

Registered number: 09341839

SHINE Academies

Trustees' Report and Financial Statements

For the Year Ended 31 August 2020



SHINE Academies
(A Company Limited by Guarantee)

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 10
Governance Statement	11 - 14
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditors' Report on the Financial Statements	17 - 19
Independent Reporting Accountant's Report on Regularity	20 - 21
Statement of Financial Activities Incorporating Income and Expenditure Account	22 - 23
Balance Sheet	24 - 25
Statement of Cash Flows	26
Notes to the Financial Statements	27 - 58

SHINE Academies
(A Company Limited by Guarantee)

Reference and Administrative Details

Members	C Coultham K Marshall C Nightingale (appointed 16 September 2019) E Richards (appointed 6 December 2019) G Bladon
Trustees	G Bladon, Chair C Pook, Vice Chair C Nightingale (appointed 10 June 2020) G Gentle G Morris, Chief Executive Officer J Purcell A Wilkinson A Skiffington (appointed 12 February 2020) D Hassell (appointed 23 January 2020) K Newey (appointed 10 February 2020, resigned 10 February 2020)
Company registered number	09341839
Company name	SHINE Academies
Principal and registered office	Collingwood Road Bushbury Wolverhampton West Midlands WV10 8DS
Company secretary	G Draycott
Senior management team	G Morris, Chief Executive Officer G Draycott, Chief Operating Officer M Price, Executive Head Teacher N Boys, Head Teacher (Lodge Farm Primary School) A Rogers, Head Teacher (Northwood Park Primary School) L Westwood, Head Teacher (Villiers Primary School) S Field, Head Teacher (Busill Jones Primary School)
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH

SHINE Academies
(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 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

Structure, governance and management

a. Constitution

The Multi-Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Multi-Academy Trust.

The Trustees of SHINE Academies are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Method of recruitment and appointment or election of Trustees

The management of the Multi-Academy Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

Parent elections take place when parent Governor vacancies are available. Governors are co-opted by the Board of Trustees where skills gaps are identified.

The Board of Trustees carry out an annual skills audit to identify any skills gaps and where there are vacancies, work to target individuals with the skills required. Regular CPD and skills updates are available for all Trustees and Local Body Governors.

d. Policies adopted for the induction and training of Trustees

The Trust purchases a Governance SLA which includes a full training programme for Trustees. All Trustees receive details of the training available. New Trustees are invited to visit the schools and meet with any link staff relevant to their role on the Board of Trustees.

Trustees are appointed by the Members and vacancies are filled following a skills audit to ensure a diverse range of expertise. All new Trustees meet with the CEO and Chair before appointment to understand the Trust context and their responsibilities as a Trustee.

SHINE Academies
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Structure, governance and management (continued)

e. Organisational structure

SHINE Academies has stabilised in 2019 – 2020 following the formal addition of Busill Jones in December 2019 after 15 months interim support.

The Trustee and Members Boards consist of highly skilled professionals, who are responsible for establishing an overall framework for the governance of the academies. The Board of Trustees has overall responsibility for setting general policy, adopting an annual plan and budget, monitoring the use of the budget, making strategic decisions about the direction of the company and senior staff appointments. The Trust successfully appointed new Trustees and Members in 2019 - 2020 further strengthening its skill set and filling both boards. Additional Local Governors have also strengthened the Local Boards.

Trustees met as a collective five times during the year. The Finance and General Purpose, Audit and Risk and Performance and Standards Committees met at various intervals throughout the year and all constituents are Trustees with the Chief Operating Officer, Executive Head Teacher and MAT Finance Manager in attendance as required.

The Trust's Chief Executive Officer is the Accounting Officer and the Trustees are responsible for the performance management of the Chief Executive Officer.

The Chief Executive Officer is responsible for the day to day operations of the Trust and is supported by the Chief Operating Officer, Executive Head Teachers and each schools Head Teacher.

During the Covid-19 pandemic from March – August 2020, all meetings were conducted via virtual means.

f. Arrangements for setting pay and remuneration of key management personnel

The Board of Trustees adopts a Pay Policy which is reviewed on an annual basis. The Governing Body is involved in the recruitment process for all Leadership positions and the staffing structure is reviewed annually. A Pay Committee, made up of three independent Trustees, reviews pay for all staff on an annual basis.

g. Engagement with employees (including disabled persons)

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Multi-Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Multi-Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Multi-Academy Trust's equal opportunities policy, the Multi-Academy Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Multi-Academy Trust's offices.

SHINE Academies
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Structure, governance and management (continued)

h. Trade union facility time

The Multi-Academy Trust has no employees who are relevant union officials.

Objectives and activities

a. Objects and aims

The SHINE Academies vision is to 'STRIVE in HARMONY to INSPIRE, NURTURE and EXCEL' and our clear stated ethos is to provide a high quality educational experience in a safe, creative and exciting learning environment. SHINE Academies sets high expectations for our pupils and for our staff.

b. Objectives, strategies and activities

SHINE Academies offers excellent facilities and opportunities for its pupils, many of whom come from very challenging backgrounds. The Trust takes pride in offering its students the best possible support during their time in the Academy and in helping them to become Secondary ready. The Trust offers many varied and unique facilities for its students to help them to achieve their full potential in the future.

Shine Academies recognises that it must constantly evolve to deliver the best possible provision in our communities. We are an outward, forward thinking organisation and must always be ready to innovate. In the same way, the Trust wants others to recognise the brand 'SHINE Academies' as a provider of excellent services.

SHINE Academies works hard to engender a sense of belonging. Whether a pupil, employee or someone involved in the governance of our academies, we want all of you to feel part of our family of schools. Like all families, we want the best but we are also there to support each other when things get tough. We have proved time and again that this works to all our advantages.

