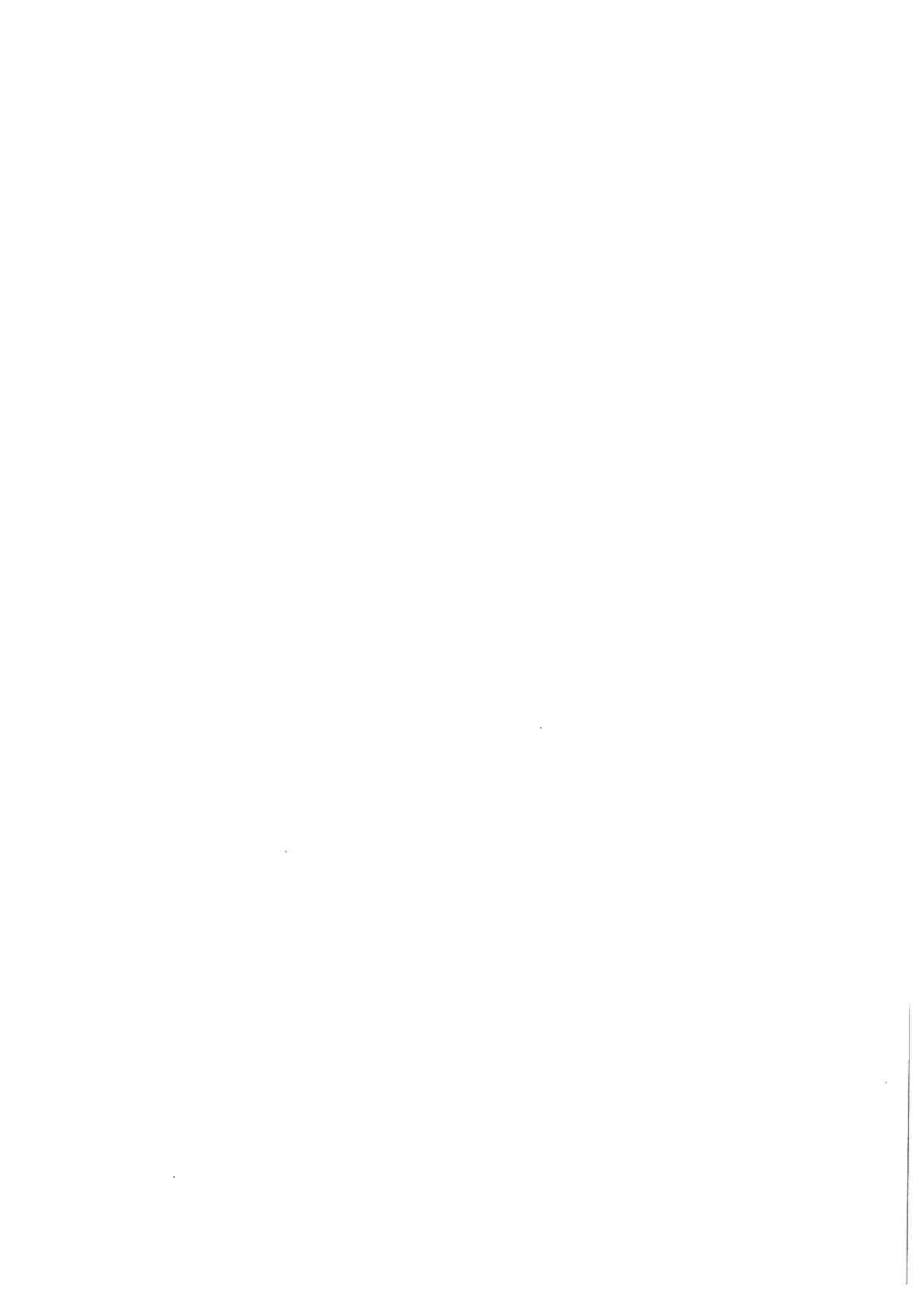


Company Registration Number: 09284368 (England and Wales)

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



INVICTUS EDUCATION TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

William Caldwell (resigned 31 August 2019)
Lyndon Evans (resigned 31 August 2019)
Geoffrey Marsh
Andrew Griffiths (appointed 1 September 2019)
Neil Shaw (appointed 1 September 2019)
Diane Cochran (appointed 1 September 2019)
Col. K Knutton (appointed 1 September 2019)

