, annual musical production and choir concerts. But where possible, we have continued to provide a broad range of curriculum opportunities.

The impact of the Covid-19 Pandemic also meant that the KS1 and KS2 assessments did not take place this year. We will continue to assess children when the children can return to school and analyse the impact over the next year.

Key Performance Indicators

As funding is based on pupil numbers this is a major key performance indicator. Pupil numbers over the last four years have seen a steady increase in the pupil roll:

Census Date	Pupil Numbers	Notes
October 2014	433	
October 2015	436	
October 2016	466	(including 27 WCPS Pupils)
October 2017	495	(including 56 WCPS Pupils)
October 2018	542	(including 106 WCPS Pupils)
January 2019	751	YVPS joins the Trust bringing 209 pupils)
January 2020	807	

Numbers taken from the main census and exclude the Nurseries.

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.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Financial Review

Most of the 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 year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2020, the Academy received total income (excluding fixed asset funding and pensions transferred in) of £6,115,830 (2019: £4,896,022) and incurred total expenditure (excluding fixed asset funds and the pension fund) of 5,664,136 (2019: £4,955,466). The excess of income over expenditure for the year was £451,694 (2019: £59,444).

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams; the need to match income with commitments; and the nature of the reserves. Risk based decisions are made whilst recognising the potential to maximise investment into the wider curriculum, in line with the new Ofsted expectations. As the Trust grows, physically and in terms of success, the basis for self-insuring becomes stronger.

The Trustees policy is to aim to set aside reserves of at least £100,000 to cover unexpected costs with possibly higher carry forward reserves for specific capital projects.

The free reserves at the period end that are monitored against the policy were £176,006 These are included in unrestricted free reserves. Additionally, there were £532,540 reserves carried forward included in funds restricted for specific purposes.

The Trustees have reviewed the future plans of the Academy and have agreed that there is no need to increase the level of reserve.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

As the Trust grows, it will be further discussing with the Academy Bank Manager cash flow and investment opportunities and will make recommendations to Trustees on investment proposals.

Principal Risks and Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The principal risks and uncertainties facing the Academy are as follows:

The trustees continue to monitor the impact upon the trust from COVID19.

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year over 80% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management the risk in this area arises from potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational the continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that pupil success and achievement are closely monitored and reviewed. This is increasingly important at a time of expansion in a close geographical area.

Safeguarding and child protection the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing the success of the Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds The Academy Trust has an appointed internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Trustees examine the financial health formally every half term, reviewing performance against budgets and overall expenditure. Regular update reports are also given at all Full Trustees' meeting and Finance & Premises Committee Meetings.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 22 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

FUNDRAISING

The Trust's fundraising activities are based around traditional school occasions such as fetes and fayres. We do not work with professional fundraisers. There is occasional fundraising by parents. In the next period we will investigate Gift Aid.

PLANS FOR FUTURE PERIODS

The Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

We will be working towards the physical opening of Monkerton Community Primary School in the 2020/21 academic year. The continued growth of Westclyst Community Primary School remains a strong focus as we introduce Year 4 pupils for the first time in September 2020 .

We will continue to increase standards at Yeo Valley Primary School in Barnstaple, as it moves forwards as an integral part of the Trust. Improvement projects will continue to be implemented.

The Trust aims to augment its links with other schools locally and nationally in order to continue to improve.

We will continue to use our status as a Microsoft Showcase School to further enrich our provision, but equally as important to help develop the ICT provision in other like-minded schools. We will continue to promote the benefits of the Global Enterprise Challenge around the world.

The Trust will maximise the final year of its Teaching School which will close in August 2021, due to the roll out of the Teaching School Hubs nationally. Whilst we are still able to operate as a teaching school for the next year, our focus will be on growing our School Direct training programme offer, as this can continue after the Teaching School has closed. We will also continue to support schools nationally through the curriculum hubs. This will involve the growing Edtech Demonstrator school – providing support to an increasing number of schools in their use of digital platforms and remote teaching.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

TRUSTEES INDEMNITIES

There were no third-party indemnity provisions during the year or at the date of approval of the Trustees' report.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- 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 auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 12 January 2021 and signed on the board's behalf by:

**P Whitmarsh
Chair of Trustees**

**CORNERSTONE ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Cornerstone Academy 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 11 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
H Massey, Chair (until 14 September 2020)	8	11
J Bishop, CEO & Executive Headteacher	11	11
S Taylor, Vice Chair	9	11
B Williams, Staff Trustee	9	11
S Noakes	8	11
R Billen	10	11
M Pitts, Staff Trustee	10	11
M Gordon	8	11
J Waddingham	9	11
S Chapman	10	11
P Whitmarsh, Chair (from 14 September 2020)	11	11
K Dyson	10	11

During the year, Trustees have paid particular attention to matters including:

- The continued growth of Westclyst Community Primary School and the opening of the new school building
- The pre-opening of a free school in the Monkerton are of Exeter
- The full integration of Yeo Valley Primary School into the Trust
- The continued development of the Teaching School and Curriculum Hubs

During the year, the growth of the MAT has given the trustees opportunity to further assess the adequacy of the governing arrangements in place. This has been supported by external organisations as well as a number of upskilling and strategic days for trustees to attend.

A continual focus on the skills represented across the Board means that there is a broad base of experience and expertise across numerous specialisms. The vice chair has managed a skills audit of all trustees, identifying where potential gaps may exist and reaffirming the strengths across the breadth of their expertise and

experience. This audit is designed to be ongoing and adaptable to any change. Initial findings show that the board is made up of professionals from a wide range of fields meaning we have representation from finance, legal, human resources, early years, commerce and marketing professionals.