Each school has its own identity and each one makes its own valuable contribution to the organisation as a whole.

c. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

SHINE Academies
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report

Achievements and performance

a. Review of activities and key performance indicators

SHINE Academies is a growing, successful multi-academy trust based in the West Midlands. Northwood Park Primary School became a Single Academy Trust in January 2015. The Academy converted to a Multi-Academy Trust (MAT) - Northwood Park Educational Trust - when it successfully became an approved sponsor school in April 2015.

Since then, Lodge Farm joined the MAT as a sponsored academy in April 2016. This was a school that was seriously under-performing and became part of the Trust to benefit from the shared expertise, vision, resources and partnership that the Trust offers.

In April 2018, Villiers Primary School joined the Trust as a 'Good' school, thus increasing the Trust's capacity to support future schools.

The impact of the MAT is best demonstrated in the improvement that has been made at Lodge Farm. This was a failing school before academy conversion took place and served a community situated in one of the most deprived wards in the West Midlands. This school had been in special measures for over three years and yet in just 9 weeks of support, Ofsted removed the special measures and we awaited the first inspection following academisation. In November 2018, this hard work was recognised with a 'Good' Ofsted rating, the first the school had ever achieved!

In January 2018, we established a successful link with a larger, more experienced, successful MAT to work in partnership with through the next 12 months. This has been a turning point for our Trust, making us more strategic and with an in-depth understanding of the value of growth within a MAT.

Following the success of our sponsored school, Lodge Farm have had the opportunity to share our expertise with Busill Jones, Walsall. SHINE has provided interim support to Busill Jones Primary School since September 2018, ahead of the legal conversion process in December 2019, and this has enabled us to spend time building capacity to ensure we have the foundations for successful future growth. The latest HMI inspection demonstrates the progress that has already been made in such a short space of time.

With the addition of Busill Jones we are now responsible for the education of over 1,900 pupils in the West Midlands. We have also been approached by the DfE to consider sponsoring another school in a neighbouring authority.

In the coming years, we hope more schools will join the SHINE Academies family so that collectively we can grow in strength and ensure that even more children receive the same quality education. The Trust is well placed to support schools in the process of becoming academies by joining our Trust. Our experience of the academy sector means that we can make the transition to academy status as smooth as possible and offer support every step of the way.

The Trust Head Office is based at Northwood Park Primary School, in the North of the city of Wolverhampton, just 5 mins away from the M54 thus meaning that it can travel to 6 other local authorities within 30 mins – Telford & Wrekin, Shropshire, Staffordshire, Walsall, Sandwell and Dudley.

Key performance indicators used to analyse the performance of the schools are;

- Monitoring of standards of attainment
- ASP data
- Number of pupils on roll
- Attendance

SHINE Academies
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report (continued)

Achievements and performance (continued)

Monitoring of standards of attainment

The internally assessed, expected results for the schools in the Trust are as follows;

		Lodge Farm Primary School				Northwood Park Primary School				National Averages 2018-19	
		2019 %		Spring 2020 %		2019 %		Spring 2020 %		Exp	Exc
		Exp	Exc	Exp	Exc	Exp	Exc	Exp	Exc		
Reception	GLD	73		68		71		66			
Phonics	Year 1 Phonics	82		78		82		**		82	
	Year 2 Phonics	95		95		94		**		91	
Year 2	Reading	73	11	73	11	79	35	74	28	75	26
	Writing	66	9	60	4	75	18	61	14	69	15
	Maths	75	7	82	7	80	26	67	18	76	22
	Science	91		76		82		80	22	82	
Year 6	Reading	60	7	69	8	52	9	75	26	73	27
	Writing	73	4	65	10	80	22	74	23	78	20
	Maths	69	16	69	13	52	9	71	16	79	27
	GPS	67	27	71	10	71	26	78	15	78	36
	Science	84		75		87		72	20	83	
	Combined	49	0	54	4	43	3	59	10	65	11

** Phonics test not completed before lockdown for Spring data

		Villiers Primary School				Busill Jones Primary School				National Averages 2018-19	
		2019 %		Spring 2020 %		2019 %		Spring 2020 %		Exp	Exc
		Exp	Exc	Exp	Exc	Exp	Exc	Exp	Exc		
Reception	GLD	76		74		41		38			
Phonics	Year 1 Phonics	84		73		55		32		82	
	Year 2 Phonics	94		93		63		33		91	
Year 2	Reading	78	27	73	18	38	9	40	12	75	26
	Writing	73	22	69	12	38	0	31	14	69	15
	Maths	78	25	75	16	51	0	38	21	76	22
	Science	81		82	12	51	4	40	2	82	
Year 6	Reading	70	27	78	33	38	7	50	14	73	27
	Writing	78	28	74	19	37	0	43	5	78	20
	Maths	73	34	75	29	38	4	41	7	79	27
	GPS	77	36	75	33	56	13	52	7	78	36
	Science	80		81	33	96		34		83	
	Combined	63	14	66	15	27	0	34	2	65	11

SHINE Academies
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report (continued)

Achievements and performance (continued)

		Lodge Farm Primary School		Northwood Park Primary School		Villiers Primary School		Busill Jones Primary School	
		2019	2020	2019	2020	2019	2020	2019	2020
Expected Progress		6pts	4pt	6pts	4pt	6pts	4pt	6pts	4pt
Year 2	Reading	6.24	4.60	6.15	4.23	6.34	4.17	7.14	5.36
	Writing	5.88	3.96	6.20	4.33	6.16	3.96	6.60	5.07
	Maths	6.31	4.00	6.04	4.37	6.56	4.22	6.42	6.60
	Science	6.24	4.07	5.65	4.23	6.38	4.46	7.42	4.26
Year 6	Reading	6.50	4.19	5.41	4.25	6.25	4.20	4.62	5.96
	Writing	6.60	4.54	6.31	4.31	6.20	4.07	6.15	5.16
	Maths	6.52	4.09	5.36	3.73	6.36	4.19	5.15	4.28
	GPS	6.98	4.54	7.08	4.52	6.87	4.36	5.39	6.16
	Science	6.14	4.15	6.75	4.12	6.75	4.14	5.60	4.16
	Combined	6.45	4.29	5.66	4.05	6.27	4.17	5.38	4.47

b. Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi-Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

SHINE Academies
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report (continued)

Financial review

a. Reserves policy

Most of the Multi-Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants 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 Multi-Academy Trust also receives grants for fixed assets from the DfE and these 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, total expenditure (before depreciation and movements on the pension reserve) of £8,254,831 was covered by recurrent revenue grant funding from the DfE, together with other incoming revenue resources of £9,818,496. The excess of income over expenditure before depreciation, transfers and pension reserve movements for the year was £1,563,665. £508,754 was then transferred from revenue to capital in respect of capital works completed in the year.