Trustees

Tony Bowles, Chief Executive Officer (appointed 1 September 2018)
William Caldwell
Craig Cartwright (resigned 31 August 2019)
Robert Dimmock
Lyndon Evans, Vice Chair (resigned 31 August 2019)
Robert Evans (appointed 1 September 2018)
John Harris
Geoffrey Marsh, Chair
Richard Westwood
Phillip Whitehouse (resigned 24 October 2018)
Gillian Withers

Company registered number

09284368

Company name

Invictus Education Trust

Principal and registered office

Ward House
Himley Park
Himley
West Midlands
DY3 4DF

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

Advisers (continued)

Company secretary

Amy Buttery

Chief executive officer

Tony Bowles

Executive Headteacher's Board

Tony Bowles, Headteacher - Chief Executive Officer and Accounting Officer
Alan Jasper, Headteacher - Ellowes Hall Sports College
Gemma Smith, Headteacher - Ounsdale High School (appointed 1 September 2018)
Christopher Rogers, Headteacher - Kinver High School (resigned 31 March 2019)
Dan Taylor, Acting Headteacher - Kinver High School (appointed 1 April 2019)
Caroline Sutton, Acting Headteacher - The Crestwood School (appointed 1 September 2018)
Matthew Mynott, Headteacher - Leasowes High School
Gareth Lloyd, Headteacher - Pedmore High School (appointed 1 September 2018)

Independent auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Barclays Bank plc
PO Box 5
Wolverhampton
WV1 1DS

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also Directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditor's report of Invictus Education Trust ("the Trust") for the year ended 31 August 2019. The Trustees confirm that the annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the FRS102, including the Charities SORP 2015. The annual report serves the purposes of both a Trustees' Report and a Directors' Report under Company Law.

Invictus Education Trust consists of six of the leading schools in Dudley and South Staffordshire who form the Multi Academy Trust.

The schools are: Ellowes Hall Sports College in Gornal, The Crestwood School in Kingswinford, Leasowes High School in Halesowen, Pedmore High School in Pedmore, and from Staffordshire: Kinver High School in Kinver and Wombourne High School in Wombourne (formerly being Ounsdale High School until 31 August 2019).

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Trust is a company limited by guarantee and is an exempt charity. The charitable company's Memorandum and Articles of Association and Funding Agreement are the primary governing documents of the Trust. The Charitable Company was incorporated on 18 October 2014, and commenced operations on 1 March 2015.

The Trust is constituted under a Memorandum of Association dated 18 October 2014.

The Trustees of Invictus Education Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Invictus Education Trust.

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

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of Trust or breach of duty to which they may be guilty in relation to the Trust.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Trust's Board of Trustees' has been appointed for a 4 year term. Where a vacancy arises, through the completion of term or by the resignation of a serving Director, Trustees will be recruited in accordance with the Articles of Association and 'A Guide to the Law for School Directors.' The term of office for any Trustee is 4 years, and may be re elected.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The Trust is a member of the National Governors' Association and through this professional Body. Each member receives regular updates on current legislation by email and the NGA magazine. A programme of Governor specific training is provided by the Local Authority and additional training is sourced as required based on individual or collective need from external providers such as Browne Jacobson.

ORGANISATIONAL STRUCTURE

Chief Executive Officer/Accounting Officer

The Executive Headteacher is the Accounting Officer and Chief Executive Officer of the Trust, and as such, has ultimate responsibility for the operations and controls in place.

Board of Trustees

At the 31 August 2019, the Trust had a Board of Trustees with responsibility and accountability for the six schools, with a School Governing Board including Link Governors at each school; this includes Pedmore High School who academised and joined the Invictus Trust on 1 September 2018.

The Board of Trustees is responsible for setting the Trust's policies, approval of budgets, monitoring performance against these plans and making major decisions about the direction of the Trust including its curriculum, the achievement and welfare of students, and staffing.

Groups of Trustees may be formally organised outside of this structure as necessary to support the Trust as required.

Finance and Audit Committee

The Trust's Finance and Audit Committee works across the Trust, where appropriate, duties are delegated to sub committees and employees of the Trust. Although the Board of Trustees maintains overall control for the activities and performance of the Trust.

Management Structure

An aim of the management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the Trust nurtures the talents of its entire staff to support continual improvement and excellence.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Board of Trustees recognise the range of powers which it has a duty, or discretion, to exercise in respect of the remuneration of staff. Pay and remuneration is reviewed annually as required by the School Teachers' Pay and Conditions Document.