The Finance and Premises Committee is a sub-committee of the main Board of Trustees. It also acts as the

**CORNERSTONE ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (CONTINUED)

Audit Committee. Its purpose is:

To assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity.

To make appropriate comments and recommendations on such matters to the governing body on a regular basis.

Major issues will be referred to the full governing body for ratification.

The committee is authorised:

- To consider the Trust's indicative funding, notified annually by the EFA, and to assess its implications for the Academy Trust, in consultation with the executive headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
- To consider and recommend acceptance/non acceptance of the Trust's budget, at the start of each financial year.
- To contribute to the formulation of the Trust's development plan, through the consideration of financial priorities and proposals, in consultation with the executive headteacher, with the stated and agreed aims and objectives of the Academy Trust.
- To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- To liaise with and receive reports from the staffing/remuneration and curriculum committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
- To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the Trust, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the Board of Trustees.
- To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement.
- To prepare the financial statement to form part of the annual report of the Board of Trustees to parents and for filing in accordance with Companies Act and Charity Commission requirements.
- To receive auditors' reports and to recommend to the full governing body action as appropriate in response to audit findings.
- To recommend to the full governing body the appointment or reappointment of the auditors of the Trust.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
S Taylor, Chair	8	8
J Bishop, Executive Headteacher	8	8
M Gordon	6	8
P Whitmarsh	8	8

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Value for money purchasing. There is a continuing emphasis placed upon obtaining an optimum mix of economy, efficiency and effectiveness to ensure that the goods and services purchased deliver the best possible educational outcomes for the resources invested.
- Our financial procedures require purchases to be considered in the light of best value. Wherever possible, and certainly above threshold limits, competitive quotations are sought to check what the market can offer. Purchases with an aggregate value of £50,000 or more, although few, are subject to a strict tender regime. Recent examples include the procurement of IT equipment.
- We have a system of regular risk review for each governor subcommittee. This process has enabled governors to assess any risks present within decisions made or about to be made, meaning that decisions are more informed and less likely to need revisiting.
- Decisions around staffing levels are made against the backdrop of a rolling financial plan which clearly demonstrates the impact of any proposed change. Although things can change significantly in a short timescale, having a snapshot picture at the time of an important decision gives Trustees and the leadership team more confidence whether the change can be sustained (or not) and that it will not adversely impact other areas of school business.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cornerstone Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (CONTINUED)

- which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
 - setting targets to measure financial and other performance
 - clearly defined purchasing (asset purchase or capital investment) guidelines
 - delegation of authority and segregation of duties;
 - identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint Devon Audit Partnership as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems salary, wages and expenses
- Testing of purchasing and payment systems
- Testing of control of assets

On a semi-annual basis, the internal auditor reports to the Board of Trustees through the Finance and Premises Committee committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The schedule of work was affected by COVID19. There was a single remote audit in the summer term. No material control issues were identified.

Review of effectiveness

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

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 12 January 2021 and signed on their behalf by:

P Whitmarsh
Chair of Trustees

J Bishop
Accounting Officer

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Cornerstone Academy 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 2019.

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 2019.

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

J Bishop
Accounting Officer

Date: 12 January 2021

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education 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 . 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 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

P Whitmarsh
Chair of Trustees

Date: 12 January 2021

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CORNERSTONE ACADEMY TRUST**

Opinion

We have audited the financial statements of Cornerstone Academy Trust (the 'Academy Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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 2019 and the Academies Accounts Direction 2019 to 2020 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 Academy Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CORNERSTONE ACADEMY TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CORNERSTONE ACADEMY TRUST (CONTINUED)**

Responsibilities of Trustees

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

28 January 2021

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 28 October 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cornerstone Academy Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Cornerstone Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Cornerstone Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cornerstone Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Cornerstone Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Cornerstone Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2010 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
CORNERSTONE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

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

Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 28 January 2021

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:						
Donations and capital grants:	3					
Assets transferred on conversion		-	-	-	-	3,201,757
Other donations and capital grants		1,715	29,768	6,924,246	6,955,729	86,793
Charitable activities	4,5	800,187	5,077,192	-	5,877,379	4,559,578
Teaching schools	29	18,102	40,000	-	58,102	95,198
Other trading activities		148,654	-	-	148,654	142,647
Investments	7	212	-	-	212	251
TOTAL INCOME		968,870	5,146,960	6,924,246	13,040,076	8,086,224
EXPENDITURE ON:						
Raising funds		819	-	-	819	2,001
Charitable activities	8	971,736	4,796,004	504,915	6,272,655	5,389,433
Teaching schools	29	-	63,505	-	63,505	89,795
TOTAL EXPENDITURE		972,555	4,859,509	504,915	6,336,979	5,481,229
NET (EXPENDITURE)/INCOME		(3,685)	287,451	6,419,331	6,703,097	2,604,995
Transfers between funds	18	-	(154,323)	154,323	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		(3,685)	133,128	6,573,654	6,703,097	2,604,995
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	24	-	(400,000)	-	(400,000)	(393,000)
NET MOVEMENT IN FUNDS		(3,685)	(266,872)	6,573,654	6,303,097	2,211,995