At 31 August 2020, the net book value of fixed assets was £14,213,760 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The Trustees recognise that the defined benefit scheme deficit (Local Government Pension Scheme) which is set out in Note 26 to the financial statements, represents a significant potential liability. However, as the Governors consider that the Multi-Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Key financial policies adopted or reviewed during the period include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teachers, senior leaders, budgets holders and other staff, as well as delegated authority for spending.

The Trust has set aside the following amounts for upcoming capital projects;

Busill Jones	£200,000 – link corridor from KS1 to KS2 to improve safeguarding and facilities for staff and pupils (July – August 2021) 2020 – 2021 CIF contribution, £36,000 (August 2021)
Northwood Park	Lighting project, £180,000 (August 2021) Kitchen and dining room remodelling, £200,000 (August 2021) 2020 – 2021 CIF contribution, £18,000 (August 2021)
Villiers	3 new classrooms, £617,000 (December 2020) 2020 – 2021 CIF contribution, £37,988 (August 2021)
Lodge Farm	2020 – 2021 CIF contribution, 20% TBC c £46,000 (August 2021)

SHINE Academies
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

b. Principal risks and uncertainties

The principal risks facing the Multi-Academy Trust are as follows:

- damage to school buildings, e.g. flooding/fire
- late payment of grant funding impacting on cash flow
- long-term illness of Head Teachers or key personnel
- available school places cannot meet demand
- loss of teaching staff to higher paid posts

c. Fundraising

The Multi-Academy Trust does not have a distinct policy for fundraising. However, academies within the Multi-Academy Trust fundraise by way of funding bids to regulators such as the ESFA, and via Parent-Teacher Association events.

Plans for future periods

SHINE Academies recognises the need to grow and does so at a sensible pace. The Trust has been recognised for transforming failing schools and having significant capacity for school improvement, family support, safeguarding and business functions.

It is anticipated that the Trust will grow to 5 schools by September 2021.

The Trust has a detailed Development and Business Plan which are the foundation of the strategic growth plan. Each school has an individual School Development Plan which is regularly annotated and forms the basis of much of the full Local Governing Body meetings.

The Leadership Team and Trustees continually measure performance, ensuring high standards at all times.

The centralised team has evolved and is future proof.

Both Lodge Farm Primary School and Busill Jones Primary School were awarded successful CIF bids in 2019 - 2020 with projects completed during Summer 2020.

Funds held as custodian on behalf of others

The Multi-Academy Trust does not hold any funds as custodian.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all 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.

SHINE Academies
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Auditors

The auditors, Dains LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 14 December 2020 and signed on its behalf by:



G Bladon
Chair of Trustees

SHINE Academies
(A Company Limited by Guarantee)

Governance Statement

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that SHINE Academies 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between SHINE Academies 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 5 times during the year. Appropriate financial oversight is maintained through these meetings and the meetings of the sub-committees, as detailed below.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
G Bladon, Chair	5	5
C Pook, Vice Chair	4	5
C Nightingale (appointed 10 June 2020)	0	0
G Gentle	4	5
G Morris, Chief Executive Officer	5	5
J Purcell	3	5
A Wilkinson	5	5
A Skiffington (appointed 12 February 2020)	0	1
D Hassell (appointed 23 January 2020)	1	2
K Newey (appointed and resigned 10 February 2020)	0	0

An external review of Trust and school level governance was completed in January 2020 and highlighted the strengths of the structure. A skills audit was completed and led to the appointment of new Trustees to fill the identified skills gaps.

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to be responsible for financial scrutiny and oversight, including budget monitoring.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
C Pook, Chair	4	4
G Morris	4	4
J Purcell	3	4

SHINE Academies
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

The Audit and Risk Committee is also a sub-committee of the main board of Trustees. This new committee was set up during the year and its purpose is to provide assurance to the Board over the suitability of, and compliance with, financial systems and operational controls, and to ensure that risks are being adequately identified and managed.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
G Bladon	2	2
G Gentle	2	2
G Morris	2	2
A Wilkinson	2	2

Review of value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Multi-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 Multi-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 Multi-Academy Trust has delivered improved value for money during the year, as follows;

During the last financial year, SHINE Academies has continued to take steps to ensure that children receive the best education whilst achieving best value with the funding available.

Using the Trust and School Development Plans, the Trust has ensured that there is a continued focus on key areas which has included ensuring the academies successfully identify key areas for development allocating the adequate resources to raise standards.

A review of the organisational structure is conducted annually, and reviewed throughout the year to ensure that our resources are used effectively. A full budget review is conducted every half term.

Income is generated from parents for school trips, dinners, breakfast club and music exams, all schools use ParentPay, ensuring that the schools are cashless and processes are robust.

Extensive refurbishment work has been undertaken in all schools and an independent party managed the entire tendering and project management process to ensure value.

SHINE Academies has robust financial procedures in place and staff are fully trained and competent in the processes, which are duplicated in all academies.

The Trust has produced a detailed financial analysis of how pupil premium funding was spent and the impact of the funding for individual pupils which is available on the schools website.

The Trust has internal controls in place to ensure strict financial procedures are followed. A programme of internal scrutiny work is completed. The management receives regular budget reports which are analysed to identify areas of overspend and underspend. Regular monitoring ensures the best use of resources and prevents waste. Bank balances are carefully monitored. The last internal audit for each academy deemed processes to be good.