It is the responsibility of the Board of Trustees to approve annual pay increases of Key Management Personnel. Key Management Personnel are paid at a rate that is comparable to other employers of teachers.

Annual pay reviews are linked to performance, with appropriate incremental progression and 'cost of living' increases. Pay awards are only given where performance management targets have been met.

Support Staff salary grades are based on the National Joint Council Pay Range, in selecting the salary grade the responsibilities of the job outlined in the Job Description and Person Specification are used and the role is assessed using a recognised job evaluation scheme with advice from our HR Adviser.

TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the Year	3
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	3
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£
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Total cost of facility time	1,310
Total pay bill	19,793,395
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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INVICTUS EDUCATION TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Trust has procured the services of several external consultants to help develop educational and business expertise within the Trust. None of which constitute a related party or connected organisation but are currently working closely with the Trust:

- David Rzeznik (former Senior HMI Inspector)
- Peter Limm (former HMI Inspector)

OBJECTIVES AND ACTIVITIES

OBJECTIVES, STRATEGY AND AIMS

The principal object and activity of the Trust is to advance education in the UK for the public benefit, in particular by establishing, maintaining, carrying on, managing and developing its academies, offering a broad curriculum with a strong emphasis on the specified specialisms of those academies. In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

EDUCATIONAL AIMS

To Ensure that every child enjoys the same high quality in terms of resourcing, tuition and care

Year 7 Student Intake September 2019 and Ofsted Grading

School	PAN	Actual Number Admitted Sept 2019	Last Inspection Date	Ofsted Grading
Crestwood School	150	209	2018	Good with outstanding features in respect of personal development, behaviour and welfare
Ellowes Hall Sports College	180	224	2012	Outstanding
Kinver High School	120	128	2018	Requires Improvement with good features in respect of personal development, behaviour and welfare and the 16-19 study programme
Leasowes High School	150	209	2019	Good
Ounsdale High School	192	173	2018	Requires Improvement with good features in respect of personal development, behaviour
Pedmore High School	150	133	2016	Good with outcomes for pupils requires improvement

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

School Improvement Process

Invictus Education Trust has been created with a distinctive identity, and focus on Independent Minded Education and Elite Opportunities.

We start (and end) with academic excellence – and it is academic excellence for all. We will not deal in excuses and where, perhaps, circumstances conspire against our students; we will fight to overcome those circumstances. We know that for our students, that good qualifications will only take them so far. Consequently, we are determined to grow them in confidence, in articulacy and as leaders.

Students will have the opportunity to try out a wide and rich range of experiences and unique opportunities. We aim to expose them to the best of cultural, vocational and sporting opportunities. We understand that those aspects are not recreational but critical to the students' independent development and success

We are committed to our aims and vision and believe that more children will benefit from our educational promise. To that end, we will look to expand our provision across our borough.

We have established a rigorous system of School Improvement. The Trust has employed David Rzeznik, former Senior HMI, as an Educational Advisor. David Rzeznik has brokered the involvement of three further former HMI's – to support and advise and to conduct Headteacher performance management.

Quality assurance in Invictus schools begins with a detailed scrutiny of each school generated by its data. From this, we use a 'Scorecard' developed internally, and from this a school will produce a Self Evaluation Form (SEF). The work identified and required by the SEF is put into three categories of importance, (Red, Amber and Green). These, in effect, become the School Improvement Plan, giving clarity to the key areas of weakness within a school. Key priorities underpin whole school improvement at all levels.

Priorities are rag rated within schools and are scrutinised carefully by David Rzeznik, the CEO and the standards team.

To monitor progress towards meeting the key priorities of the School Improvement Plan we have a Progress Monitoring Visit in addition to termly Quality Assurance Days, or Focus Days. Each school will be visited by David Rzeznik, the CEO, and the standards team, including a peer Headteacher. The day concentrates on the priorities of the SIP and involves visits to lessons to observe learning, books scrutiny, interviews with pupils etc. David Rzeznik collate the observations into an Ofsted style summary. The report is published and will be lodged in the on line repository for Trustees to read and informs the necessary action points for each school to address. The process also allows areas of strength to be celebrated and CPD and collaboration across the Trust supports post Focus Day actions.

Additional Educational Expertise

A clear need to improve Maths continues to be a priority across the Trust. There are Subject Directors (specialists) in all EBacc subjects that support/guide and lead on improvement across the MAT. From September 2018, a Strategic Lead for Standards has worked with the CEO to rapidly improve standards across the Trust.