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
RECONCILIATION OF FUNDS:					
Total funds brought forward	264,447	(2,574,588)	8,807,925	6,497,784	4,285,789
Net movement in funds	(3,685)	(266,872)	6,573,654	6,303,097	2,211,995
TOTAL FUNDS CARRIED FORWARD	260,762	(2,841,460)	15,381,579	12,800,881	6,497,784

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 29 to 59 form part of these financial statements.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07339625**

**BALANCE SHEET
AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	15	15,466,335	8,888,151
		15,466,335	8,888,151
CURRENT ASSETS			
Debtors	16	828,891	780,561
Cash at bank and in hand		534,739	562,520
		1,363,630	1,343,081
Creditors: amounts falling due within one year	17	(655,084)	(1,079,448)
NET CURRENT ASSETS		708,546	263,633
NET ASSETS EXCLUDING PENSION LIABILITY		16,174,881	9,151,784
Defined benefit pension scheme liability	24	(3,374,000)	(2,654,000)
TOTAL NET ASSETS		12,800,881	6,497,784
FUNDS OF THE ACADEMY TRUST			
Restricted funds:			
Fixed asset funds	18	15,381,579	8,807,925
Restricted income funds	18	532,540	79,412
Restricted funds excluding pension asset	18	15,914,119	8,887,337
Pension reserve	18	(3,374,000)	(2,654,000)
Total restricted funds	18	12,540,119	6,233,337
Unrestricted income funds	18	260,762	264,447
TOTAL FUNDS		12,800,881	6,497,784

The financial statements on pages 25 to 59 were approved by the Trustees, and authorised for issue on 12 January 2021 and are signed on their behalf, by:

P Whitmarsh
Chair of Trustees

The notes on pages 29 to 59 form part of these financial statements.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	20	171,111	4,336,479
CASH FLOWS FROM INVESTING ACTIVITIES	21	(198,892)	(4,087,934)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(27,781)	248,545
Cash and cash equivalents at the beginning of the year		562,520	313,975
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22, 23	534,739	562,520

The notes on pages 29 to 59 form part of these financial statements

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Cornerstone Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 GOING CONCERN

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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 grant are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

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 and services.

1.4 INTEREST RECEIVABLE

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

1. ACCOUNTING POLICIES (continued)

1.5 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 Trust 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 Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.6 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.

On conversion the Academy Trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the Local Authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is provided on all tangible fixed assets 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:

Long-term leasehold property	- 2% straight line/term of the lease
Furniture and fittings	- 20% straight line
Computer equipment	- 33% straight line
Motor vehicles	- 25% reducing balance

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.

1.7 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.8 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 and cash on deposit that has a notice period of less than 30 days.

1.9 LIABILITIES

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

1.10 FINANCIAL INSTRUMENTS

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. 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.

1. ACCOUNTING POLICIES (continued)

1.11 TAXATION

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

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

1.12 PENSIONS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

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

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

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

1.13 FUND ACCOUNTING

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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FOR THE YEAR ENDED 31 AUGUST 2020**

1. ACCOUNTING POLICIES (continued)

1.14 OPERATING LEASES

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

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Assets transferred on conversion	-	-	-	-	3,201,757
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	3,201,757
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. INCOME FROM DONATIONS AND CAPITAL GRANTS (CONTINUED)

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	1,715	29,768	6,865,000	6,896,483	43,591
Capital Grants	-	-	59,246	59,246	43,202
SUBTOTAL	<u>1,715</u>	<u>29,768</u>	<u>6,924,246</u>	<u>6,955,729</u>	<u>86,793</u>
TOTAL 2020	<u>1,715</u>	<u>29,768</u>	<u>6,924,246</u>	<u>6,955,729</u>	<u>3,288,550</u>
TOTAL 2019	<u>67,318</u>	<u>(443,970)</u>	<u>3,665,202</u>	<u>3,288,550</u>	

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Education	183,068	5,077,192	5,260,260	4,252,944
Nursery	617,119	-	617,119	306,634
TOTAL 2020	<u>800,187</u>	<u>5,077,192</u>	<u>5,877,379</u>	<u>4,559,578</u>
TOTAL 2019	<u>529,424</u>	<u>4,030,154</u>	<u>4,559,578</u>	

**CORNERSTONE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

5. FUNDING FOR THE ACADEMY TRUST'S EDUCATION

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DFE/ESFA GRANTS				
General Annual Grant	-	3,088,661	3,088,661	2,610,034
Start up Grants	-	698,800	698,800	523,064
Other DfE/EFSA grants	-	1,060,993	1,060,993	845,840
	<u>-</u>	<u>4,848,454</u>	<u>4,848,454</u>	<u>3,978,938</u>
Other government grants				
High Needs	-	52,965	52,965	32,227
	<u>-</u>	<u>52,965</u>	<u>52,965</u>	<u>32,227</u>
Other funding				
Internal catering income	117,319	-	117,319	90,305
Income for hosting trainee teachers	-	-	-	49,060
Sales to students	17,506	-	17,506	3,292
Other	48,243	57,751	105,994	99,122
Exceptional government funding	-	118,022	118,022	-
	<u>183,068</u>	<u>175,773</u>	<u>358,841</u>	<u>241,779</u>
TOTAL 2020	<u><u>183,068</u></u>	<u><u>5,077,192</u></u>	<u><u>5,260,260</u></u>	<u><u>4,252,944</u></u>
TOTAL 2019	<u><u>222,790</u></u>	<u><u>4,030,154</u></u>	<u><u>4,252,944</u></u>	

Exceptional government funding

The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "Exceptional government funding".