The Trust purchases a commercial insurance package and also a staff absence insurance to ensure it has adequate cover to manage risks.

SHINE Academies
(A Company Limited by Guarantee)

Governance Statement (continued)

Review of value for money (continued)

The Trust regularly applies for suitable additional funding.

There is a constant desire within the trust to improve through better systems that lead to better outcomes for pupils and achieving best value is key to our success.

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 Multi-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 SHINE Academies 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 Multi-Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi-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 Multi-Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and 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
- identification and management of risks

The Board of Trustees has decided to employ M3 as internal auditor.

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

- Purchasing
- Accounting system

On an annual basis, the internal auditor reports to the Board of Trustees through the Finance and General Purposes committee, then subsequently the Audit and Risk committee, on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The internal auditor has delivered their schedule of work as planned.

SHINE Academies
(A Company Limited by Guarantee)

Governance Statement (continued)

The risk and control framework (continued)

Review of effectiveness

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

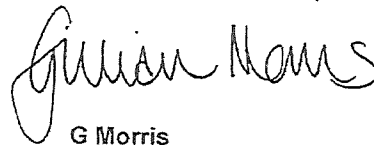
- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Multi-Academy Trust who have responsibility for 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 General Purposes committee, then subsequently the Audit and Risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 14 December 2020 and signed on their behalf by:



G Bladon
Chair of Trustees



G Morris
Accounting Officer


SHINE Academies
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of SHINE Academies I have considered my responsibility to notify the Multi-Academy Trust board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Multi-Academy Trust, under the funding agreement in place between the Multi-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 Multi-Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Multi-Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi-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.



G Morris
Accounting Officer

Date: 14 December 2020

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 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 on 14 December 2020 and signed on its behalf by:



G Bladon
Chair of Trustees

SHINE Academies
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of SHINE Academies

Opinion

We have audited the financial statements of SHINE Academies (the 'multi-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 Multi-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 Multi-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 Multi-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.

SHINE Academies
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of SHINE Academies
(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 Multi-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.

Independent Auditors' Report on the financial statements to the Members of SHINE Academies
(continued)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Multi-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 Multi-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 Multi-Academy Trust or to cease operations, or have no realistic alternative but to do so.

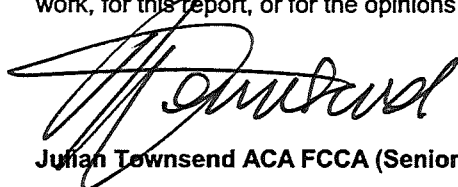
Auditors' responsibilities for the audit of the financial statements

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 charitable Multi-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 charitable Multi-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 charitable Multi-Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Julian Townsend ACA FCCA (Senior Statutory Auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

14 December 2020

SHINE Academies
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to SHINE Academies and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 November 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 SHINE Academies 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 SHINE Academies and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to SHINE Academies 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 SHINE Academies and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of SHINE Academies' funding agreement with the Secretary of State for Education dated 31 March 2016 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 Multi-Academy Trust's income and expenditure.

SHINE Academies
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to SHINE Academies 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.



Dains LLP

Reporting Accountant

Birmingham

Date: 14 December 2020

SHINE Academies
(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					
Transfer from local authority on conversion (note 24)		285,199	(1,357,000)	5,225,700	4,153,899	-
Other donations and capital grants		38,034	-	700,283	738,317	883,273
Charitable activities:						
Funding for Academy Trust's Educational Operations	4	228,143	9,249,523	-	9,477,666	8,081,715
Other trading activities	5	16,246	-	-	16,246	55,158
Investments	6	1,350	-	-	1,350	4,859
Total income		568,972	7,892,523	5,925,983	14,387,478	9,025,005
Expenditure on:						
Raising funds	7	27,371	-	-	27,371	25,882
Charitable activities	7,8	92,491	8,488,968	580,114	9,161,573	7,698,900
Total expenditure		119,862	8,488,968	580,114	9,188,944	7,724,782
Net income/(expenditure)		449,110	(596,445)	5,345,869	5,198,534	1,300,223
Transfers between funds	17	-	(508,754)	508,754	-	-
Net movement in funds before other recognised gains/(losses)		449,110	(1,105,199)	5,854,623	5,198,534	1,300,223
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(1,092,000)	-	(1,092,000)	(746,000)
Net movement in funds		449,110	(2,197,199)	5,854,623	4,106,534	554,223

SHINE Academies
(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	954,275	(4,856,862)	8,499,270	4,596,683	4,042,460
Net movement in funds	449,110	(2,197,199)	5,854,623	4,106,534	554,223
Total funds carried forward	<u>1,403,385</u>	<u>(7,054,061)</u>	<u>14,353,893</u>	<u>8,703,217</u>	<u>4,596,683</u>

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

The notes on pages 27 to 58 form part of these financial statements.

SHINE Academies
(A Company Limited by Guarantee)
Registered number: 09341839

Balance Sheet
As at 31 August 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	14,213,759	8,559,528
Current assets			
Debtors	14	741,798	1,131,258
Cash at bank and in hand	22	3,130,757	788,735
		<u>3,872,555</u>	<u>1,919,993</u>
Creditors: amounts falling due within one year	15	<u>(1,181,209)</u>	<u>(498,112)</u>
Net current assets		<u>2,691,346</u>	<u>1,421,881</u>
Total assets less current liabilities		<u>16,905,105</u>	<u>9,981,409</u>
Creditors: amounts falling due after more than one year	16	<u>(66,888)</u>	<u>(52,726)</u>
Net assets excluding pension liability		<u>16,838,217</u>	<u>9,928,683</u>
Defined benefit pension scheme liability	26	<u>(8,135,000)</u>	<u>(5,332,000)</u>
Total net assets		<u><u>8,703,217</u></u>	<u><u>4,596,683</u></u>
Funds of the Multi-Academy Trust			
Restricted funds:			
Fixed asset funds	17	14,353,893	8,499,270
Restricted income funds	17	1,080,940	475,138
		<u>15,434,833</u>	<u>8,974,408</u>
Restricted funds excluding pension reserve	17	15,434,833	8,974,408
Pension reserve	17	<u>(8,135,000)</u>	<u>(5,332,000)</u>
Total restricted funds	17	<u>7,299,833</u>	<u>3,642,408</u>
Unrestricted income funds	17	<u>1,403,384</u>	<u>954,275</u>
Total funds		<u><u>8,703,217</u></u>	<u><u>4,596,683</u></u>