The Board also receives updates on schools progress during each meeting. There are formal 'data drops' when GCSE predictions - outlining attainment and progress – which are presented to Trustees.

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

Factors Relevant to Achieve Objectives

In order to achieve the objectives and future-plans of the Trust we must:

- Maintain our student numbers in those schools oversubscribed and work to increase our student numbers, particularly in two of our schools, which remain undersubscribed.
- Improve our Sixth Form Provision
- Maximise income and optimise alternative funding/grants
- Reduce staffing and expenditure in line with need/income
- Share good practice and seek opportunities to upskill staff through an effective programme of continued professional development.

Objectives and Aims – Business and Financial Management

Financial Management

To improve financial management within the Trust, the following controls have been implemented:

- Revised and enhanced internal control processes were put in place during 2017/18 and these have now been embedded during 2018/19 to achieve a consistent approach across all Trust schools' and these will continue to be refined as the need arises or as systems change.
- The financial control processes are independently reviewed each month by the centralised Finance Officer supporting each of the six Trust Schools.
- The Trust's Financial Procedure manual will be refreshed during Autumn 2019 incorporating the internal controls and checks developed through the new centralised finance model along with models of good internal school practice to adopt with points of contact.
- A programme of internal audit reviews is being drawn up to ensure compliance with the Academies Financial Handbook 2019 to complement the full audit of year end accounts as normal at 31 August.
- A programme of staff training on all financial systems in school will be developed after identifying any areas of strength or weaknesses across the Trust.
- The Fixed Asset Management Register of items in excess of £5,000 will be retained and controlled centrally. The FAR has been reformatted with enhanced processes for capturing the data. Schools will continue to maintain their own inventory of all assets in school for internal control purposes.
- The Trust maintains a centrally controlled Significant Risk Register.

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

Condition Improvement Funding

Invictus Education Trust has been extremely successful in the bids for Condition Improvement Funding. Between 2015 and 2017 grants totalling £15m have been awarded to the Trust covering all Trust Schools during that period.

Due to the number of students on roll, the Trust will no longer be able to submit applications for Condition Improvement Funding. However, since 2018, the Trust has been awarded £2.6m of Schools Condition Funding Allocation by the ESFA. An internal process to determine how this funding is to be fairly distributed to each school has been developed. The Trust school allocations are below.

School	Funding Approved	
Crestwood School	138,660	CCTV upgrade, Conservatory dining area
Ellowes Hall School	712,468	Science laboratory refit
Kinver High School	193,687	Food tech room, Students toilet refit
Leasowes High School	660,293	Science laboratory refit, Fire safety
Ounsdale High School	296,799	Fire safety, Students toilet refit
Pedmore High School	205,387	Students toilets refit, Refurb. halls, Boiler replacement
Contingency for Reactive Urgent repairs	121,112	£41,317 spent at Kinver High School and Pedmore High School
Total Funding Allocated Invictus	2,328,406	
Total Grant Approved ESFA	2,532,794	
Funding to be Allocated	204,388	

Finance Systems

All finance staff use the PS Financial Management System for main General Annual Grant funding and either the Pebble Fund Manager system or Tucasi to operate School Fund.

During 2018/19 the Trust upgraded PS Financials from V4 to V6 and provided training to school staff, both internally from the Finance Staff at Ward House and by the system provider.

Banking

All schools within the Trust bank with Barclays bank. This allows the Trust to have full access to all bank accounts, statements, users and to have full control over access security and banking limits.

Traded/External Services

HR Transactions/Payroll

Dudley Transaction and Payroll Department on a 3 year contract. This is a fully managed payroll and pension service operating from September – August.

HR Employment Advice

Browne Jacobson Solicitors on a 2 year contract. To provide HR Advice in matters such as disciplinary, capability, policies, employment law.

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

Insurance

Zurich Insurance via Solihull MBC Brokers on a 3 year contract. Cover runs from September – August and covers, inter alia land, buildings, assets, public liability, employer liability, school trips, mini buses.

Legal Services

Browne Jacobson Legal Advisory Service to the Trust dealing with schools converting to academy and joining the Trust.

Gas & Electricity

Northern Gas & Power have a fixed term 5 year energy supply contract..

School Fund

All schools in the Trust use Pebble Financial Management System or Tucasi to record School Fund transactions. This system is linked to Parent Pay or World Pay, which allows parents to have an online account therefore reducing cash management in the school office.