The funding received for coronavirus exceptional support covers £46,982 of premises, free school meals and additional cleaning costs. These costs are included in notes 9 and 10 below.

The multi-academy trust furloughed some of its staff under the government's Coronavirus Job Retention Scheme. The funding received of £71,039 relates to staff costs in respect of staff, which are included within note 12 below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

6. INCOME FROM OTHER TRADING

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Lettings	5,074	5,074	2,693
External catering	-	-	32,161
Fees received	79,245	79,245	79,364
Other	64,335	64,335	28,429
TOTAL 2020	<u>148,654</u>	<u>148,654</u>	<u>142,647</u>

7. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	212	212	251

8. EXPENDITURE

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
EXPENDITURE ON FUNDRAISING TRADING ACTIVITIES:					
Direct costs	-	-	819	819	2,001
EDUCATION:					
Direct costs	2,246,619	-	1,102,397	3,349,016	3,013,197
Allocated support costs	1,646,166	415,793	611,936	2,673,895	2,220,080
NURSERY:					
Direct costs	239,856	2,251	59	242,166	155,619
Allocated support costs	96	571	6,911	7,578	537
Teaching school	-	-	63,505	63,505	89,795
TOTAL 2020	<u>4,132,737</u>	<u>418,615</u>	<u>1,785,627</u>	<u>6,336,979</u>	<u>5,481,229</u>
TOTAL 2019	<u>3,142,545</u>	<u>1,080,775</u>	<u>1,257,909</u>	<u>5,481,229</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Education	3,349,016	2,673,895	6,022,911	5,233,277
Nursery	242,166	7,578	249,744	156,156
TOTAL 2020	<u>3,591,182</u>	<u>2,681,473</u>	<u>6,272,655</u>	<u>5,389,433</u>
TOTAL 2019	<u>3,168,816</u>	<u>2,220,617</u>	<u>5,389,433</u>	

Analysis of direct costs

	Education 2020 £	Nursery 2020 £	Total funds 2020 £	Total funds 2019 £
Pension finance cost	49,000	-	49,000	48,000
Staff costs	2,120,923	239,856	2,360,779	2,266,602
Depreciation	419,097	2,251	421,348	161,093
Educational supplies	258,651	-	258,651	281,465
Staff development	30,673	59	30,732	15,494
Other costs	48,400	-	48,400	106,528
Technology costs	422,272	-	422,272	289,634
TOTAL 2020	<u>3,349,016</u>	<u>242,166</u>	<u>3,591,182</u>	<u>3,168,816</u>
TOTAL 2019	<u>3,013,197</u>	<u>155,619</u>	<u>3,168,816</u>	

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9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Education 2020 £	Nursery 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	1,715,516	154	1,715,670	814,619
Depreciation	85,818	-	85,818	48,670
Educational supplies	-	6,501	6,501	2,099
Recruitment and support	28,849	-	28,849	22,364
Maintenance of premises and equipment	121,643	342	121,985	625,789
Cleaning	91,973	74	92,047	71,555
Rent and rates	48,297	67	48,364	51,092
Energy costs	118,992	-	118,992	48,811
Insurance	21,979	-	21,979	16,921
Security and transport	50,863	352	51,215	55,937
Catering	217,637	-	217,637	218,349
Technology costs	10,533	-	10,533	5,458
Office overheads	35,542	88	35,630	29,446
Legal and professional	74,688	-	74,688	143,121
Bank interest and charges	3,901	-	3,901	3,818
Governance costs	47,664	-	47,664	62,568
TOTAL 2020	2,673,895	7,578	2,681,473	2,220,617
TOTAL 2019	2,220,080	537	2,220,617	

10. NET (EXPENDITURE)/INCOME

Net (expenditure)/income for the year includes:

	2020 £	2019 £
Operating lease rentals	218,746	168,975
Auditors' remuneration - audit	7,025	6,650
Auditors' remuneration - other services	11,007	4,385
Depreciation of tangible fixed assets	369,866	209,766

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. STAFF

a. STAFF COSTS

Staff costs during the year were as follows:

	2020	2019
	£	£
Wages and salaries	3,051,970	2,237,649
Social security costs	232,618	174,568
Pension costs	848,149	618,006
	<u>4,132,737</u>	<u>3,030,223</u>
Staff restructuring costs	-	112,322
	<u>4,132,737</u>	<u>3,142,545</u>

b. STAFF NUMBERS

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

	2020	2019
	No.	No.
Teachers	41	33
Administration and support	126	85
Management	10	7
	<u>177</u>	<u>125</u>

The average headcount expressed as full-time equivalents was:

	2020	2019
	No.	No.
Teachers	38	31
Administration and Support	81	56
Management	10	7
	<u>129</u>	<u>94</u>

c. HIGHER PAID STAFF

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. STAFF (CONTINUED)

c. HIGHER PAID STAFF (CONTINUED)

	2020	2019
	No.	No.
In the band £60,001 - £70,000	1	-
In the band £80,001 - £90,000	1	1

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £506,861 (2019 £390,123). With the sponsorship of Yeo Valley Primary School part way through the prior year, opening Westclyst School on another site, and Monketon Community Primary School being in the opening stages, the leadership team has expanded to support this growth. Furthermore the requirements of the EdTech Demonstrator Grant and the Computer Hub has meant the senior team have added responsibilities. Also there has been a significant increase in employer pension contribution rates, so together these factors have led to the overall increase.

