



MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD 13 NOVEMBER 2018

Present: Mr Michael Jones (Chair)
Mr Spencer Bowen
Mr Chris Whelan

In Attendance: Ms Kim Saw - Director of Finance
Mr Jon Allen - Clerk

The meeting commenced at 18.00

APOLOGIES, WELCOMES, QUORACY & DECLARATIONS OF INTEREST

1. Apologies were received from Richard Stephen and Farouk Durrani. Mr Spencer Bowen was welcomed to his first meeting of the Finance Committee. In the absence of the Chair it was agreed for Michael Jones to chair the meeting. The Clerk confirmed the meeting was quorate. There was no declared interest against any of the agenda items.

MANAGEMENT ACCOUNTS 12 MONTHS 31 AUGUST 2018

2. The Management Accounts for 12 months up to 31 August 2018 were subject to review.

3. The following headlines were noted:

- **Surplus / (deficit) before non – cash items**
 - Surplus for July 2018 £61k (YTD surplus £330k vs. forecast surplus YTD £171k).
 - Surplus for August 2018 £380k (YTD surplus £710k vs. forecast surplus YTD £209k).
- **Retained surplus / (deficit) (after deduction of depreciation).**
 - Deficit for July 2018 £159k (YTD deficit £159k vs. forecast deficit of £257k).
 - Surplus for August 2018 £172k (YTD surplus £13k vs forecast deficit £494k)
- **Bank & Cash** as at 31st July 2018 £1,679k; 31st August 2018: £1,701k.
- **Net assets** as at 31st July 2018 £14,258k; 31st August 2018: £14,430k (31st August 2017: £12,970k restated to £14,417k). Net assets have increased by £1,447k due to the change in treatment of the release of deferred capital grants.

4. The chair for the meeting made reference to the email received from the Chair of the Committee that raised several points following his review of the papers. The Director of Finance confirmed that she had considered the points raised and would amend the reports where necessary.

5. It was **RESOLVED** to note the Management Accounts for 12 months up to 31 August 2018

6. A 'high' level of assurance (Green) was **AGREED** on the Management Accounts presented to the Committee.

FINANCIAL STATEMENT & ANNUAL ACCOUNTS YEAR ENDED 31 JULY 2018

7. The draft of the '*Financial Statement & Annual Report 2017/18*' was received. Also received was a copy of the Financial Statement Auditor's '*Audit Findings Report*'. Also made available at the meeting was the reconciliation of management accounts to the statutory accounts.

8. The Committee reviewed the reconciliation of management accounts to the statutory accounts and no issues of concern were raised.

9. The financial statements had been prepared as if the college activity had always been part of the academy trust. Accordingly the result for the comparative period reflect the thirteen month period ended 31st August 2017 being the last period of account for the sixth form college.

10. The academy trust generated net expenditure of £371,000 (2017 income:£299,000) during the period.

11. The balance of restricted general funds and unrestricted funds (excluding pension reserves) was £16,764,000. (2017: £16,774,000).

12. The academy trust generated a cash outflow of £101,000 from operating activities in the period. Cash and short-term investments at 31st August 2018 were £1,701,000 (2017 £2,873,000).

13. The Statement of Financial Activities for the period ended 31st August 2018 confirmed the following:

		Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	2017/18 £'000	2016/17 £'000
Income and endowments from:						
Donations and capital grants	2	-	50	58	108	52
Charitable activities						
Funding for the academy trust's educational operations	3	-	10,710	-	10,710	11,151
Other trading activities	4	23	639	-	661	671
Investments	5	5	-	-	5	14
Total income		<u>28</u>	<u>11,399</u>	<u>58</u>	<u>11,485</u>	<u>11,888</u>
Expenditure on:						
Raising funds						
Charitable activities:						
Academy trust educational operations	6	5	11,851	-	11,856	11,589
Total expenditure		<u>5</u>	<u>11,851</u>	<u>-</u>	<u>11,856</u>	<u>11,589</u>
Net income / (expenditure)		<u>23</u>	<u>(452)</u>	<u>58</u>	<u>(371)</u>	<u>299</u>
Transfer between funds	17			-	-	-
Other recognised gains / (losses)						
Actuarial gains on defined benefit pension schemes	19	-	832	-	832	448
Net movement in funds		<u>23</u>	<u>380</u>	<u>58</u>	<u>461</u>	<u>747</u>
Reconciliation of funds						
Total funds brought forward	17	15	(900)	15,302	14,417	13,670
Total funds carried forward	17	<u>38</u>	<u>(520)</u>	<u>15,360</u>	<u>14,878</u>	<u>14,417</u>