Tucasi Facility and Lettings Management System

Tucasi Booking Pro system is used by four Trust schools at 31 August 2019. A review of the facility will take place during 2019/20 to decide if the other two Trust schools should adopt the software for consistency or whether there is a different lettings management facility which will integrate with PS Financials.

PUBLIC BENEFIT

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

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

The following areas are deemed to be the key performance indicators for the Trust

Cash Flow

Cashflow across the Trust varies in line with both activities and reserves. All schools maintain a cash flow forecast and a vigilant check on cash against creditors and are proactive to ensure that debtor income is collected in a timely manner.

At the meeting on 30 September 2019, Trust Board approved a cash loan to Kinver High School of up to £0.2m with a five year repayment plan to assist the school's cash flow position which is due to their deficit reserve position reported at 31 August 2019.

Credit

All Trust school finance staff have access to a credit card for purchases to ensure procurement opportunities are both efficient and economical. There is a credit limit set on all credit purchases.

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

Student Numbers

The total number of students in Invictus Trust secondary Academy schools at 1 September 2019 are as follows. Previous years have been shown for comparative purposes.

Student Numbers	Sep-19	Sep-18	Sep-17	Sep-16	Sep-15
KS3 & KS4					
Years 7 – 11					
Crestwood School	894	822	747	717	716
Elloes Hall School	1,046	1,029	1,019	994	1,008
Kinver High School	548	532	549	500	521
Leasowes High School	896	848	789	719	705
Ounsdale High School	858	836	804	784	741
Pedmore High School	595	567	584	598	578
Total Year 7 to 11	4,837	4,634	4,492	4,312	4,269

The following page summarises students' achievements in GCSE results:

