

Registered number: 02780748
Charity number: 1016538

UNITED CHURCH SCHOOLS TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

Index

	Page
Reference and administrative details of the charity, its trustees and advisers	1 - 2
Trustees' report	3 - 18
Independent auditor's report	19 - 21
Statement of financial activities incorporating income and expenditure account	22
Balance sheet	23
Statement of cash flows	24
Notes to the financial statements	25 - 50

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019**

Trustees Ms M Curnock Cook
Dr R Given-Wilson, Chair
Mr J B Gordon
Mr R Greenhalgh
Mr M Litchfield
Mrs S Squire
The Very Rev. Dr J R Hall (appointed 1 January 2020)

Biographies for Trustees can be found at www.unitedlearning.org.uk

Company registered number 02780748

Charity registered number 1016538

Registered office Worldwide House
Thorpe Wood
Peterborough
PE3 6SB

Company secretary Mrs A Hussain

Chief executive officer Sir Jon Coles

Senior management team Sir Jon Coles, Chief Executive Officer
Ms M Coalter, Director of People (resigned 31 August 2019)
Dame Sally Coates, Director of Secondary Education
Mr D Ellison-Lee, Director of Primary Education
Mrs L Johnston, Chief Financial Officer
Mr D Norrish, Chief Operating Officer
Ms A Paige, Director of Strategy and Performance

Independent auditor Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Victoria House
199 Avebury Boulevard
Milton Keynes
MK9 1AU

Bankers Barclays Bank PLC
One Snowhill
Snowhill Queensway
Birmingham
B4 6GN

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND
ADVISERS (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Advisers (continued)

Solicitors

Hewitsons LLP
Elgin House
Billing Road
Northampton
NN1 5BA

Stone King LLP
3rd Floor
Bateman House
82-88 Hills Road
Cambridge
CB2 1LQ

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also directors of the Charitable Company for the purposes of the Companies Act) present their annual report together with the audited financial statements of United Church Schools Trust (Limited by Guarantee) (the Charitable Company) for the year ended 31 August 2019. The Trustees confirm that the Trustees' Report and financial statements of the Charitable Company comply with the current statutory requirements, the requirements of the Charitable Company's governing document and the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) ("SORP 2015").

Constitution and objects

The United Church Schools Trust (Limited by Guarantee) is registered with the Charity Commission (No. 1016538) and is constituted as a company limited by guarantee (registered in England and Wales), governed by Memorandum and Articles of Association, which were last amended in 2004. The Charitable Company is established for charitable purposes and in accordance with its Memorandum of Association its principal activity is to provide a liberal, practical and general education for children which includes religious instruction in the doctrine and duties of Christianity.

Members of the Board (hereafter called "Trustees")

The present membership of the Board is set out under Reference and Administrative Details. All Trustees served throughout the year except where indicated.

Each member of the Board of Trustees holds one share in United Church Schools Foundation Ltd ("UCSF"), the ultimate parent undertaking.

Appointment of Trustees

The Board has the power to appoint any person as an additional Trustee or to fill a casual vacancy. A Trustee holds office for three years, after which they must resign. They may remain in office for a further three years with the consent of the Board. Following this, they shall be eligible for re-election annually upon the proposal of the Chair.

The training and induction provided for new Trustees is dependent upon their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Trustees are given tours of the United Learning Group's ("the Group") schools and academies and the chance to meet with staff and students. They are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. Induction is tailored specifically to the individual. The Company Secretary works with the Trustees to identify training needs and steps to keep the trustees updated regarding the regulatory environment.

Governance

The Board of Trustees have delegated their powers and functions to a committee of Trustees known as the Group Board. All the Trustees of United Church Schools Trust ("UCST") are members of the Group Board. Members of the Group Board also include persons who are Trustees of United Learning Trust ("ULT"), a subsidiary Charitable Company. The Group Board of Directors has formally met 7 times during the year and the UCST Board of Trustees held 5 independent meetings. Attendance during the year at the meetings of the Trustees was as follows:

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

	Group Board meetings attended	Out of a possible	UCST meetings attended	Out of a possible
Ms M Curnock Cook	5	7	4	5
Dr R Given-Wilson	4	7	4	5
Mr J B Gordon	7	7	5	5
Mr R Greenhalgh	7	7	5	5
Mr M Litchfield	7	7	3	5
Mrs S Squire	7	7	5	5

The Board of Trustees delegates clear responsibilities to the Schools' Local Governing Bodies ("LGBs"), whose purpose is to provide support and challenge to the school on behalf of the Board. The functions and duties of the LGBs are set out in the LGB Members' Handbook. The Group Board maintains links with the LGBs through the Company Secretary, and designated Directors for the schools. The Chairs and Vice Chairs of the LGBs are invited to attend meetings of the Education Board, which meet three times in the academic year and provide advice on strategy and education, relevant continuing professional development and the opportunity for sharing of best practice with their peers. The Education Board meetings further enhance communications between LGBs and the Trustees.

Current governance arrangements have been reviewed. The Group's scheme of delegation has been updated and approved by the Group Board. It can be accessed via the United Learning website. The Group Board has carried out a self-evaluation in the year, which provided reassurance about its effectiveness. The review also included an evaluation of the quality of the data provided to the Board and its Committees. A number of follow-up actions, including data presentation formats were agreed and have been implemented. A further review is planned for 2019/20. An evaluation of the effectiveness of the Chair of the Group Board has also been undertaken.

Board Committees

The Group Board has four committees, which advise on matters defined by their terms of reference. The Committees are the Finance Committee, the Risk and Audit Committee, the Nominations and Remuneration Committee and the Education Standards and Performance Committee. The minutes of all committees are made available to the Board of Directors at meetings of the Group Board. The Chair of the Risk and Audit Committee reported to the Board of Directors at a meeting of the Group Board.

The Finance Committee's purpose is to:

- ensure that the Charitable Company properly plans the use of its finances and is adequately funded to undertake projected expenditure;
- review and recommend the annual budgets for approval by the Board of Trustees;
- monitor financial performance against agreed budgets;
- ensure, with the Risk and Audit Committee, that the Charitable Company's financial statements are supported accurately by management accounts;
- monitor and review the Charitable Company's arrangements in relation to investments and make recommendations to the Board of Trustees in relation to the appointment and removal of investment advisors.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of a possible
Mr N Davidson (Chair)	7	7
Dr S Critchley	7	7
Mr M George	5	7
Mr J B Gordon	7	7
Mr R Greenhalgh	7	7
Mr M Litchfield	5	7
Mr N Robson	7	7

The Risk and Audit Committee advises the Group Board. Its purpose is to:

- ensure implementation of a risk management framework for the Group and to review disaster recovery/business continuity planning;
- ensure the Charities' annual financial statements are reconciled to the management accounts;
- ensure effective audit functions are in place (both external and internal);
- ensure adequate risk management processes are in place;
- ensure an adequate internal control environment is established.

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of a possible
Professor C Coulson-Thomas (Chair)	4	4
Mrs K Bowles	4	4
Dr S Critchley	4	4
Mr D D'Arcy Hughes	4	4
Mr N MacDonald	4	4

A Group Nominations and Remuneration Committee exists to oversee the appointments of the Group Chair and Trustees and to approve senior salaries and remuneration. The Committee is chaired by the Chair of the Group Board and includes Board members of UCSF, UCST and ULT with the Chief Executive attending. It is advised by the Director of People and the Company Secretary as appropriate.

The Committee regularly reviews the terms of office, skills and attributes of the Board of Trustees. On the basis of this, the Committee plans succession in order to ensure that the Board has available to it the range of skills and experience required to discharge its responsibilities. The Committee makes recommendations to the Board as to the need for new Trustees and leads the process of recruitment of Trustees as required, making recommendations of appointment to the Board. The Committee ensures that appointment is on merit, but also seeks to ensure that the Board reflects the diversity of the communities it serves.