SHINE Academies
(A Company Limited by Guarantee)

Balance Sheet (continued)
As at 31 August 2020

The financial statements on pages 22 to 58 were approved by the Trustees, and authorised for issue on 14 December 2020 and are signed on their behalf, by:



G Bladon
Chair of Trustees

The notes on pages 27 to 58 form part of these financial statements.

SHINE Academies
(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	19	2,669,353	25,361
Cash flows from investing activities	21	(344,338)	(437,031)
Cash flows from financing activities	20	17,007	-
Change in cash and cash equivalents in the year		2,342,022	(411,670)
Cash and cash equivalents at the beginning of the year		788,735	1,200,405
Cash and cash equivalents at the end of the year	22, 23	<u>3,130,757</u>	<u>788,735</u>

The notes on pages 27 to 58 form part of these financial statements

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

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 Multi-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 financial statements 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.

SHINE Academies 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 Multi-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 Multi-Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Multi-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 Multi-Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **Donations**

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

• **Other income**

Other income is recognised in the year it is receivable and to the extent the Multi-Academy Trust has provided the goods or services.

• **Transfer on conversion**

Where assets and liabilities are received by the Multi-Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Multi-Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

1.4 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Multi-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 on raising funds**

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

• **Charitable activities**

These are costs incurred on the Multi-Academy Trust's educational operations, including support costs and costs relating to the governance of the Multi-Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets

Assets costing £500 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.

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

Depreciation is provided on the following bases:

Long-term leasehold buildings	- 2% straight line
Long-term leasehold land	- over 125 year lease term
Leasehold improvements	- 10% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 25% straight line
Assets under construction	- Not depreciated

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 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. Accounting policies (continued)

1.7 Debtors

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

1.8 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.

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 Multi-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 Provisions

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

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

1.11 Financial instruments

The Multi-Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Multi-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 14. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. 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)

1.12 Taxation

The Multi-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 Multi-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.

1.13 Operating leases

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

1.14 Pensions

Retirement benefits to employees of the Multi-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 to spread the cost of pensions over employees' working lives with the Multi-Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. 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 Multi-Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1. Accounting policies (continued)

1.15 Conversion to an academy trust

The conversion from a state maintained school to a Multi-Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Busill Jones Primary School to the Multi-Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

1.16 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

2. Critical accounting estimates and areas of judgement

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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:

Depreciation and residual values

Tangible fixed assets are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Transfer from local authority on conversion	285,199	(1,357,000)	5,225,700	4,153,899
Educational visits	32,636	-	-	32,636
Donations	5,398	-	-	5,398
Capital Grants	-	-	700,283	700,283
Total 2020	323,233	(1,357,000)	5,925,983	4,892,216

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Transfer from local authority on conversion	-	-	-
Educational visits	32,000	-	32,000
Donations	3,103	-	3,103
Capital Grants	-	848,170	848,170
Total 2019	35,103	848,170	883,273

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

4. Funding for the Multi-Academy Trust's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	7,220,346	7,220,346
Pupil Premium	-	894,772	894,772
Universal Infant Free School Meals grant	-	180,035	180,035
PE and Sports grant	-	68,767	68,767
Rates relief	-	20,035	20,035
	-	8,383,955	8,383,955
Other government grants			
Special needs income	-	138,945	138,945
Local Authority grants	-	241,351	241,351
Local Authority Pupil Premium	-	30,099	30,099
Other funding	-	316,324	316,324
	-	726,719	726,719
Other funding			
Catering income	2,053	41,884	43,937
Insurance claims	-	94,333	94,333
School support income	-	2,632	2,632
Extended school activities	1,397	-	1,397
Other income	224,693	-	224,693
	228,143	138,849	366,992
Total 2020	228,143	9,249,523	9,477,666

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

4. Funding for the Multi-Academy Trust's educational operations (continued)

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	6,079,293	6,079,293
Pupil Premium	-	748,862	748,862
Universal Infant Free School Meals grant	-	152,846	152,846
PE and Sports grant	-	60,660	60,660
Rates relief	-	26,797	26,797
	-	7,068,458	7,068,458
Other government grants			
Special needs income	-	95,274	95,274
Local Authority grants	-	230,780	230,780
Local Authority Pupil Premium	-	46,810	46,810
Other funding	-	46,840	46,840
	-	419,704	419,704
Other funding			
Catering income	-	62,510	62,510
Insurance claims	-	72,548	72,548
School support income	-	70,000	70,000
Other income	388,495	-	388,495
	388,495	205,058	593,553
Total 2019	388,495	7,693,220	8,081,715

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £
Music income	1,822	1,822
General sales income	9,636	9,636
Fundraising activities	4,788	4,788
Total 2020	16,246	16,246

	Unrestricted funds 2019 £	Total funds 2019 £
Music income	3,766	3,766
General sales income	48,134	48,134
Fundraising activities	3,258	3,258
Total 2019	55,158	55,158