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

	Crestwood			Elowes			Kilmer			Leasowes			Pedmore			Ounsdale		
	All	PP	Non-PP	All	PP	Non-PP	All	PP	Non-PP	All	PP	Non-PP	All	PP	Non-PP	All	PP	Non-PP
Cohort Size	123	56	67	190	42	148	101	15	86	164	49	115	108	47	61	147	22	125
Average KS2 Level	4.59	4.31	4.82	4.88	4.50	4.99	4.89	4.34	4.99	4.71	4.59	4.77	4.58	4.51	4.63	4.93	4.69	4.97
PP %	45.5	100.0	0.0	22.1	100.0	0.0	14.9	100.0	0.0	29.9	100.0	0.0	43.5	100.0	0.0	15.0	100.0	0.0
PA High %	27.6	10.7	41.8	47.4	23.8	54.1	46.5	26.7	50.0	31.7	32.7	31.3	28.7	25.5	31.1	50.3	36.4	52.8
PA Mid %	58.5	62.5	55.2	40.5	52.4	37.2	44.6	46.7	44.2	54.3	51.0	55.7	48.1	46.8	49.2	40.1	50.0	38.4
PA Low %	13.0	25.0	3.0	10.0	23.8	6.1	5.9	26.7	2.3	10.4	16.3	7.8	19.4	23.4	16.4	8.2	13.6	7.2
SEN %	17.1	28.6	7.5	13.2	26.2	9.5	18.8	26.7	17.4	21.3	22.4	20.9	18.5	17.0	19.7	5.4	9.1	4.8
Boys %	48.0	42.9	52.2	47.4	47.6	47.3	53.5	46.7	54.7	52.4	32.7	60.9	49.1	42.6	54.1	57.8	54.5	58.4
Girls %	52.0	57.1	47.8	52.6	52.4	52.7	46.5	53.3	45.3	47.6	67.3	39.1	50.9	57.4	45.9	42.2	45.5	41.6
Attainment 8	38.07	32.80	42.47	45.69	36.00	48.44	47.56	35.43	49.67	41.07	36.70	42.93	38.34	33.63	41.96	47.50	35.89	49.55
- English	8.22	7.27	9.01	10.92	8.98	11.47	10.36	8.00	10.77	8.63	8.29	8.78	9.28	8.11	10.18	10.26	7.82	10.69
- Maths	6.54	5.46	7.43	8.76	6.90	9.28	9.19	6.80	9.60	7.93	6.78	8.42	7.65	7.02	8.13	9.17	7.27	9.50
- E-Bacc	10.22	8.75	11.45	12.00	8.71	12.93	13.49	10.00	14.09	12.59	11.02	13.27	9.93	8.46	11.06	14.09	10.55	14.65
- Open	13.09	11.32	14.57	14.01	11.40	14.76	14.53	10.63	15.21	11.92	10.62	12.47	11.48	10.05	12.59	14.04	10.25	14.71
Progress 8	-0.45	-0.47	-0.44	-0.32	-0.52	-0.27	-0.14	-0.48	-0.08	-0.39	-0.67	-0.26	-0.55	-0.88	-0.29	-0.21	-0.81	-0.10
- English	-0.53	-0.52	-0.54	0.26	-0.04	0.35	-0.03	-0.40	0.04	-0.52	-0.58	-0.49	-0.09	-0.53	0.24	-0.14	-0.87	-0.02
- Maths	-0.80	-0.77	-0.83	-0.41	-0.45	-0.40	-0.19	-0.39	-0.15	-0.37	-0.76	-0.19	-0.35	-0.51	-0.23	-0.26	-0.59	-0.20
- E-Bacc	-0.59	-0.52	-0.64	-0.71	-0.93	-0.64	-0.22	-0.43	-0.18	-0.06	-0.41	0.09	-0.85	-1.18	-0.59	-0.11	-0.61	-0.02
- Open	-0.04	-0.19	0.09	-0.27	-0.48	-0.20	-0.13	-0.64	-0.04	-0.64	-0.93	-0.51	-0.68	-1.04	-0.40	-0.32	-1.12	-0.19
E-Bacc Entry %	52.0	41.1	61.2	62.6	35.7	70.3	28.7	13.3	31.4	56.1	51.0	58.3	33.3	23.4	41.0	70.1	45.5	74.4
E-Bacc Pass (5+) %	17.1	12.5	20.9	21.6	9.5	25.0	16.8	6.7	18.6	23.8	18.4	26.1	10.2	2.1	16.4	27.2	4.5	31.2
E-Bacc Pass (4+) %	5.7	3.6	7.5	11.6	2.4	14.2	10.9	6.7	11.6	14.0	10.2	15.7	7.4	2.1	11.5	16.3	4.5	18.4
E-Bacc Score	3.17	2.68	3.57	3.97	2.96	4.26	4.06	3.00	4.24	3.82	3.39	4.00	3.21	2.72	3.58	4.34	3.20	4.54
7+ in English & Maths %	3.3	1.8	4.5	6.8	0.0	8.8	13.9	6.7	15.1	6.1	4.1	7.0	2.8	2.1	3.3	11.6	0.0	13.6
5+ in English & Maths %	13.8	7.1	19.4	44.2	21.4	50.7	45.5	26.7	48.8	25.6	18.4	28.7	22.2	17.0	28.2	41.5	18.2	45.6
4+ in English & Maths %	41.5	28.6	52.2	74.2	54.8	79.7	63.4	33.3	68.6	50.0	42.9	53.0	59.3	51.1	65.6	70.1	63.6	71.2
7+ in English %	8.1	3.6	11.9	23.7	11.9	27.0	25.7	13.3	27.9	12.8	14.3	12.2	12.0	6.4	16.4	19.7	9.1	21.6
5+ in English %	42.3	32.1	50.7	75.3	52.4	81.8	60.4	40.0	64.0	42.1	40.8	42.6	54.6	42.6	63.9	68.0	35.4	73.6
4+ in English %	62.6	48.2	74.6	91.1	76.2	95.3	79.2	46.7	84.9	62.8	57.1	65.2	71.3	59.6	80.3	83.7	68.2	86.4
7+ in Maths %	3.3	1.8	4.5	12.1	2.4	14.9	17.8	6.7	19.8	9.8	4.1	12.2	6.5	2.1	9.8	17.0	0.0	20.0
5+ in Maths %	18.7	8.9	26.9	44.7	21.4	51.4	51.5	33.3	54.7	35.4	24.5	40.0	25.9	19.1	31.1	44.2	22.7	48.9
4+ in Maths %	44.7	30.4	56.7	74.7	54.8	80.4	68.3	40.0	73.3	61.6	55.1	64.3	66.7	61.7	70.5	74.8	68.2	76.0

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

GOING CONCERN

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

FINANCIAL REVIEW

REVIEW OF ACTIVITIES

Principal Funding and financial performance

The Trust received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during the year.