14. It was noted the academy trust has significant reliance on education sector funding bodies for its principal funding source, largely from recurrent grants. In 2017/18 the funding bodies provided 93% of the academy trust's total income (2016/17 94%).

15. In terms of the numbers in the Financial Statements, there were no issues of concern to report to the Audit Committee, as the numbers presented were in line with presented management accounts throughout the year.

16. The Committee agreed that there was a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

17. The academy trust maintains cash reserves to ensure that the academy trust has funds in place to cover day-to-day expenditure that in the short term may not be covered due to differing phasing of income and expenditure. A balance is also required should there be a shortfall in receipts in any one year. Having taken these considerations into account, the academy trust aims to maintain minimum cash reserves of £1,000,000. The Committee endorsed this approach.

18. The academy trust's cash reserves are held with its main banker in a number of current, interest bearing and deposit accounts. No other investments are made. The Committee endorsed this approach.

19. The Committee reviewed the supporting text with reference to requirements outlined in the Academies Financial Handbook. A number of changes were proposed and agreed and it was confirmed these are to be incorporated into the final draft for review from the Audit Committee before Trust Board approval is sought at the December Trust Board meeting.

20. There is a requirement, confirmed in the Academies Financial Handbook, that new Trusts must include in their first governance statement what they have done to review and develop their governance structure and the composition of the board. It was **AGREED** to add the following text to the governance statement to be fully compliant with the requirement:

The Board initially consisted of Governors from the Corporation of Reigate College to enable the academy trust to benefit from their experience and expertise. Following a recruitment drive, new Trustees have been appointed and this has increased the expertise of the Board. A Local Governing Body has also been put in place which is diverse in its membership, with staff, students and parents represented. The focus of the Local Governing Body is on monitoring the performance of the academy trust.

21. The Trust Board is **ASKED** at its December meeting to agree the membership of the Remuneration Committee. In addition to the Chair of the Trust, two additional Trustees need to be members of this Committee.

22. The Committee reviewed the Audit Findings Report, and in particular, the parts of the audit report relevant to the Committee's terms of reference and the associated management responses. There were no issues of concern arising from the review of the Audit Findings Report.

23. Following a review of the financial figures and commentary in the Financial Statements, it was **RESOLVED** to inform the Audit Committee that there were no issues of concern to report to the Audit Committee.

24. A 'high' level of assurance (Green) was **AGREED** on the Financial Statements presented to the Committee.

ANY OTHER BUSINESS

25. It was **AGREED** to make available for review at the next meeting a schedule of the Trusts Insurance policies and spread of cover.

26. It was **AGREED** for a check to be made on Trustee liability cover and whether this extended to Members
27. It was **AGREED** for monthly Management Accounts to be made available to all Trustees.
28. It was confirmed the annual appointment of the Trust Chair for the academic year 2018-19 was agreed at July Trust Board meeting.
29. It was **AGREED** for the Director of Finance to review the Expenses Policy to ensure the required authorisations for signing are correct.
30. There was no other business.

DATE OF NEXT MEETING

31. Monday 05 February 2019 @ 1800

The meeting closed at 18.45

Signed: _____ Date: _____
(Chair)

Action Points:

- 1 The Trust Board to agree the membership of the Remuneration Committee. In addition to the Chair of the Trust, two additional Trustees need to be members of this Committee.
- 2 To make available for review at the next meeting a schedule of the Trusts Insurance policies and spread of cover.
- 3 It was **AGREED** for a check to be made on Trustee liability cover and whether this extended to Members
- 4 Monthly Management Accounts to be made available to all Trustees.
- 5 Director of Finance to review the Expenses Policy to ensure the required authorisations for signing are correct.