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest received	1,350	1,350

	Unrestricted funds 2019 £	Total funds 2019 £
Bank interest received	4,859	4,859

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Expenditure on raising funds:				
Direct costs	-	-	24,581	24,581
Expenditure on trading activities:				
Direct costs	-	-	2,790	2,790
Academy's educational operations:				
Direct costs	5,883,596	412,396	472,730	6,768,722
Support costs	1,129,293	329,401	891,157	2,349,851
	<u>7,012,889</u>	<u>741,797</u>	<u>1,391,258</u>	<u>9,145,944</u>
	<u><u>7,012,889</u></u>	<u><u>741,797</u></u>	<u><u>1,391,258</u></u>	<u><u>9,145,944</u></u>
	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on raising funds:				
Direct costs	-	-	23,079	23,079
Expenditure on fundraising trading activities:				
Direct costs	-	-	2,803	2,803
Academy's educational operations:				
Direct costs	4,786,064	109,556	478,414	5,374,034
Support costs	916,912	296,473	1,111,481	2,324,866
	<u>5,702,976</u>	<u>406,029</u>	<u>1,615,777</u>	<u>7,724,782</u>
	<u><u>5,702,976</u></u>	<u><u>406,029</u></u>	<u><u>1,615,777</u></u>	<u><u>7,724,782</u></u>

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Educational Operations	6,768,722	2,349,851	9,118,573

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational Operations	5,374,034	2,324,866	7,698,900

Analysis of direct costs

	Total funds 2020 £	Total funds 2019 £
LGPS finance costs	75,000	109,000
Staff costs	5,858,000	4,776,992
Depreciation	576,229	205,864
Educational supplies	120,217	124,293
Staff development	32,749	32,121
Technology costs	24,147	16,469
Educational consultancy	55,896	97,699
Supply teachers	25,597	9,072
Other direct costs	887	2,524
	6,768,722	5,374,034

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Staff costs	1,093,165	916,912
Technology costs	78,140	86,312
Professional and consultancy services	192,918	237,244
Agency supply cover costs	23,126	-
Employee settlement costs	13,000	-
Catering costs	339,688	359,849
Educational visits costs	55,828	69,070
Maintenance	102,794	89,421
Cleaning	29,960	26,491
Rates	18,778	17,814
Water rates	24,426	28,215
Energy	128,024	92,022
Insurance	108,946	151,075
Motor and travel costs	1,637	2,565
Postage, stationery, telephone and other costs	106,502	177,009
Governance costs	32,917	70,867
	<u>2,349,851</u>	<u>2,324,866</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Depreciation of tangible fixed assets	576,229	205,864
Fees paid to auditors for:		
- audit	13,795	11,675
- other services	6,205	975
	<u>596,229</u>	<u>218,514</u>

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	4,970,731	4,213,579
Social security costs	447,371	377,002
Pension costs	1,533,063	1,103,323
	<u>6,951,165</u>	<u>5,693,904</u>
Agency staff costs	48,724	9,072
Staff restructuring costs	13,000	-
	<u><u>7,012,889</u></u>	<u><u>5,702,976</u></u>

Staff restructuring costs comprise:

Severance payments	<u>13,000</u>	<u>-</u>
--------------------	---------------	----------

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payment of £13,000 (2019 - £Nil).

c. Staff numbers

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

	2020 No.	2019 No.
Teachers	68	62
Administration and support	168	148
Management	16	9
	<u>252</u>	<u>219</u>

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

10. Staff (continued)

d. Higher paid staff

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	3	5
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	2	-
In the band £100,001 - £110,000	-	1
In the band £110,001 - £120,000	1	-

e. Key management personnel

The key management personnel of the Multi-Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by the seven (2019 - eight) key management personnel for their services to the Multi-Academy Trust was £729,407 (2019 - £646,346).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Multi-Academy Trust. The Chief Executive Officer only receives remuneration in respect of services they provide undertaking the role of Chief Executive Officer under their contract of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020	2019
		£000	£000
G Morris	Remuneration	115 - 120	100 - 105
	Pension contributions paid	25 - 30	15 - 20

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £Nil).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Multi-Academy Trust 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was included in the total insurance cost of £35,583 (2019 - £22,140).

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

13. Tangible fixed assets

	Long-term leasehold property £	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost or valuation						
At 1 September 2019	5,985,613	1,977,086	203,525	229,210	728,717	9,124,151
Additions	-	850,152	50,652	74,887	74,813	1,050,504
Transfer from local authority on conversion	5,179,957	-	-	-	-	5,179,957
Transfers between classes	-	728,717	-	-	(728,717)	-
At 31 August 2020	<u>11,165,570</u>	<u>3,555,955</u>	<u>254,177</u>	<u>304,097</u>	<u>74,813</u>	<u>15,354,612</u>
Depreciation						
At 1 September 2019	305,539	34,093	106,422	118,569	-	564,623
Charge for the year	187,266	302,830	40,162	45,971	-	576,229
At 31 August 2020	<u>492,805</u>	<u>336,923</u>	<u>146,584</u>	<u>164,540</u>	<u>-</u>	<u>1,140,852</u>
Net book value						
At 31 August 2020	<u>10,672,765</u>	<u>3,219,032</u>	<u>107,593</u>	<u>139,557</u>	<u>74,813</u>	<u>14,213,760</u>
At 31 August 2019	<u>5,680,074</u>	<u>1,942,993</u>	<u>97,103</u>	<u>110,641</u>	<u>728,717</u>	<u>8,559,528</u>

The Local Authority value for land and buildings transferred on conversion has been used in the financial statements, as a professional valuation is not currently available.

14. Debtors

	2020 £	2019 £
Due within one year		
Other debtors	10,937	47,902
VAT recoverable	47,045	374,636
Prepayments and accrued income	683,816	708,720
	<u>741,798</u>	<u>1,131,258</u>

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

15. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Other loans	10,377	7,532
Trade creditors	473,711	209,449
Other taxation and social security	9,791	1,649
Other creditors	6,525	29,456
Accruals and deferred income	680,805	250,026
	1,181,209	498,112
	2020	2019
	£	£
Deferred income at 1 September 2019	93,983	138,106
Resources deferred during the year	311,089	93,983
Amounts released from previous periods	(93,983)	(138,106)
Deferred income 31 August 2020	311,089	93,983

At the balance sheet date the Multi-Academy Trust was holding Universal Infant Free School Meals funding and rates relief funding received in advance for Autumn 2020 and school trip income received in advance for trips occurring in the 2020/21 academic year.