In considering Executive pay, the Committee takes account of the needs of the organisation for skills, experience and personal capabilities to enable it to achieve its objectives and the price of such skills in the labour market. The Committee considers that in order to attract and retain leaders with the skills to achieve organisational objectives, senior pay must be competitive in the marketplace, taking account of the pay rates of comparably senior and skilled employees in other organisations – particularly in comparable organisations in education, in public service and in the charitable sector, and taking account of the transferability of skills into other sectors. The Committee is also mindful of the need for charities and organisations in receipt of public funding to set pay rates which are publicly defensible and seen to be appropriate.

The Committee considers annual pay in relation to the performance of the organisation, and of individuals against their objectives and in their broader contribution and in any changes to job role.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of a possible
Mr R Greenhalgh (Chair)	3	3
Mr N Robson	3	3
Mr D Robinson	2	3
Mrs S Squire	3	3

The Group Education Standards and Performance Committee's purpose is to:

- ensure that the Trust discharges its responsibilities for education improvement in providing excellent education so that pupils are able to progress, achieve and to go on to succeed in life;
- advise the Group Board with respect to group strategic educational priorities and key performance indicators;
- provide an overview, scrutiny and challenge of education performance of all schools;
- receive reports from the Executive regarding education standards and performance of schools, and to hold the Executive to account, against the approved group strategic priorities and key performance indicators related to schools' educational performance;
- review annually the performance of local/cluster governing bodies to ensure they are operating at maximum effectiveness;
- receive reports from Executive regarding safeguarding, and to hold the Executive to account regarding the effectiveness of policies and process designed to keep children safe.

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of a possible
Mr N Robson (Chair)	3	3
Dame Yasmin Bevan	2	3
Sir Jon Coles	3	3
Dr R Given-Wilson	-	3
Mr R Greenhalgh	3	3
Dame Reena Keeble	2	3

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Charitable Company's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Charitable Company for the year from 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Charitable Company 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 Charitable Company's significant risks that has been in place for the year from 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

The Charitable Group has a risk register that identifies the key strategic risks facing the Group, the actions taken to mitigate those risks and the owners of those actions. Risk control is exercised by the senior management

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

team, which reviews the risk register on a monthly basis. The Risk and Audit Committee considers the risk register at each of their meetings. Its views are reported to the Board of Trustees via the Committee's minutes and the Chair's report to the Group Board.

The Risk and Control Framework

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

The Group employs an Internal Auditor and a Head of Internal Audit who have a direct reporting line to the Chair of the Risk and Audit Committee. The Internal Audit service operates with best practice professional standards and guidelines. Internal Audit independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Charitable Company's objectives, and contributes to the proper, economic, efficient and effective use of resources.

Internal Audit's role includes giving advice on internal control and performing a range of checks on the Charitable Company's core financial systems. In particular, the checks carried out in the current period included testing of payroll and purchase systems, testing of control accounts, bank reconciliations and fixed assets, testing of compliance with the scheme of delegation and internal control, a review of financial reporting, fraud investigations, testing of other fundamental financial and non-financial systems and departments, and a review of strategic and operational risks.

On a quarterly basis, the Head of Internal Audit reports to the Board of Trustees through the Risk and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

For the year ended 31 August 2019, based on the work undertaken, an internal audit opinion of reasonable assurance was given on the adequacy and effectiveness of the organisation's risk management, internal control and governance arrangements. The internal audit plan for the year ended 31 August 2019 was delivered as planned and no material control issues were identified.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Chief Executive

The Trustees delegate the day to day responsibility of the running of the Charitable Company to the Chief Executive Officer.

Connected charities

There is a relationship between United Church Schools Trust (Limited by Guarantee) and other charities as set out in note 25.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Strategic report

Strategies and activities

The principal object of the Charitable Company is set out on page 3.

Founded in 1883 as an educational charity anchored in the Church of England, the Charitable Company manages the operation of a group of Independent Schools to provide education for students of different abilities between the ages of 2 and 18. Its admission policies welcome people from all employment, faiths and backgrounds. In 2001, it created a subsidiary charity, United Learning Trust ("ULT") to extend its work into some of the most challenging inner city areas through the City Academy programme, and to this day the Charitable Company remains the sponsor of the ULT multi academy trust.

About United Learning

The overall aim of the Charitable Company is to promote excellent education, providing strong schools, which enable all young people to make a success of their lives. The roots of our charity can be traced back 135 years, and over this period, we have founded and developed a large number of schools, focussed on the most important social and educational challenges of the day. Our strength as a group of schools lies in the unique collaboration between the state and independent sectors, in our national reach and growing regional clusters and in our dedication to continuous improvement and our pursuit of excellence. Our track record in some of the country's most challenging schools is based on structures and systems which ensure high expectations, rigour, enthusiasm and breadth.

As of 31 August 2019, United Learning – the trading name of the Charitable Group – comprises 13 independent schools operated within the Charitable Company, 65 state sector academies operated within ULT and a central office function that serves all our schools.

Operating review

Framework for Excellence

Our 'Framework for Excellence' sets out the principles of an excellent education that we follow as a Group. At the heart of this framework are two principles which articulate what we think schools should provide for young people: 'powerful knowledge' and 'education with character'. The first is about giving young people the knowledge, understanding and cognitive skills they will need to make a success of their lives; the second is about the development of the broader traits, personal qualities and dispositions they will need.

Powerful Knowledge

Our most important purpose is to teach young people things they would not learn outside school, which free them to think and act more powerfully in their lives. This includes succeeding in examinations and gaining subject-based knowledge, but goes beyond it.

Across the Group, the Rosenshine Principles are being used to underpin all work in teaching and learning to support personal development, continuous professional development, work scrutiny, lesson observation, leadership and curriculum development, Schemes of Learning and policies as well as learning planning. The Rosenshine Principles aim to minimise the use of working memory and to work with long-term memory to embed learning. They are firmly based on research which shows how the brain acquires and uses new information as well as research into successful classroom practice.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Improved Academic Performance

In terms of external examinations, our independent schools continue to perform well, with strong outcomes at the top grades.

At A Level:

- 18% of entries were awarded A* (2018: 18%)
- 46% of entries were awarded A*-A (2018: 46%)
- 72% of entries were awarded A*-B (2018: 73%)
- The overall pass rate was 98.7% (2018: 99.3%)

Notable performances were seen at:

- **Hull Collegiate School** which saw the biggest improvement in the Charitable Company with the number of entries achieving A*-A improving by 13 percentage points to 32% and the number achieving A*-B increasing by 7 percentage points to 60%;
- **Embley** which consolidated the improvements achieved last year with further improvements on all measures most notably a 10 percentage point increase at A*-B with 52% of entries achieving these grades;
- **Surbiton High School** where 58% of entries achieved A*-A grades – up 9 percentage points.

At GCSE, the overall percentage of entries awarded and A*-C/4+ remained unchanged from 2018 at 95%. The percentage of students achieving the headline measure of five or more A* to C/9-4 including English and maths remained very high at 92%.

Particular GCSE success was seen at:

- **Guildford High School** and **Surbiton High School** which both had a 100% achievement rate in 5+A*-C/9-4 including English and maths;
- **PHC Hitchin** which saw the largest increase in the 5+A*-C/9-4 measure – up 20 percentage points to 88%.

Over the course of the year, three schools received ISI Regulatory Compliance inspections. **AKS, Embley** and **Hull Collegiate School** were all judged to be compliant in all areas.

A Common Curriculum

Our schools offer a deep education in inclusive schools. Over the past five years, we have developed a common curriculum for our schools, spanning both primary and secondary phases and covering a range of core subjects: English, maths, science, history, geography, MFL, computing, art and PE.

These curricula are sequenced in such a way as to develop subject mastery and to encourage regular, deliberate practice from students. This is to ensure that every child across our Group gets the same core grounding in the body of knowledge needed to succeed in further study and beyond.