12. CENTRAL SERVICES

The Academy Trust makes use of GAG pooling arrangements as set out in the Academies Financial Handbook. Under this arrangement, all income received by the academies within the Academy Trust is centrally pooled. As such, there are no central service contributions.

13. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: J Bishop: Remuneration £85,000 - £90,000 (2019: £80,000 - £85,000), Employer pension contributions £20,000 - £25,000 (2019: £10,000 - £15,000); M Pitts: Remuneration £40,000-£45,000 (2019: £35,000 - £40,000), Employer pension contributions £5,000 - £10,000 (2019: £5,000 - £10,000); B Williams: Remuneration £35,000 - £40,000 (2019: £30,000 - £35,000), Employer pension contributions £5,000 - £10,000 (2019: £5,000 - £10,000).

Other related party transactions involving the trustees are set out in the Related party transactions note.

During the year ended 31 August 2020, expenses totalling £2,811 were reimbursed or paid directly to 8 Trustees (2019 - £1,531 to 3 Trustees).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department of 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 membership.

15. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Furniture and fittings £	Computer equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2019	9,019,429	507,635	1,016,333	26,155	10,569,552
Additions	92,722	84,565	43,063	-	220,350
Donated asset	6,865,000	-	-	-	6,865,000
At 31 August 2020	<u>15,977,151</u>	<u>592,200</u>	<u>1,059,396</u>	<u>26,155</u>	<u>17,654,902</u>
DEPRECIATION					
At 1 September 2019	662,901	261,843	739,616	17,041	1,681,401
Charge for the year	309,057	77,354	118,476	2,279	507,166
At 31 August 2020	<u>971,958</u>	<u>339,197</u>	<u>858,092</u>	<u>19,320</u>	<u>2,188,567</u>
NET BOOK VALUE					
At 31 August 2020	<u>15,005,193</u>	<u>253,003</u>	<u>201,304</u>	<u>6,835</u>	<u>15,466,335</u>
At 31 August 2019	<u>8,356,528</u>	<u>245,792</u>	<u>276,717</u>	<u>9,114</u>	<u>8,888,151</u>

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2020 £	2019 £
Long-term leasehold land	<u>1,851,000</u>	<u>1,880,867</u>

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16. DEBTORS

	2020	2019
	£	£
DUE WITHIN ONE YEAR		
Trade debtors	122,426	45,401
Other debtors	7,688	39,575
Prepayments and accrued income	633,485	607,955
VAT recoverable	65,292	87,630
	828,891	780,561

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17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	178,262	477,776
Other taxation and social security	53,579	43,513
Other creditors	92,149	71,590
Accruals and deferred income	331,094	486,569
	<u>655,084</u>	<u>1,079,448</u>
	<u>655,084</u>	<u>1,079,448</u>
	2020	2019
	£	£
DEFERRED INCOME		
Deferred income at 1 September 2019	89,963	72,577
Resources deferred during the year	101,960	89,963
Amounts released from previous periods	(89,963)	(72,577)
	<u>101,960</u>	<u>89,963</u>
	<u>101,960</u>	<u>89,963</u>

At the balance sheet date the Academy was holding funds received in advance for lettings booked for the autumn term 2020.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. STATEMENT OF FUNDS

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
UNRESTRICTED FUNDS						
General funds	177,440	968,870	(970,304)	-	-	176,006
Unrestricted fixed asset fund	87,007	-	(2,251)	-	-	84,756
	264,447	968,870	(972,555)	-	-	260,762
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	-	3,046,443	(2,892,120)	(154,323)	-	-
Pupil Premium	-	238,359	(238,359)	-	-	-
Universal Infant Free School Meals	-	136,805	(136,805)	-	-	-
PE grant	-	54,310	(54,310)	-	-	-
Free school start up grant	-	148,000	(148,000)	-	-	-
Free school procurement grant	74,162	550,800	(132,162)	-	-	492,800
High needs	-	52,965	(52,965)	-	-	-
Teaching school	-	40,000	(40,000)	-	-	-
Educational trips	-	29,768	(29,768)	-	-	-
Rates	-	24,690	(24,690)	-	-	-
Exceptional government funding	-	118,022	(118,022)	-	-	-
Teachers pay grant	-	177,363	(177,363)	-	-	-
English hub grant	5,250	394,588	(399,838)	-	-	-
Ed Tech Grant	-	24,000	(24,000)	-	-	-
Computing Hub	-	18,507	(18,507)	-	-	-
MS Training Academy	-	10,000	(10,000)	-	-	-
Science Hub & STEM	-	49,100	(42,600)	-	-	6,500

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18. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Global Enterprise Challenge	-	15,000	-	-	-	15,000
Connecting Classrooms	-	18,240	-	-	-	18,240
Pension reserve	(2,654,000)	-	(320,000)	-	(400,000)	(3,374,000)
	<u>(2,574,588)</u>	<u>5,146,960</u>	<u>(4,859,509)</u>	<u>(154,323)</u>	<u>(400,000)</u>	<u>(2,841,460)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	6,133,182	-	(122,904)	-	-	6,010,278
Fixed assets purchased from GAG and other restricted funds	225,924	38,000	(49,070)	154,323	-	369,177
Devolved Formula Capital grants	86,179	21,246	(22,457)	-	-	84,968
Academies Capital Maintenance Fund grants	1,771,150	-	(48,798)	-	-	1,722,352
Free school procurement grant	591,490	-	(124,386)	-	-	467,104
Donated property	-	6,865,000	(137,300)	-	-	6,727,700
	<u>8,807,925</u>	<u>6,924,246</u>	<u>(504,915)</u>	<u>154,323</u>	<u>-</u>	<u>15,381,579</u>
TOTAL RESTRICTED FUNDS	<u>6,233,337</u>	<u>12,071,206</u>	<u>(5,364,424)</u>	<u>-</u>	<u>(400,000)</u>	<u>12,540,119</u>
TOTAL FUNDS	<u><u>6,497,784</u></u>	<u><u>13,040,076</u></u>	<u><u>(6,336,979)</u></u>	<u><u>-</u></u>	<u><u>(400,000)</u></u>	<u><u>12,800,881</u></u>