Other loans are detailed in note 16.

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

16. Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Other loans	66,888	52,726

Included within the above are amounts falling due as follows:

	2020	2019
	£	£
Between one and two years		
Other loans	10,377	7,532
Between two and five years		
Other loans	31,132	22,596
Over five years		
Other loans	25,379	22,598

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2020	2019
	£	£
Payable or repayable by instalments	25,379	22,598

Other loans is made up of three interest free Salix loans from the ESFA, repayable in annual instalments of £7,532 up to 2026, £1,543 up to 2028 and £1,303 up to 2028.

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

17. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Designated funds						
Large Trust building projects	157,250	-	-	1,114,243	-	1,271,493
General funds						
General funds	797,025	568,972	(119,863)	(1,114,243)	-	131,891
Total Unrestricted funds	954,275	568,972	(119,863)	-	-	1,403,384
Restricted general funds						
General Annual Grant (GAG)	415,138	7,220,346	(6,045,790)	(508,754)	-	1,080,940
Other DfE / ESFA Grants	-	1,163,610	(1,163,610)	-	-	-
Other Government Grants	-	726,719	(726,719)	-	-	-
Other income	60,000	138,849	(198,849)	-	-	-
Pension reserve	(5,332,000)	(1,357,000)	(354,000)	-	(1,092,000)	(8,135,000)
	(4,856,862)	7,892,524	(8,488,968)	(508,754)	(1,092,000)	(7,054,060)
Restricted fixed asset funds						
Capital surplus transferred on conversion	17,254	45,743	-	-	-	62,997
Assets transferred on conversion	5,898,989	5,179,957	(208,009)	-	-	10,870,937
DfE / ESFA capital grants	1,357,361	690,796	(224,947)	-	-	1,823,210
Assets purchased from GAG	1,106,752	-	(133,498)	498,060	-	1,471,314
Other capital income	118,914	9,487	(13,660)	10,694	-	125,435
	8,499,270	5,925,983	(580,114)	508,754	-	14,353,893
Total Restricted funds	3,642,408	13,818,507	(9,069,082)	-	(1,092,000)	7,299,833
Total funds	4,596,683	14,387,479	(9,188,945)	-	(1,092,000)	8,703,217

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

17. Statement of funds (continued)

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

Large Trust building projects fund

This fund relates to balances committed for large Trust building projects that are unfinished at 31 August 2020.

Restricted general funds

This fund represents grants and other income received for the Multi-Academy Trust's operational activities and development.

Pension reserve

The pension reserve included within restricted general funds represents the Multi-Academy Trust's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

This fund represents grants received from the DfE and ESFA to carry out works of a capital nature.

Transfers between funds

Transfers between funds relate to fixed assets purchased from GAG.

Under the funding agreement with the Secretary of State, the Multi-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
	£	£
Northwood Park Primary School	714,754	551,021
Lodge Farm Primary School	338,120	243,239
Villiers Primary School	999,772	633,796
Busill Jones Primary School	430,032	-
Central Services	1,646	1,357
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,484,324	1,429,413
Restricted fixed asset fund	14,353,893	8,499,270
Pension reserve	(8,135,000)	(5,332,000)
	<hr/>	<hr/>
Total	8,703,217	4,596,683
	<hr/> <hr/>	<hr/> <hr/>

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

17. 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
	£	£	£	£	£
Northwood Park Primary School	2,096,097	368,535	6,752	546,339	3,017,723
Lodge Farm Primary School	1,155,327	214,817	29,930	322,628	1,722,702
Villiers Primary School	1,899,358	359,718	53,100	377,836	2,690,012
Busill Jones Primary School	825,218	150,096	30,435	176,529	1,182,278
Multi-Academy Trust	5,976,000	1,093,166	120,217	1,423,332	8,612,715

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019
	£	£	£	£	£
Northwood Park Primary School	1,567,600	746,037	66,404	720,626	3,100,667
Lodge Farm Primary School	973,528	367,335	38,211	348,001	1,727,075
Villiers Primary School	1,709,699	438,705	56,627	486,145	2,691,176
Multi-Academy Trust	4,250,827	1,552,077	161,242	1,554,772	7,518,918

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

17. 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						
Designated funds						
Large Trust building projects	-	-	-	157,250	-	157,250
General funds						
General funds	573,719	483,615	(103,059)	(157,250)	-	797,025
Total Unrestricted funds	573,719	483,615	(103,059)	-	-	954,275
Restricted general funds						
General Annual Grant (GAG)	361,199	6,079,293	(5,584,111)	(441,243)	-	415,138
Other DfE / ESFA Grants	-	989,165	(989,165)	-	-	-
Other Government Grants	-	419,704	(419,704)	-	-	-
Other income	-	205,058	(145,058)	-	-	60,000
Pension reserve	(4,312,000)	-	(274,000)	-	(746,000)	5,332,000
	(3,950,801)	7,693,220	(7,412,038)	(441,243)	(746,000)	4,856,862
Restricted fixed asset funds						
Capital surplus transferred on conversion	17,254	-	-	-	-	17,254
Assets transferred on conversion	5,898,989	-	-	-	-	5,898,989
DfE / ESFA capital grants	778,876	788,170	(209,685)	-	-	1,357,361
Assets purchased from GAG	724,423	-	-	382,329	-	1,106,752
Other capital income	-	60,000	-	58,914	-	118,914
	7,419,542	848,170	(209,685)	441,243	-	8,499,270
Total Restricted funds	3,468,741	8,541,390	(7,621,723)	-	(746,000)	3,642,408
Total funds	4,042,460	9,025,005	(7,724,782)	-	(746,000)	4,596,683

18. 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	-	-	14,213,759	14,213,759
Current assets	1,403,384	2,176,959	292,211	3,872,554
Creditors due within one year	-	(1,096,019)	(85,189)	(1,181,208)
Creditors due in more than one year	-	-	(66,888)	(66,888)
Provisions for liabilities and charges	-	(8,135,000)	-	(8,135,000)
Total	1,403,384	(7,054,060)	14,353,893	8,703,217