Over the past year in particular, we have developed shared exemplification for each of these subjects to support teachers in aiming for excellence, as well as common summative assessments to monitor pupils' progress.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Education with Character

Alongside the intellectual development of young people encompassed within our concept of 'powerful knowledge', we place significant weight on the development of the whole person. We want young people to emerge from school with the personal qualities and wider skills to make the most of their cognitive abilities. We call this education with character and this is becoming a strong feature of a large number of our schools.

Across our Group, we expect all our pupils to contribute to their school and to society; to try things which they think they cannot do; to persist in the face of difficulty; to become resilient in overcoming obstacles; to manage themselves; to work independently on things which challenge them; to work with others and in teams; to be courageous and caring; to lead. We encourage our schools to develop each student's personal integrity, to ensure they learn to make the right choices even when the rules are not clear.

Our schools have also continued to devise and develop their individual pupil charters – the promise they make to children about what they can expect to experience each year in addition to their normal classroom learning. As part of this, schools have dedicated extracurricular programmes and bring the curriculum to life with visits from external speakers and trips out into their local communities and beyond.

Furthermore, we encourage sustained and meaningful collaboration between our schools and others through a range of group-wide activities, initiatives and competitions designed to further develop their confidence and soft skills and to ready them for the next stages of their school careers.

Through the United Learning Partnership Fund, our pupils have enjoyed exceptional academic, sporting and cultural experiences. This has included:

- Working with the Royal Opera House, The Voices Foundation and the English Pocket Opera Company to put together the largest ever UK performance of Bizet's Carmen! in the Olympic Park; this project introduced over 3,000 pupils from across the Group to the world of opera and gave 1,000 of them the chance to perform to a large audience;
- **UnitedApp** which challenged Year 9 students to design their own educational app;
- **UnitedIDEAS** which encouraged primary pupils to develop 'world-changing' ideas;
- Preparing students for university success through termly residential courses over a four year period, as part of **United Access**;
- A series of weekly lectures and a three day University Insight Residential designed to broaden KS4 students' interests and understanding as part of the **Scholars Club**;
- Nurturing storytelling and performance techniques through local and regional **StorySLAM** competitions;
- Building capacity of **Student Leadership** teams across primary schools through facilitating social action projects within their local communities;
- Celebrating students' artistry through our annual **Group Art Competition**, which runs alongside the International High School Arts Festival;
- A set of centrally-run schemes as part of our **SITUPS** programme, delivering interventions using sport as the tool or hook to support students in our schools. This includes our own LADS (Learning And Development through Sport) programme led by Olympian Chris Cook;
- **Sports Ambassador** visits across our schools and supporting some targeted KS3 students to improve their confidence and behaviours for learning through our partnership with **Football Beyond Borders**;
- Regional cluster-based **sports competitions**;
- Group-wide celebration of staff and student achievements at a Gala dinner in Sheffield at The **Best in Everyone Awards**.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Outstanding People and Leadership

Successful Staff Engagement

Our success as a group is dependent on the excellent people and leadership at all levels of our schools – across the country and centrally. This was reflected in the response rate to our Group Staff Survey which remained high at 82%. Likewise, our Overall Employee Engagement score (defined by Ipsos Mori as “an employee’s willingness to put discretionary effort into their work in the form of time, thought and energy”) was 78% - up from 75% last year. As in previous years, scores on staff’s pride in their school, motivation and attitudes towards the Group’s aims and values well exceeded the UK, public sector and education norms.

Key findings include:

- 90% said they are proud to work in their school/department;
- 92% agreed that their school strives to provide an excellent education;
- 84% said they understood their department/team’s objectives;
- 87% said they valued their school/department’s culture.

Developing Leaders

Our flagship Leadership Development Residential helps develop Middle and Senior Leaders towards promotional opportunities. These popular two-day training programmes are always fully subscribed and continue to be consistently evaluated as good or outstanding, with 70 leaders attending over the course of the year.

Following its successful introduction in 2016, we have now granted schools open access to all materials and resources of our Middle Leaders Schools Programme so they can run the programme at their leisure.

Building on our strong relationship with the Institute for Education and the LeadershipColab initiative, we continued to run National Professional Qualifications within eight clusters. 125 staff members completed the NPQ in Middle Leadership, 72 completed the NPQ in Senior Leadership and 10 completed the NPQ in Headship. These programmes show our commitment to staff becoming highly effective leaders; building the skills, confidence and knowledge to drive successful team performance and improve classroom practice.

This year 9 of our most experienced Vice Principals and Deputy Heads completed the Trainee Headship Programme. The programme, which forms part of our talent management strategy, as well as our school improvement work, seeks to grow our group leadership pipeline.

Our System Leadership programme entered year three, with 7 of the 13 participants commencing the ‘ILM7 Certificate in Executive Coaching & Mentoring’. A further 4 participants have previously completed this qualification and 1 has chosen to enhance her qualification to a diploma. In order to achieve our ambitions, we will need a strong supply of talented leaders able to operate at system level, whether as an Executive Head or in regional or national roles within the Group. This three-year initiative for those identified for potential systems/executive level leadership is a central part of our growth strategy.

United Teaching

Our Initial Teacher Training Scheme, United Teaching is moving forward strongly with a well-established two year programme.

During the year, 90 people signed up with 56 of these graduating successfully and 70% of those working in our schools as NQTs. Of those who graduated during the academic year, 98% of trainees completed their course rated Good or Better, with 59% judged to be Outstanding.

Ahead of the 2019/20 academic year, a further 134 trainees were recruited and attended our Summer Institute.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Growth of the Group

On 1 November 2018, the Charitable Company welcomed two independent schools. **Coworth Flexlands School** a co-educational prep school in Surrey; and **PHC Hitchin** – a co-educational day and boarding school in Hertfordshire.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Financial Review

The total surplus for the year amounted to £1,317k (2018: £3,566k). Included within these results was an actuarial loss on defined benefit pension schemes and other pension commitments of £947k (2018: actuarial gain of £212k).

The schools operated by the Charitable Company during the year are as follows:

AKS
Ashford School
Banstead Preparatory School
Bournemouth Collegiate School
Coworth Flexlands School
Dunottar School
Embley (formerly Hampshire Collegiate School)
Guildford High School
Hull Collegiate School
Lincoln Minster School
PHC Hitchin
Rowan Preparatory School
St. Ives (Haslemere)
Surbiton High School

On 1 December 2018, Bournemouth Collegiate School left the Charitable Company to become the flagship UK school for the international schools group, Bright Scholar.

The Charitable Company is a sponsor of ULT which is a subsidiary undertaking of the Charitable Company. ULT's aim is to found and manage academies under the government initiative. Academies opened to date are listed on the United Learning website.

Funds

The value of restricted funds to be utilised in future years includes £531k (2018: £498k) for prize and scholarship funds and other donated funds and £1,729k (2018: £1,729k) for the sponsorship fund. Unrestricted funds amount to £19,592k (2018: £18,308k) including designated funds of £392k (2018: £262k). The assets are held in pursuance of the Charitable Company's objectives.

Plans for future periods

On 1 November 2019, the Charitable Company welcomed The Royal School in Haslemere.

The Charitable Company aims to continue to increase the number of pupils educated at its schools. This will be through organic growth and through mergers with other schools. The Charitable Company will continue to strive to improve the levels of performance of its students at all levels and will continue its efforts to ensure its primary

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

students are well prepared for their secondary education and its secondary students are able to obtain jobs or a place in higher education, as they choose, once they leave its schools.

Funding

The Trustees are satisfied that the Charitable Company's assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

Risk assessment

During the year under review, the Trustees and senior management have formally identified, and documented, the major risks to which the Charitable Company is exposed. Those risks have been reviewed by the Risk and Audit Committee and risk management strategies have been implemented. Risk management is embedded in the day to day processes of the Charitable Company and its subsidiaries.

Principal risk areas for the Charitable Company are the protection of pupils and employees, and of assets and data. Procedures and governance to minimise these risks are constantly being reviewed and updated.