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

Restricted Funds

General Annual Grant (GAG)

18. STATEMENT OF FUNDS (CONTINUED)

This fund includes income from the ESFA which is to be used for the running costs of the Academy, including education and support costs.

Pupil premium

This funding is for additional support for those pupils who qualify for free school meals.

High Needs funding

This is a grant received from the local authority towards the costs of providing teaching for pupils with special educational needs.

Free School start-up grant

This grant is offered in respect of approved eligible expenditure incurred in developing plans for the Monkerton Primary School and start-up expenditure in relation to Westclyst Community Primary School.

Free school procurement grant

This grant is offered in respect of approved eligible expenditure incurred procuring ICT goods, ICT services and temporary accommodation for the Westclyst Community Primary School.

Teaching school

The Academy Trust has achieved teaching school status and this represents the third of three years initial grant funding.

Global Enterprise Challenge

Broadclyst Primary School runs an online student focused project which involves student teams leading micro businesses. Income includes grant funding from Microsoft Limited.

English hub grant

English Hub schools promote a love of reading and support schools across the country to provide excellent phonics and early language teaching.

EdTech Demonstrator Grant

Demonstrator schools and colleges are a network of providers who have shown they can use technology effectively and have the capacity to help other schools and colleges to do the same.

They support a range of schools and colleges during the coronavirus (COVID-19) outbreak by helping those schools who are most in need of support, have recently adopted an online learning platform or have high numbers of disadvantaged learners.

The support package includes advice, training, online tutorials, webinars and recorded content.

Computing Hub

The hub is part of a national network supporting the work of the National Centre for Computing Education. It helps to ensure that teachers have access to a suite of relevant, inspiring and effective CPD opportunities, covering practical and theoretical aspects of teaching computing

MS Training Academy

The Microsoft Training Academy offers a hands-on approach to learn and develop new and existing skills. Broadclyst Community Primary School is one of the few schools across the UK appointed by Microsoft Education to take a leading role in working with schools that require support in developing their technology offer through Microsoft technologies.

Science Hub & STEM

The Devon Science Learning Partnership is part of the national network of STEM Learning partnerships across the UK. As a DfE initiative, we take a leading role in supporting schools to provide an engaging and inspiring education for their students.

Catering for teachers, leaders and support staff, we offer bespoke and regional training to support other schools in ways that best meet their needs.

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18. STATEMENT OF FUNDS (CONTINUED)

Global Enterprise Challenge

The Global Enterprise Challenge is an international competition run by Cornerstone Academy Trust where primary and secondary pupils from across the world take part by forming small trading companies. Supported and funded by Microsoft, the winning teams usually travel to locations such as Seattle or London to collect their award.

Connecting Classrooms

Connecting Classrooms helps pupils understand the big issues that shape our world and equip them with the knowledge, skills and attitudes they need to make a positive contribution. Connecting Classrooms through Global Learning is a partnership between the British Council and the Foreign, Commonwealth and Development Office. Funding received to date helps to pay for teachers to make educational trips to countries such as Ethiopia or Bangladesh, where learning experiences can be shared, and inspiration is aplenty.

Pension reserve

This fund represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme (LGPS).

Restricted Fixed Asset Funds

Fixed assets transferred on conversion - This represents the fixed assets transferred from the Local Authority on conversion.

Fixed assets purchased from GAG - This fund includes transfers from the GAG restricted fund for capital related expenditure. The balance at the year end represents the net book value of assets transferred from the GAG fund.

Devolved formula capital grants and Academies Capital Maintenance Fund grants - Grants from the ESFA to be spent on capital related expenditure.

Free School procurement grant - This represents eligible fixed assets purchased using the free school grant by way of a transfer.

Transfers in/out - In addition to the procurement grant, the transfer between the restricted funds and the restricted fixed asset funds represents GAG funding used to purchase fixed assets.

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 2020.

Total funds analysis by Academy

Fund balances at 31 August 2020 were allocated as follows:

	2020	2019
	£	£
Cornerstone Academy Trust	793,302	343,859
Restricted fixed asset fund	15,381,579	8,807,925
Pension reserve	(3,374,000)	(2,654,000)
TOTAL	12,800,881	6,497,784

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18. STATEMENT OF FUNDS (CONTINUED)

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 2020 £	Total 2019 £
Broadclyst Community Primary School	2,351,252	1,510,404	303,162	937,514	5,102,332	4,322,869
Westclyst School	-	-	16,261	190,050	206,311	-
Yeo Valley Primary School	-	-	14,704	118,240	132,944	632,597
Central services	-	-	16,247	51,979	68,226	-
ACADEMY TRUST	<u>2,351,252</u>	<u>1,510,404</u>	<u>350,374</u>	<u>1,297,783</u>	<u>5,509,813</u>	<u>4,955,466</u>

In the prior year, Westclyst Community Primary School operated from temporary classrooms on the site of Broadclyst Community Primary School. For 2018/19 the costs of these two schools were therefore presented on a combined basis.