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	-	-	8,559,528	8,559,528
Current assets	954,275	948,733	16,985	1,919,993
Creditors due within one year	-	(473,595)	(24,517)	(498,112)
Creditors due in more than one year	-	-	(52,726)	(52,726)
Provisions for liabilities and charges	-	(5,332,000)	-	(5,332,000)
Total	954,275	(4,856,862)	8,499,270	4,596,683

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

19. Reconciliation of net income to net cash flow from operating activities

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	5,198,534	1,300,223
Adjustments for:		
Depreciation	576,229	205,864
Capital grants from DfE and other capital income	(704,816)	(848,170)
Interest receivable	(1,350)	(4,859)
Defined benefit pension scheme cost less contributions payable	279,000	165,000
Defined benefit pension scheme finance cost	75,000	109,000
Decrease/(increase) in debtors	389,460	(7,049)
Increase/(decrease) in creditors	680,253	(894,648)
Net assets and liabilities from local authority on conversion	(3,822,957)	-
Net cash provided by operating activities	2,669,353	25,361

20. Cash flows from financing activities

	2020 £	2019 £
Cash inflows from new borrowing	22,763	-
Repayments of borrowing	(5,756)	-
Net cash provided by financing activities	17,007	-

21. Cash flows from investing activities

	2020 £	2019 £
Interest received	1,350	4,859
Purchase of tangible fixed assets	(1,050,504)	(1,290,060)
Capital grants from DfE Group	700,329	788,170
Capital funding received from sponsors and others	4,487	60,000
Net cash used in investing activities	(344,338)	(437,031)

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	3,130,757	788,735
Total cash and cash equivalents	3,130,757	788,735

23. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	788,735	2,342,022	3,130,757
Debt due within 1 year	(7,532)	(2,845)	(10,377)
Debt due after 1 year	(52,726)	(14,162)	(66,888)
	728,477	2,325,015	3,053,492

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

24. Conversion to an academy trust

On 1 December 2019 Busill Jones Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to SHINE Academies from Walsall Metropolitan Borough Council for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	5,179,957	5,179,957
Current assets				
Cash - representing budget surplus on LA funds	268,156	-	-	268,156
Cash - representing budget surplus on other school funds	17,043	-	-	17,043
Cash - representing budget surplus on capital funds	-	-	45,743	45,743
Defined benefit pension scheme liability	-	(1,357,000)	-	(1,357,000)
Net assets/(liabilities)	<u>285,199</u>	<u>(1,357,000)</u>	<u>5,225,700</u>	<u>4,153,899</u>

25. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>372,462</u>	<u>461,409</u>

26. Pension commitments

The Multi-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 West Midlands Pension Fund. 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.

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

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.

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 £740,000 (2019 - £437,000).

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 Multi-Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Multi-Academy Trust has set out above the information available on the scheme.

26. Pension commitments (continued)

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 £643,000 (2019 - £540,000), of which employer's contributions totalled £540,000 (2019 - £453,000) and employees' contributions totalled £ 103,000 (2019 - £87,000). The agreed contribution rates for future years are 17.7% - 20.3% per cent for employers and 5.5% - 12.5% per cent for employees.

As described in note 26 the LGPS obligation relates to the employees of the Multi-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 Multi-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.

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.20	3.70
Rate of increase for pensions in payment/inflation	2.20	2.20
Discount rate for scheme liabilities	1.65	1.90

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
Retiring today		
Males	21.9	20.9
Females	24.1	23.2
Retiring in 20 years		
Males	23.8	22.6
Females	26.0	25.1

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

26. Pension commitments (continued)

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	(320)	(191)
Discount rate -0.1%	330	197
Mortality assumption - 1 year increase	420	249
Mortality assumption - 1 year decrease	(405)	(240)
CPI rate +0.1%	294	168
CPI rate -0.1%	(284)	(162)

Share of scheme assets

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

	2020	2019
	£	£
Equities	1,610,000	958,000
Gilts	311,000	144,000
Other bonds	112,000	64,000
Property	216,000	127,000
Cash and other liquid assets	190,000	64,000
Other	427,000	240,000
Total market value of assets	2,866,000	1,597,000

The actual return on scheme assets was £203,000 (2019 - £81,000).

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

	2020	2019
	£	£
Current service cost	(716,000)	(517,000)
Past service cost	(60,000)	(101,000)
Interest income	42,000	34,000
Interest cost	(159,000)	(143,000)
Administrative expenses	(1,000)	-
Total amount recognised in the Statement of Financial Activities	(894,000)	(727,000)

SHINE Academies
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

26. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	6,929,000	5,323,000
Transferred in on existing academies joining the trust	1,863,000	-
Current service cost	716,000	517,000
Interest cost	159,000	143,000
Employee contributions	103,000	87,000
Actuarial losses	1,247,000	793,000
Benefits paid	(76,000)	(35,000)
Past service costs	60,000	101,000
	<u>11,001,000</u>	<u>6,929,000</u>
At 31 August	11,001,000	6,929,000

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

	2020 £	2019 £
At 1 September	1,597,000	1,011,000
Transferred in on existing academies joining the trust	506,000	-
Interest income	42,000	34,000
Actuarial gains	155,000	47,000
Employer contributions	540,000	453,000
Employee contributions	103,000	87,000
Benefits paid	(76,000)	(35,000)
Administrative cost	(1,000)	-
	<u>2,866,000</u>	<u>1,597,000</u>
At 31 August	2,866,000	1,597,000

27. Operating lease commitments

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

	2020 £	2019 £
Not later than 1 year	19,383	13,597
Later than 1 year and not later than 5 years	55,399	13,807
	<u>74,782</u>	<u>27,404</u>
	<u>74,782</u>	<u>27,404</u>

28. 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.

29. Related party transactions

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