Safeguarding

The Charitable Company has Safeguarding and Child Protection policies in place, which focus on the need to ensure that its pupils are safe, feel safe and are fully supported in this respect by their School. These policies, which are available online, also provide a framework for its schools to develop secure processes for identifying and supporting pupils at risk of abuse. The implementation and effectiveness of these policies and procedures, which adhere to Department for Education guidelines on safeguarding and child protection, are regularly monitored and reviewed. To further mitigate this risk, the Group has a central safeguarding officer.

Health and safety

The health and safety of the school sites is of paramount importance. Health and safety risks are carefully assessed to minimise the possibility of accidents.

Financial pressures

The Charitable Company is reliant upon the parents paying its school fees promptly. An economic downturn could have a direct impact on parents' ability to pay those fees. The political landscape is currently uncertain and changes in business rate relief rules would have a significant impact on the cost base of the Charitable Company's schools. Senior management and the Trustees therefore aim to keep abreast of economic conditions both in the UK and abroad. Overheads are carefully monitored to ensure that resources are used effectively.

The markets in which the Charitable Company's schools operate are highly competitive. Consequently, the schools constantly review their processes to ensure that their pupils receive a first class education that helps them to perform to their full ability in all aspects of school life.

A large proportion of the Charitable Company's costs relate to staff salaries, which are relatively fixed each year. There is a risk that a significant drop in revenue or further increases in pension contributions may lead to an inability to cover such costs.

The Charitable Company also belongs to the Local Government Pension Scheme ("LGPS") run by the relevant Local Authority for non-teaching staff. Under the application of FRS 102, the contributions made by the Charitable Company to these funded defined benefit schemes currently results in pension deficits recorded in the Statement of Financial Activities. Under FRS 102, the Charitable Company is required to account for the requirement benefits when it is committed to provide them, even if the actual provision will be many years into the future. Whilst FRS 102 is seen as a better reflection of the obligations of the employer to fund pension promises to employees, it does not reflect the actual accounting arrangements of the Pension Fund. It requires the Charitable Company to recognise the total value of all pension obligations that have accumulated (including

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

deferred pensions) at 31 August each year.

A better reflection of a pension fund's actual position comes from the more detailed triennial assessment made by the fund actuary. This assesses and examines the ongoing financial position of the Pension Fund. The actuarial valuation can differ considerably from the FRS 102 valuation. It is the triennial actual valuation that is used to review contribution rates to the Fund from the Charitable Company, to ensure that existing assets and future contributions will be sufficient to meet future pension payments, and thus creates a risk in terms of increased contribution rates.

To mitigate these financial risks senior management closely monitor all costs, including increased pension contributions, against budgets on a monthly basis. Variance analysis is undertaken to consider the impact of varying income and costs when budgets are being prepared and through monthly management accounts and reforecasts, and action plans are prepared and implemented to address any adverse impacts. With regards to the LGPS risk we review the accounting reports prepared annually by the respective schemes' actuaries.

Data protection

Policies and procedures are in place to ensure compliance with General Data Protection Regulations, with information security policies covering the risk of breach or loss of access.

Financial risk management objectives and policies

The Charitable Company uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Charitable Company's operations.

The main risks arising from the Charitable Company's financial instruments are liquidity risk and interest rate risk.

Financial risk management is managed by the Central Office Finance Department who act as the Charitable Company's treasury function ensuring that surplus funds are deposited to maximise interest receivable. In addition, it uses the Charitable Company's facilities in the most efficient manner. Those facilities are designed to ensure that the Charitable Company has sufficient available funds for day-to-day operations and for planned expansion and capital expenditure.

The Charitable Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities.

The Charitable Company finances its operations through retained surpluses and overdraft facilities.

The Charitable Company is exposed to price risk in terms of fees but is content that these are in line with those in the sector, and budgets accordingly. The principal credit risk for the Charitable Company arises from its debtors. Payment terms are enforced by the Charitable Company's credit control department and debt collection is outsourced as necessary. Credit risk is further managed through regular contact with any families in financial difficulty in an effort to assist.

Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our principal bankers.

Policies

As part of managing our risks and to ensure good governance we outline some key policies below.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Reserves

It is the policy of the Charitable Company to hold reserves in its unrestricted funds, which have not yet been committed or designated for any particular purpose. The Trustees have set aside these reserves in order to protect the future operations of the Charitable Company from the effects of any unforeseen variations in its income streams as part of a policy of good financial management practice. The Trustees have set the level of these reserves after undertaking a thorough assessment of the Charitable Company's needs and have concluded that a level of six weeks' expenditure is prudent, which is approximately £12,890k. At 31 August 2019, there were cash reserves of £16,182k (2018: £17,992k). Reserves defined as net current assets amount to £16,390k (2018: £14,917k).

Investment policy

The Charitable Company's cash reserves are used to set off against borrowings in other independent schools group companies to minimise interest charges to the independent schools group. Cash balances are invested with Barclays Bank. During the year the investment strategy produced returns in line with the Charitable Company's expectations and market rates.

Environmental policy

The Charitable Company believes that protection of the environment is an integral part of good educational practice. The Charitable Company is fully committed to its responsibility for minimising the environmental impacts of its operations, and will continuously aim to improve its environmental performance through the careful management of the Estate.

The Charitable Company seeks to engage all members of the school community to develop a sustainable approach to their work and activities so as to help it achieve its aims. The Charitable Company's commitment includes the environmentally prudent management of its buildings and operations, collaboration with suppliers to improve its indirect environmental impacts, and environmental programmes and education for its employees and pupils.

The Charitable Company recognises that good environmental management must be an integral and fundamental part of its corporate business strategy.

Pay policy for key management personnel

Details of the pay policy in respect of key management personnel is included in the Governance section on page 5.

Employee involvement and employment of the disabled

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. Regular meetings are held with staff in our schools to brief them on major issues and discuss local issues. Each school also ensures that all staff are kept fully briefed through a variety of mechanisms, including staff meetings, notice boards, newsletters and the group intranet United Hub.

All new staff joining the Charitable Company are fully inducted and annually the Charitable Company runs two induction programmes, lasting two days, for all teachers new to United Learning. The Charitable Company carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Directors.

The Charitable Company has implemented a number of detailed policies in relation to all aspects of personnel matters including:

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

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

The Charitable Company has in place a National Recognition Agreement with the main teaching and support unions. Regular joint meetings of the Joint Negotiating Committee (JNC) are held with this group where matters of mutual interest are discussed and agreed upon.

The union members of the JNC report back to their members through locally appointed representatives. Each school also ensures all staff are kept fully briefed by using a variety of methods including staff meetings and newsletters.

In accordance with the Charitable Company's Equal Opportunities policy, the Charitable Company 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 Charitable Company's offices.

Details of the Charitable Group's Gender Pay report can be found on its website at unitedlearning.org.uk

Fundraising

United Learning has a soft fundraising approach. In prior years, the Charitable Group has received large donations from individuals, but generally, we do not actively fundraise.

Our current approach is to work to with partners and suppliers from time to time to offer fundraising packages for specific events and programmes such as our annual student and staff award ceremony and our Enterprise Programme. In addition, this year we completed a one-off national fundraising event in partnership with Sport Relief.

Our schools occasionally fundraise for themselves or charities via events such as performances, non-school uniforms day, and fêtes.

With the exception of the above, the Charitable Group does not contact or seek funding from the public or individuals, nor do we work with professional fundraisers. Occasionally, the Group is approached by trusts or individuals who are interested in working with us, and we will provide them with programme and funding information in order to explore funding opportunities that meet both parties' objectives and ethos. In prior years, we have submitted joint bid applications to trusts and funding bodies, such as the Department for Education and the Careers and Enterprise Company along with other charities.

We are members of the Fundraising Regulator Fundraising Preference Service to monitor our fundraising complaints. We did not receive any complaints this year.

Public benefit

The Trustees confirm that they have referred to the Charity Commission's guidance on Public Benefit when reviewing the Charitable Company's aims and objectives and in planning future activities for the year.