This year, because the Trust pools income, it now run its budgets on a centralised basis.

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18. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS						
General funds	137,527	789,003	(749,090)	-	-	177,440
Unrestricted fixed asset fund	89,764	-	(2,757)	-	-	87,007
	<u>227,291</u>	<u>789,003</u>	<u>(751,847)</u>	<u>-</u>	<u>-</u>	<u>264,447</u>
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	-	2,610,034	(2,575,992)	(34,042)	-	-
Pupil Premium	-	185,459	(185,459)	-	-	-
Universal Infant Free School Meals	-	116,118	(116,118)	-	-	-
PE grant	-	47,929	(47,929)	-	-	-
Free school start up grant	-	131,500	(131,500)	-	-	-
Free school procurement grant	545,262	322,807	(356,004)	(437,903)	-	74,162
High needs	-	32,227	(32,227)	-	-	-
Teaching school	-	45,835	(45,835)	-	-	-
Educational trips	-	31,030	(31,030)	-	-	-
Rates	-	18,989	(18,989)	-	-	-
Exceptional government funding	105,452	14,000	(119,452)	-	-	-
Teachers pay grant	-	49,894	(49,894)	-	-	-
English hub grant	-	286,006	(280,756)	-	-	5,250
Ed Tech Grant	-	215,191	(215,191)	-	-	-
Pension reserve	(1,470,000)	(475,000)	(316,000)	-	(393,000)	(2,654,000)
	<u>(819,286)</u>	<u>3,632,019</u>	<u>(4,522,376)</u>	<u>(471,945)</u>	<u>(393,000)</u>	<u>(2,574,588)</u>

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18. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	2,561,646	3,622,000	(50,464)	-	-	6,133,182
Fixed assets purchased from GAG and other restricted funds	231,012	-	(39,130)	34,042	-	225,924
Devolved Formula Capital grants	62,231	43,202	(19,254)	-	-	86,179
Academies Capital Maintenance Fund grants	1,825,763	-	(54,613)	-	-	1,771,150
Free school procurement grant	197,132	-	(43,545)	437,903	-	591,490
	<u>4,877,784</u>	<u>3,665,202</u>	<u>(207,006)</u>	<u>471,945</u>	<u>-</u>	<u>8,807,925</u>
TOTAL RESTRICTED FUNDS	<u>4,058,498</u>	<u>7,297,221</u>	<u>(4,729,382)</u>	<u>-</u>	<u>(393,000)</u>	<u>6,233,337</u>
TOTAL FUNDS	<u><u>4,285,789</u></u>	<u><u>8,086,224</u></u>	<u><u>(5,481,229)</u></u>	<u><u>-</u></u>	<u><u>(393,000)</u></u>	<u><u>6,497,784</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	84,756	-	15,381,579	15,466,335
Current assets	831,090	532,540	-	1,363,630
Creditors due within one year	(655,084)	-	-	(655,084)
Provisions for liabilities and charges	-	(3,374,000)	-	(3,374,000)
TOTAL	260,762	(2,841,460)	15,381,579	12,800,881

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	87,007	-	8,801,144	8,888,151
Current assets	1,256,888	79,412	6,781	1,343,081
Creditors due within one year	(1,079,448)	-	-	(1,079,448)
Provisions for liabilities and charges	-	(2,654,000)	-	(2,654,000)
TOTAL	264,447	(2,574,588)	8,807,925	6,497,784

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**NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	6,703,097	2,604,995
ADJUSTMENTS FOR:		
Depreciation	507,166	209,763
Capital grants from DfE and other capital income	(21,246)	(43,202)
Interest receivable	(212)	(251)
Defined benefit pension scheme obligation inherited	-	475,000
Defined benefit pension scheme cost less contributions payable	271,000	268,000
Defined benefit pension scheme finance cost	49,000	48,000
Increase/(decrease) in debtors	(67,011)	(262,807)
(Decrease)/increase in creditors	(405,683)	1,036,981
Donated assets	(6,865,000)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	171,111	4,336,479

21. CASH FLOWS FROM INVESTING ACTIVITIES

	2020 £	2019 £
Interest received	212	251
Purchase of tangible fixed assets	(220,350)	(4,131,387)
Capital grants from DfE Group	21,246	43,202
NET CASH USED IN INVESTING ACTIVITIES	(198,892)	(4,087,934)

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	534,739	562,520
TOTAL CASH AND CASH EQUIVALENTS	534,739	562,520

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**NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	562,520	(27,781)	534,739
	562,520	(27,781)	534,739

24. PENSION COMMITMENTS

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

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 £67,530 were payable to the schemes at 31 August 2020 (2019 - £46,496) and are included within creditors.

TEACHERS' PENSION SCHEME

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

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

24. PENSION COMMITMENTS (CONTINUED)

VALUATION OF THE TEACHERS' PENSION SCHEME

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

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

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

The employer's pension costs paid to TPS in the year amounted to £460,149 (2019 - £342,006).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £339,000 (2019 - £228,000), of which employer's contributions totalled £263,000 (2019 - £182,000) and employees' contributions totalled £ 72,000 (2019 - £46,000). The agreed contribution rates for future years are 17.6% per cent for employers plus a monetary amount of £28,000 and 5.5 - 12.5% per cent for employees.

As described in note 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 year. 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.

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.