The Charitable Company aims to educate as many young people as possible irrespective of their backgrounds. The main strands to its work are:

- Sponsorship of Academies
- Bursaries and other financial assistance
- United Learning Partnership Fund, nurturing collaboration between schools and giving students and staff exceptional academic, sporting and cultural experiences

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Academies

The Charitable Company is the sponsor of, and works very closely with, ULT in managing a group of academies. Through interaction in all of the schools and academies, the two Charitable Companies work together to give pupils in these academies every opportunity to succeed during their education. This involves such activities as group meetings at every level to share best practice and the sharing of educational resources over United Hub, the Group intranet.

Access Policy

The Charitable Company works very hard to offer education to as many pupils as possible throughout England. Through its bursary policy, it widens the number of pupils attending UCST schools. By setting up, sponsoring, and working very closely with ULT, pupils in state funded academies enjoy the same educational resources available throughout the Charitable Company's schools. The Charitable Company's schools all access United Hub, which enables teachers at any of the schools in the Group to collaborate, share resources and challenges, positively impacting on workload.

Bursary Policy

The ability to offer education to children of families who would not be able to afford the school fees is very important to the Charitable Company. As a result of the desire to help children in this way the Charitable Company continued to operate its schemes of means tested financial assistance and its separate schemes of scholarships and family discounts, where parents have more than one child at one of our schools. Means tested assistance is available to those who would not otherwise be able to afford the fees and, equally importantly, in cases of hardship where pupil's education or future prospects might be at risk. Bursaries range in value from 5% to 100% of the school fee. During the year, UCST granted £1.60m (2018: £1.10m) to pupils attending its schools under means tested assistance. This equated to 1.70% of fees received (2018: 1.19%). Further details of our Bursary Policy and how to apply are on our website.

Statement of Trustees' (collectively known as the Board) responsibilities

The Trustees (who are also directors of United Church Schools Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- 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 operation.

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.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

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.

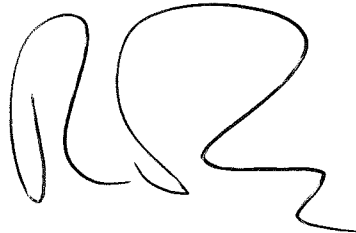
Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

This report was approved by the Trustees, on 6 February 2020 and signed on their behalf by:

Dr R Given-Wilson, Chair
Trustee



UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED CHURCH SCHOOLS TRUST

Opinion

We have audited the financial statements of United Church Schools Trust (the 'Charitable Company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1 to 18, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED CHURCH SCHOOLS TRUST

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 Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included in the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the Statement of Trustees' (collectively known as the Board) responsibilities on pages 17 - 18, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED CHURCH SCHOOLS TRUST

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Grant Thornton UK LLP

Gareth Norris FCA (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Milton Keynes

Date: 7 FEBRUARY 2020

UNITED CHURCH SCHOOLS TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Continuing operations 2019 £000	Discontinued operations 2019 £000	Total funds 2019 £000	Continuing operations 2018 £000	Discontinued operations 2018 £000	Total funds 2018 £000
Income from:									
Donations and legacies	4	3,882	33	3,751	164	3,915	3,536	426	3,962
Charitable activities	2,3	112,456	-	110,479	1,977	112,456	100,668	6,770	107,438
Total income		<u>116,338</u>	<u>33</u>	<u>114,230</u>	<u>2,141</u>	<u>116,371</u>	<u>104,204</u>	<u>7,196</u>	<u>111,400</u>
Expenditure on:									
Charitable activities		114,107	-	111,709	2,398	114,107	100,870	7,176	108,046
Total expenditure	5	<u>114,107</u>	<u>-</u>	<u>111,709</u>	<u>2,398</u>	<u>114,107</u>	<u>100,870</u>	<u>7,176</u>	<u>108,046</u>
Net income before other recognised gains and losses		<u>2,231</u>	<u>33</u>	<u>2,521</u>	<u>(257)</u>	<u>2,264</u>	<u>3,334</u>	<u>20</u>	<u>3,354</u>
Actuarial (loss)/gain on defined benefit pension schemes and other pension commitments	23	(947)	-	(947)	-	(947)	212	-	212
Net movement in funds		<u>1,284</u>	<u>33</u>	<u>1,574</u>	<u>(257)</u>	<u>1,317</u>	<u>3,546</u>	<u>20</u>	<u>3,566</u>
Reconciliation of funds:									
Total funds brought forward		18,308	2,227	20,535	-	20,535	16,969	-	16,969
Total funds carried forward		<u>19,592</u>	<u>2,260</u>	<u>22,109</u>	<u>(257)</u>	<u>21,852</u>	<u>20,515</u>	<u>20</u>	<u>20,535</u>

The notes on pages 25 to 50 form part of these financial statements.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)
REGISTERED NUMBER: 02780748

**BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	£000	2019 £000	£000	2018 £000
Fixed assets					
Intangible assets	10		1,919		1,280
Tangible assets	11		5,858		5,704
Investments	12		36		36
			<u>7,813</u>		<u>7,020</u>
Current assets					
Stocks	13	14		20	
Debtors	14	56,720		54,465	
Cash at bank and in hand	20	16,182		17,992	
			<u>72,916</u>	<u>72,477</u>	
Creditors: amounts falling due within one year	15	(56,526)		(57,560)	
			<u>16,390</u>		<u>14,917</u>
Total assets less current liabilities			<u>24,203</u>		<u>21,937</u>
Defined benefit pension scheme liability	23		(2,351)		(1,402)
			<u>21,852</u>		<u>20,535</u>
Charity Funds					
Restricted funds	17		2,260		2,227
Unrestricted funds:					
Unrestricted funds excluding pension liability	17	21,943		19,710	
Pension reserve	17	(2,351)		(1,402)	
Total unrestricted funds			<u>19,592</u>		<u>18,308</u>
Total funds			<u>21,852</u>		<u>20,535</u>

The financial statements were approved and authorised for issue by the Trustees on 6 February 2020 and signed on their behalf, by:

Dr R Given-Wilson, Chair



The notes on pages 25 to 50 form part of these financial statements.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	917	(2,784)
Cash flows from investing activities:			
Purchase of intangible fixed assets		(764)	(810)
Proceeds from the sale of tangible fixed assets		-	5
Purchase of tangible fixed assets		(2,004)	(2,721)
Net cash acquired in business combinations		622	-
Purchase of fixed asset investments		-	(16)
Net cash used in investing activities		(2,146)	(3,542)
Cash flows from financing activities:			
Interest paid		(581)	(665)
Net cash used in financing activities		(581)	(665)
Change in cash and cash equivalents in the year		(1,810)	(6,991)
Cash and cash equivalents brought forward		17,992	24,983
Cash and cash equivalents carried forward	20	16,182	17,992

The notes on pages 25 to 50 form part of these financial statements.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

United Church Schools Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Consolidation

Consolidated financial statements have not been prepared as consolidated financial statements for the Charitable Company's ultimate parent undertaking, United Church Schools Foundation Limited, are publicly available from the Charitable Company's registered office and incorporate the results of the Charitable Company and its subsidiary undertakings. These financial statements therefore represent the results of United Church Schools Trust only.

1.3 Income

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

Donated services or facilities are recognised when the Charitable Company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Charitable Company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Charitable Company which is the amount the Charitable Company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Bursaries and discounts awarded are charged in the year to which they relate, and are offset against the associated income.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.4 Expenditure

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

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Charitable activities are costs incurred in the Charitable Company's educational operations. Governance costs are those incurred in connection with administration of the Charitable Company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the Charitable Company's educational operations, including support costs and costs relating to the governance of the Charitable Company apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

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 funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.6 Company status

The Charitable Company is a company limited by guarantee. United Church Schools Foundation Limited (Company number 00018582) is the ultimate parent undertaking and sole member of the Charitable Company. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charitable Company.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.7 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 Charitable Company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charitable Company's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.8 Intangible fixed assets and amortisation

Intangible assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation begins when the intangible asset is available for use, and is charged straight line over the useful economic life of 8 - 10 years.

1.9 Tangible assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Term of the lease
Motor vehicles	-	4 years
Fixtures and fittings	-	10 years
Computer equipment	-	3 years

Tangible assets donated to the Charitable Company are capitalised based on their fair values which then represents the deemed historic cost of the asset.

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.

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

1.10 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.12 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charitable Company; this is normally upon notification of the interest paid or payable by the Bank.

1.13 Operating leases

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

1.14 Taxation

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

1.15 Debtors

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

1.16 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.

1.17 Liabilities and provisions

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 Charitable Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.18 Financial instruments

The Charitable Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Charitable Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.19 Pensions

The Charitable Company make contributions to a number of defined contribution pension plans for non-teaching staff and the pension charge represents the amounts payable by the Charitable Company to the fund in respect of the year.

Retirement benefits to teaching staff are provided by the Teachers' Pension Scheme ("TPS"). Retirement benefits to certain support staff are provided by the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Charitable Company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.20 Judgements in applying accounting policies and key sources of estimation uncertainty

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.

The Charitable Company 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 and liabilities within the next financial year are discussed below.

Actuarial valuations for Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Unfunded pension obligations

The Charitable Company has also made provision for unfunded pension obligations. The key assumptions made in computing this provision comprise mortality assumptions and discount rates, with the total obligation arising as a result having been disclosed in note 23. Any changes in these assumptions would impact the carrying amount of the liability.

Depreciation of tangible fixed assets

Depreciation is computed based on the best estimate of the useful economic lives of the relevant assets and their ultimate residual value.

Provision for bad debts

An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the Charitable Company's fee debtors to make required payments. The Charitable Company applies a policy for providing for bad debts which is periodically reviewed based on an assessment of actual outcomes against those expected.

1.21 Exceptional items

Costs classified as exceptional relate to costs which are non-recurring and outside of the normal charitable activities of the company as disclosed in note 9.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

2. School fees receivable and catering income

	2019 £000	2018 £000
Gross fee income receivable	104,489	102,477
Scholarships, bursaries and reduced fees	(10,166)	(9,675)
	<hr/>	<hr/>
Catering income	94,323	92,802
	2,024	1,954
	<hr/>	<hr/>
Net fee income receivable	96,347	94,756
	<hr/> <hr/>	<hr/> <hr/>

In 2019, of the total school fees receivable and catering income, £96,347k (2018: £94,756k) was to unrestricted funds and £NIL (2018: £NIL) was to restricted funds.

3. Other educational related income

	2019 £000	2018 £000
Accounting services to other schools and academies	10,286	8,677
Other support services to other schools and academies	-	71
Pupil registration fees	276	288
Charges for additional classes	1,039	1,043
Charges for school trips	3,009	1,569
Other school income	1,211	688
Rents and lettings	288	346
	<hr/>	<hr/>
	16,109	12,682
	<hr/> <hr/>	<hr/> <hr/>

In 2019, of the total other educational related income, £16,109k (2018: £12,682k) was to unrestricted funds and £NIL (2018: £NIL) was to restricted funds.

4. Voluntary income

	2019 £000	2018 £000
Other sponsorship and donations received	3,394	2,977
Gift aid from subsidiary undertakings	1,187	985
Net liabilities transferred from other charities	(666)	-
	<hr/>	<hr/>
	3,915	3,962
	<hr/> <hr/>	<hr/> <hr/>

In 2019, of the total voluntary income, £3,882k (2018: £3,962k) was to unrestricted funds and £33k (2018: £NIL) was to restricted funds.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

5. Analysis of total resources expended

	Staff costs £000	Other costs £000	Depreciation £000	Total 2019 £000	Total 2018 £000
Schools operating costs					
Educational supplies	56,508	9,198	-	65,706	62,920
Recruitment and support	-	383	-	383	390
Staff development	-	55	-	55	59
Examination fees	-	85	-	85	364
Technology costs	3,019	1,963	-	4,982	4,476
Premises costs	3,735	11,161	-	14,896	14,297
Insurance	-	490	-	490	393
Catering	77	5,314	-	5,391	5,037
Marketing	801	1,571	-	2,372	2,307
Legal and professional	-	1,140	-	1,140	1,140
Other support costs	11,544	3,643	-	15,187	13,830
Depreciation and amortisation	-	-	1,869	1,869	1,864
Loss on disposal of operations	-	526	-	526	-
Bank interest and charges	-	692	-	692	710
	<u>75,684</u>	<u>36,221</u>	<u>1,869</u>	<u>113,774</u>	<u>107,787</u>
Governance costs					
Auditor costs - audit fees	-	47	-	47	40
Company Secretariat costs	226	57	-	283	215
Members meeting and travel	-	3	-	3	4
	<u>226</u>	<u>107</u>	<u>-</u>	<u>333</u>	<u>259</u>
	<u>75,910</u>	<u>36,328</u>	<u>1,869</u>	<u>114,107</u>	<u>108,046</u>

In 2019, of the total resources expended, £114,107k (2018: £108,046k) was to unrestricted funds and £NIL (2018: £NIL) was to restricted funds.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

Total resources expended include:	2019	2018
	£000	£000
Auditor's remuneration:		
Audit of the charitable company's annual financial statements	47	40
Non-audit services	8	7
Depreciation:		
Tangible fixed assets, owned	1,744	1,768
Amortisation:		
Intangible fixed assets	125	96
Loss on disposal of operations	526	-
Operating lease rentals	1,311	1,044
6. Net interest		
	2019	2018
	£000	£000
Interest payable to group undertakings	581	665

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

7. Staff costs

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	62,580	60,394
Social security costs	5,657	5,424
Other pension costs (note 23)	7,167	6,892
Agency fees	506	532
	<u>75,910</u>	<u>73,242</u>

During the year, there were redundancy or termination payments made which amounted to £280k (2018: £320k).

The average number of persons employed by the Charitable Company during the year was as follows:

2019 Number	2018 Number
2,403	2,451

The number of higher paid employees was:

	2019 Number	2018 Number
In the band £60,001 - £70,000	43	38
In the band £70,001 - £80,000	16	16
In the band £80,001 - £90,000	13	8
In the band £90,001 - £100,000	7	8
In the band £100,001 - £110,000	2	4
In the band £110,001 - £120,000	5	1
In the band £120,001 - £130,000	2	2
In the band £130,001 - £140,000	2	2
In the band £140,001 - £150,000	2	4
In the band £150,001 - £160,000	2	2
In the band £160,001 - £170,000	1	1
In the band £170,001 - £180,000	2	-
In the band £220,001 - £230,000	1	1
In the band £230,001 - £240,000	-	1
In the band £240,001 - £250,000	1	-

Key management personnel, as listed on page 1, are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The remuneration for these individuals totalled £1,430k (2018: £1,365k).

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

During the year, the following amounts were paid in respect of higher paid employees as shown above:

	2019 £000	2018 £000
Pension contributions to defined contribution and teachers' pension scheme and local government pension schemes	<u>1,166</u>	<u>937</u>

During the year, 25 higher paid employees (2018: 24) participated in defined contribution schemes, 71 (2018: 64) participated in the Teachers' Pension Scheme (operated by the Teachers' Pension Agency), and 1 (2018: none) participated in the Local Government Pension Scheme and 2 (2018: none) did not participate in Charitable Company pension schemes.

Payment to Trustees

No Trustee, or person with a family or business connection with a Trustee, received remuneration in the year, directly or indirectly, from either the Charitable Company or a company controlled by the Charitable Company.

Expense reimbursements paid to 3 (2018: 5) Trustees during the year amounted to £3k (2018: £4k) and all related to travel and subsistence costs.