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24. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions

	2020	2019
	%	%
RATE OF INCREASE IN SALARIES	3.25	3.70
RATE OF INCREASE FOR PENSIONS IN PAYMENT/INFLATION	2.25	2.20
DISCOUNT RATE FOR SCHEME LIABILITIES	1.65	1.90
INFLATION ASSUMPTION (CPI)	2.25	1.50

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

	2020	2019
	Years	Years
<i>RETIRING TODAY</i>		
MALES	22.9	22.5
FEMALES	24.1	24.4
<i>RETIRING IN 20 YEARS</i>		
MALES	24.3	24.2
FEMALES	25.5	26.2

Sensitivity analysis

	2020	2019
	£000	£000
DISCOUNT RATE +0.1%	(153)	(119)
DISCOUNT RATE -0.1%	158	122
MORTALITY ASSUMPTION - 1 YEAR INCREASE	198	174
MORTALITY ASSUMPTION - 1 YEAR DECREASE	(191)	(167)
CPI RATE +0.1%	144	106
CPI RATE -0.1%	(140)	(103)

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

	2020	2019
	£	£
EQUITIES	1,372,000	1,228,000
Gilts and bonds	190,000	108,000
PROPERTY	183,000	174,000
CASH AND OTHER LIQUID ASSETS	26,000	27,000
Target return portfolio	289,000	279,000
Infrastructure and alternative assets	238,000	181,000
TOTAL MARKET VALUE OF ASSETS	2,298,000	1,997,000

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24. PENSION COMMITMENTS (CONTINUED)

The actual return on scheme assets was £8,000 (2019 - £102,000).

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

	2020 £	2019 £
CURRENT SERVICE COST	(534,000)	(287,000)
INTEREST INCOME	40,000	43,000
INTEREST COST	(89,000)	(91,000)
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	(583,000)	(335,000)

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

	2020 £	2019 £
AT 1 SEPTEMBER	4,651,000	2,835,000
TRANSFERRED IN ON EXISTING ACADEMIES JOINING THE TRUST	-	834,000
INTEREST COST	89,000	91,000
EMPLOYEE CONTRIBUTIONS	72,000	46,000
ACTUARIAL LOSSES	334,000	451,000
BENEFITS PAID	96,000	(56,000)
PAST SERVICE COSTS	-	163,000
Current service cost	534,000	287,000
AT 31 AUGUST	5,776,000	4,651,000

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

	2020 £	2019 £
AT 1 SEPTEMBER	1,997,000	1,365,000
TRANSFERRED IN ON EXISTING ACADEMIES JOINING THE TRUST	-	359,000
INTEREST INCOME	40,000	43,000
ACTUARIAL (LOSSES)/GAINS	(66,000)	58,000
EMPLOYER CONTRIBUTIONS	263,000	182,000
EMPLOYEE CONTRIBUTIONS	72,000	46,000
BENEFITS PAID	(41,000)	(56,000)
AT 31 AUGUST	2,265,000	1,997,000

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25. OPERATING LEASE COMMITMENTS

At 31 August 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	144,921	83,899
Later than 1 year and not later than 5 years	136,108	73,336
	281,029	157,235

26. MEMBERS' LIABILITY

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

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Mrs J Bishop, wife of Mr J Bishop, a Trustee, is employed as a teaching assistant. Mrs Bishop's appointment was made in open competition, Mr Bishop was not involved in the recruitment process or decisions regarding her remuneration. Mrs Bishop is paid within the normal pay scales for her role and receives no special treatment as a result of her relationship with a Trustee.

Mrs Pitts, wife of Mr M Pitts, a Trustee, is employed as a music teacher. Mrs Pitts' appointment was made in open competition, Mr Pitts was not involved in the recruitment process or decisions regarding her remuneration. Mrs Pitts is paid within the normal pay scales for her role and receives no special treatment as a result of her relationship with a Trustee.

Mr J Beevor, domestic partner of Miss B Williams, a Trustee, is employed as a teacher. Mr J Beevor's appointment was made in open competition, Miss Williams was not involved in the recruitment process or decisions regarding his remuneration. Mr J Beevor is paid within the normal pay scales for his role and receives no special treatment as a result of his relationship with a Trustee.

28. POST BALANCE SHEET EVENTS

On 1 September 2020, Monkerton Community Primary School academised and joined Cornerstone Academy Trust.

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29. TEACHING SCHOOL TRADING ACCOUNT

	2020 £	2020 £	2019 £	2019 £
Income				
DIRECT INCOME				
Grant funding	40,000		45,835	
Fees	18,102		49,363	
TOTAL DIRECT INCOME	58,102		95,198	
TOTAL INCOME		58,102		95,198
Expenditure				
DIRECT EXPENDITURE				
Direct staff costs	56,288		61,324	
Technology costs	-		4,700	
TOTAL DIRECT EXPENDITURE	56,288		66,024	
OTHER EXPENDITURE				
Recruitment and support	-		7,611	
Maintenance of premises and equipment	-		640	
Security and transport	722		-	
Catering	8		4,122	
Office overheads	-		58	
Legal and professional	5,122		11,340	
Governance	1,365		-	
TOTAL OTHER EXPENDITURE	7,217		23,771	
TOTAL EXPENDITURE		63,505		89,795
(Deficit)/surplus from all sources		(5,403)		5,403
Teaching school balances at 1 September 2019		5,403		-
TEACHING SCHOOL BALANCES AT 31 AUGUST 2020		-		5,403