8. Interest on Local Government Pension Scheme

	2019 £000	2018 £000
Interest on pension scheme liabilities	(211)	(52)
Interest income on pension scheme assets	194	38
	<u>(17)</u>	<u>(14)</u>

9. Exceptional costs

On 1 November 2018, the Charitable Company welcomed PHC Hitchin and Coworth Flexlands School.

Exceptional costs incurred in school mergers, acquisitions and disposals during the year ended 31 August 2019 amounted to £354k (2018: £643k).

On 1 December 2018, Bournemouth Collegiate School left the Group to become the flagship UK school for the International Schools Group, Bright Scholar. This involved the disposal of land and buildings owned by the immediate parent undertaking and the trade and operations of the school owned by the Charitable Company. The amount of the purchase consideration apportioned to those net assets owned by the Charitable Company amounted to £7, and the associated assets had a carrying value at the disposal date of £526k. The resulting loss on disposal has been included within expenditure on charitable activities. The activities of this school during the current and previous financial years are therefore presented separately as a discontinued operation on the face of the Statement of Financial Activities.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

10. Intangible fixed assets

	Software development £000
Cost	
At 1 September 2018	1,376
Additions	764
At 31 August 2019	2,140
Amortisation	
At 1 September 2018	96
Charge for the year	125
At 31 August 2019	221
Carrying amount	
At 31 August 2019	1,919
<i>At 31 August 2018</i>	1,280

All intangible fixed assets were used for charitable purposes.

11. Tangible assets

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2018	1,733	9,289	4,231	603	15,856
Additions	52	1,336	595	21	2,004
Transfers from other charities	-	121	290	9	420
Disposals	-	(826)	(228)	(7)	(1,061)
At 31 August 2019	1,785	9,920	4,888	626	17,219
Depreciation					
At 1 September 2018	459	5,675	3,501	517	10,152
Charge for the year	170	767	759	48	1,744
On disposals	-	(345)	(183)	(7)	(535)
At 31 August 2019	629	6,097	4,077	558	11,361
Net book value					
At 31 August 2019	1,156	3,823	811	68	5,858
<i>At 31 August 2018</i>	1,274	3,614	730	86	5,704

All tangible fixed assets were used for charitable purposes.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

12. Fixed asset investments

	Listed investments £000
Valuation	
At 1 September 2018 and 31 August 2019	<u>36</u>

Investments at valuation comprise:

	2019 £000	2018 £000
Listed investments	<u>36</u>	<u>36</u>

All the fixed asset investments are held in the UK.

Subsidiary undertakings

At 31 August 2019, the Charitable Company held more than 20% of the following:

	Holding	Nature of the business	Class of share capital held
	%		
St. Ives (Haslemere) Limited*	100	Dormant	-
United Learning Trust*	100	Education	-
Bradtime Limited	100	Dormant	Ordinary £1
Priory School (Banstead) Trust Limited*	100	Dormant	-

*Limited by guarantee

The registered office address of St. Ives (Haslemere) Limited, United Learning Trust, Bradtime Limited and Priory School (Banstead) Trust Limited is Worldwide House, Thorpe Wood, Peterborough, England, PE3 6SB.

13. Stocks

	2019 £000	2018 £000
Finished goods and goods for resale	<u>14</u>	<u>20</u>

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

14. Debtors

	2019 £000	2018 £000
Trade debtors	30,620	30,863
Amounts owed by group undertakings	21,253	18,973
Other debtors	3,054	3,468
Prepayments and accrued income	1,793	1,161
	<u>56,720</u>	<u>54,465</u>

15. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	3,997	3,953
Amounts owed to group undertakings	9	2,202
Other taxation and social security	1,624	1,475
Other creditors	14,394	14,477
Accruals and deferred income	36,502	35,453
	<u>56,526</u>	<u>57,560</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Deferred income

	2019 £000	2018 £000
Deferred income at 1 September 2018	31,837	30,246
Resources deferred during the year	33,314	31,837
Amounts released from previous years	(31,837)	(30,246)
	<u>33,314</u>	<u>31,837</u>

Deferred income relates to fees invoiced in advance for the Autumn term.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

16. Acquisitions and disposals

On 1 November 2018, United Church Schools Trust acquired the trade and certain assets and liabilities of the former PHC Hitchin for £nil consideration. Additionally, on 1 November 2018, United Church Schools Trust also acquired the trade and certain assets and liabilities of the former Coworth Flexlands School for £nil consideration. The fair values at the acquisition date of each class of assets and liabilities were as follows:

Assets and liabilities acquired	Vendors' book value £000	Fair value £000
Tangible fixed assets	420	420
Stocks	5	5
Debtors	313	313
Cash at bank	622	622
Creditors due within one year	(1,434)	(1,434)
Creditors due in more than one year	(592)	(592)
Net liabilities acquired	<u>(666)</u>	<u>(666)</u>

Of the net liabilities acquired, £829k were from unrestricted funds in deficit, £130k were from designated funds, and £33k were from restricted funds.

There was no consideration paid, and the net liabilities acquired have therefore been recorded within voluntary income as shown in note 4.

The impact of acquired operations on the Statement of Financial Activities since acquisition is as follows:

	£000
Income from donations and legacies	44
Income from charitable activities	3,668
Total expenditure	<u>(4,398)</u>
Net movement in funds	<u>(686)</u>

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

17. Statement of funds

Statement of funds - current year

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Designated funds					
Designated funds	262	130	-	-	392
General funds					
General funds - all funds	19,448	116,208	(114,105)	-	21,551
Pension reserve	(1,402)	-	(2)	(947)	(2,351)
	<u>18,046</u>	<u>116,208</u>	<u>(114,107)</u>	<u>(947)</u>	<u>19,200</u>
Total unrestricted funds	<u>18,308</u>	<u>116,338</u>	<u>(114,107)</u>	<u>(947)</u>	<u>19,592</u>
Restricted funds					
Sponsorship fund	1,729	-	-	-	1,729
Other donated funds	498	33	-	-	531
	<u>2,227</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>2,260</u>
Total of funds	<u><u>20,535</u></u>	<u><u>116,371</u></u>	<u><u>(114,107)</u></u>	<u><u>(947)</u></u>	<u><u>21,852</u></u>

Designated funds are accumulated surpluses from prior years available for use by the School that generated the funds.

The Sponsorship fund has been formed to gather together the external donations received towards the Charitable Company's support for the academies of United Learning Trust.

Other donated funds include a number of individual donations towards specific building and other projects within the Group.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

17. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Designated funds					
Designated funds	262	-	-	-	262
General funds					
General funds - all funds	16,182	111,400	(108,134)	-	19,448
Pension reserve	(1,702)	-	88	212	(1,402)
Total unrestricted funds	14,480	111,400	(108,046)	212	18,046
Total Unrestricted funds	14,742	111,400	(108,046)	212	18,308
Restricted funds					
Sponsorship fund	1,729	-	-	-	1,729
Other donated funds	498	-	-	-	498
	2,227	-	-	-	2,227
Total of funds	16,969	111,400	(108,046)	212	20,535

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Intangible fixed assets	1,919	-	1,919
Tangible fixed assets	5,858	-	5,858
Fixed asset investments	36	-	36
Current assets	70,656	2,260	72,916
Creditors due within one year	(56,526)	-	(56,526)
Provisions for liabilities and charges	(2,351)	-	(2,351)
	19,592	2,260	21,852

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Intangible fixed assets	1,280	-	1,280
Tangible fixed assets	5,704	-	5,704
Fixed asset investments	36	-	36
Current assets	70,250	2,227	72,477
Creditors due within one year	(57,560)	-	(57,560)
Provisions for liabilities and charges	(1,402)	-	(1,402)
	<u>18,308</u>	<u>2,227</u>	<u>20,535</u>

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £000	2018 £000
Net income for the year (as per Statement of Financial Activities)	2,264	3,354
Adjustment for:		
Depreciation and amortisation charges	1,869	1,864
Interest paid	598	679
Decrease/(increase) in stocks	11	(20)
Increase in debtors	(4,135)	(13,304)
(Decrease)/increase in creditors	(867)	4,745
Loss on disposal of fixed assets	526	-
Defined benefit pension scheme cost less contributions payable	(15)	(102)
Net liabilities acquired from other charities	666	-
Net cash provided by/(used in) operating activities	<u>917</u>	<u>(2,784)</u>

20. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	16,182	17,992
Total	<u>16,182</u>	<u>17,992</u>

21. Contingent liabilities

At 31 August 2019, the Charitable Company was party to cross-guarantees on bank loans and overdrafts of the parent undertaking totalling £24,923k (2018: £28,907k).

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

22. Capital commitments

There were no capital commitments at 31 August 2019 or 31 August 2018.

23. Pension commitments

The Charitable Company operates defined contribution schemes for the benefit of its employees. The assets of the schemes are managed and held externally on behalf of the scheme members in funds independent from those of the Charitable Company. Employer contributions payable to the schemes during the year amounted to £1.144m (2018: £1.211m). Employee and employer contributions payable to the schemes at the Balance Sheet date amounted to £142k (2018: £70k) and are included within creditors.

The Charitable Company operates two defined benefit pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff of one school, which is managed by the Local Authority.

Provisions for unfunded pensions included within the total defined benefit pension scheme liability amounted to £895k (2018: £985k). The current service cost amounted to £Nil (2018: £Nil) and actuarial losses recognised through other comprehensive income amounted to £14k (2018: £98k). Benefits paid during the year amounted to £104k (2018: £103k).

The current mortality assumptions in respect of unfunded pensions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on the retirement age of 65 are between 19-21 years. The discount rate applied in calculating the obligation is 1.85%, with future pension increase and inflation being 2.6%.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

23. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to (www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx)

The employer's pension costs paid to TPS in the period amounted to £5.813m (2018: £5.620m).

Teachers' Pension Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The Charitable Company is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The total employer's contribution made for the year ended 31 August 2019 was £72k (2018: £61k). The agreed contribution rates for the year ended 31 August 2019 were from 6.3% to 7.3% for employees and from 13.6% to 19.4% for employers.

The Charitable Company also has an unfunded defined benefit pension scheme which is provided for in the financial statements.

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

23. Pension commitments (continued)

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

	2019	2018
Discount rate at 31 August	1.80 %	2.80 %
Future salary increases	3.60 %	3.60 %
Future pension increases	2.20 %	2.20 %
Inflation assumption	2.10 %	2.10 %

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

	2019	2018
Retiring today		
Males	22.8	22.7
Females	25.5	25.4
Retiring in 20 years		
Males	25.1	25.0
Females	28.2	28.0

The assets in the LGPS were:

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equities	3,714	743
Bonds	125	67
Property	684	155
Cash	140	15
Other	3,109	710
Total market value of LGPS assets	<u>7,772</u>	<u>1,690</u>

The actual return on scheme assets was £896k (2018 - £95k).

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

23. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities incorporating income and expenditure account are as follows (for both the LGPS and unfunded pension scheme):

	2019 £000	2018 £000
Current service cost	(104)	(61)
Interest on assets	194	38
Interest on obligation	(211)	(52)
Past service cost	(66)	-
Administration expenses	(2)	(1)
	<hr/>	<hr/>
Total	(189)	(76)
	<hr/> <hr/>	<hr/> <hr/>

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

	2019 £000	2018 £000
Opening defined benefit obligation	3,092	3,276
Current service cost	104	61
Interest cost	211	52
Contributions by scheme participants	24	12
Actuarial losses/(gains)	1,411	(155)
Past service cost	66	-
Share of defined benefit obligation not previously recognised	5,525	-
Benefits paid	(206)	(51)
Benefits paid - unfunded obligation	(104)	(103)
	<hr/>	<hr/>
Closing defined benefit obligation	10,123	3,092
	<hr/> <hr/>	<hr/> <hr/>

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

23. Pension commitments (continued)

Changes in the fair value of LGPS scheme assets were as follows:

	2019 £000	2018 £000
Opening fair value of scheme assets	1,690	1,574
Interest on assets	194	38
Actual return less interest	702	57
Contributions by employer	83	61
Contributions by scheme participants	24	12
Share of scheme assets not previously recognised	5,287	-
Benefits paid	(206)	(51)
Administration expenses	(2)	(1)
	<u>7,772</u>	<u>1,690</u>

The Charitable Company expects to contribute £83k to the LGPS in 2020.

During the year, the Charitable Company recognised a net LGPS obligation that existed in previous years and as at 1 September 2018, amounted to £238k. The analysis of this amount between scheme assets and scheme obligations is shown on separate lines in the tables above.

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2019 £000	2018 £000
Defined benefit obligations (including unfunded pension deficit)	(10,123)	(3,092)
LGPS assets	7,772	1,690
Net deficit	<u>(2,351)</u>	<u>(1,402)</u>
Experience adjustments on LGPS and unfunded liabilities	(1,411)	155
Experience adjustments on LGPS assets	702	57

	2019 £000	2018 £000
LGPS net deficit	1,456	417
Unfunded pension scheme liability	895	985
Total	<u>2,351</u>	<u>1,402</u>

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

24. Operating lease commitments

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

	2019 £000	2018 £000
Amounts payable: Land and buildings		
Within 1 year	291	261
Between 1 and 5 years	526	805
After more than 5 years	360	267
Total	<u>1,177</u>	<u>1,333</u>
Amounts payable: Other		
Within 1 year	1,155	1,050
Between 1 and 5 years	1,102	1,626
After more than 5 years	-	1
Total	<u>2,257</u>	<u>2,677</u>

25. Related party transactions

United Church Schools Foundation Limited is the sole member of United Church School Trust (UCST).

During the year, United Church Schools Foundation Limited charged interest totalling £579k (2018: £665k) and rent totalling £2,632k (2018: £2,586k) to the Charitable Company.

United Church School Trust (UCST) is the sole member of United Learning Trust (ULT).

The Charitable Company provided central services to ULT. The total amount charged during the year totalled £9,561k (2018: £8,314k) and was computed so as to equal the actual costs incurred on a per pupil basis.

At the year end date, balances amounting to £21,253k (2018: £18,973k) were due to the Charitable Company, and balances amounting to £9k (2018: £2,202k) were due from the Charitable Company to other entities in the Charitable Group of which United Church Schools Foundation Limited is the ultimate parent. These balances arise as a result of direct recharges of costs where resources are centrally procured, with the underlying transactions not therefore representing related party transactions.

There was a relationship between United Church Schools Trust (UCST) and Caterham School because the former had the right to nominate Caterham School's "A" trustees. This right ceased on 21 December 2017 after which date the two parties are no longer related. Administrative charges receivable during the period they were related amounted to £Nil (2018: £52k) with no amounts remaining outstanding at the balance sheet date.

There have been no other transactions with related parties that require disclosure under either FRS 102 or Charities SORP (FRS 102) (effective 1 January 2015).

UNITED CHURCH SCHOOLS TRUST

(A company limited by guarantee)

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

26. Ultimate parent undertaking and controlling party

The Board consider that the ultimate and immediate parent undertaking of the Charitable Company is United Church Schools Foundation Limited (Company number: 00018582) by virtue of the fact that it is the sole member and therefore has the ability to appoint or remove trustees. The principal objects of United Church Schools Foundation Limited are the same as those of the Charitable Company.

In the opinion of the Directors, there is no ultimate controlling party.

The largest group of undertakings for which group accounts have been drawn up is that headed by United Church Schools Foundation Limited. Copies of the group accounts can be obtained from Worldwide House, Thorpe Wood, Peterborough, PE3 6SB.

27. Post balance sheet events

On 1 November 2019, the Charitable Company welcomed The Royal School in Haslemere.

It is not yet possible to form a reliable estimate of the financial effect of this acquisition, in relation to which no consideration was payable, until such time as completion accounts and final fair value assessments are available.