Restricted General Fund

The majority of the Trust's income was received through Education and Skills Funding Agency (ESFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the Trust's charitable activities, its educational operations. These revenue grants and the associated expenditure made against them are detailed in the SOFA. General Restricted Fund income for the year was £23,994,421 (2018: £21,013,545) (excluding pension liabilities assumed on conversion); expenditure against the fund was £26,789,535 (2018: £24,646,764) including £939,000 (2018: £708,000) in relation to Actuarial movements in the LGPS pension deficit. After transfers there is an in-year deficit of £2,242,395 (2018: broke even) in the restricted general fund.

Unrestricted Funds

Income received into the Unrestricted Fund was £1,812,797 (2018: £1,779,571). Expenditure against the fund was £1,623,804 (2018: £1,405,849) for the year, giving an Unrestricted Fund, in-year surplus of £188,993 (2018: £373,722). After transfers there is an in-year surplus of £178,250 (2018: deficit of £569,178) on the unrestricted fund.

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Trust's Depreciation Policy.

Income received into the fund included £1,321,602 (2018: £1,494,359) Capital Improvement Funding (CIF) and £345,124 (2018: £77,525) of Devolved Capital Grant Funding. Expenditure from the fund equates to £2,366,137 of depreciation (2018: £2,170,410 of depreciation and a loss on disposal of leasehold land amounting to £1,680,000).

Summary of Financial Position

Total fund balance as at 31st August 2019 was £110,381,924 (2018: £104,379,259) comprised of a surplus of £406,237 (2018: £227,987), £183,605 (2018: £nil) and surplus of £121,726,082 (2018: £111,659,272) in Unrestricted, Restricted and Restricted Fixed Asset Funds respectively excluding the pension fund deficit of £11,934,000 (2018: £7,508,000).

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

Balance Sheet

The Trust's assets were predominantly used for providing education to school students within the Trust.

Some assets were used by the local community, predominantly for sports but also working with local charities to raise funds and support for the elderly and disadvantaged.

The net book value of the Trust's tangible fixed assets was £116,605,214 (2018: £105,569,025) as at 31st August 2019. Cash at bank at 31st August 2019 was £7,820,733 (2018: £6,941,463), which includes capital grants received, but not yet spent at the year end.

RESERVES POLICY

The Trust's Reserve Policy adheres to the legal requirement not to retain income reserves for an excessive period of time. Usually, restricted reserves derived from grant income would be excluded from the definition of reserves, since expenditure on such income is allocated for specific purposes. However, the Trust needs to balance the potential volatility in pupil numbers, increasing inflation, the uncertainty of Government specific grant funding to support the annual teacher's pay awards and the need to invest in its capital infrastructure to maintain a good state of repair against this policy. Therefore its main consideration is to build up its reserves to approximately 3% of annual expenditure for such areas of unexpected expenditure and to ensure the ongoing financial security of the Trust.

The Trust's free reserves as at 31 August 2019 amounted to £589,842 which comprised of unrestricted and restricted reserves excluding the pension reserve. Note 17 to the financial statements includes an overview of the Trusts free reserves by academy.

In addition to the above free reserves, the Trust has been allocated a further £1,314,676 School Condition Capital Maintenance during 2018/19. At 31 August 2019, the Trust has £204,388 of the £1,314,676 allocation remaining together with £79,795 from the 2017/18 funding earmarked as a contingency to fund emergency reactive projects.

MATERIAL INVESTMENTS POLICY

With the potential growth and diversity of the Trust, Trustees recognise the need for a formal Investment Policy ratified by Trustees. Where cash flows identify a base level of cash funds that will be surplus to requirements, these funds may be invested, following approval from the Finance and Audit Committee. In making decisions regarding where and how any surplus funds should be invested, and the pursuit of optimum performance consistent with due regard given to risk.

The Trust's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provisions of the Trust business, services and charitable objectives is an important, but secondary objective.

The Trust acknowledges that effective treasury management will provide support towards the achievement of its charitable objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of risk management.

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

PRINCIPAL RISKS AND UNCERTAINTIES

Principal Risk and Uncertainties

The major risks to which the Trust is exposed, as identified by the Trustees and Auditors will be reviewed, systems, and procedures established including internal controls to manage and mitigate these risks. Risks will be regularly reviewed and reported to the Audit and Finance Committee and any significant non compliance actioned upon.

The Trust regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of financial management activities will be measured. Risk management will be embedded into the ongoing planning and strategy process of the Board of Trustees.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The objectives of the Trust's Risk Management Procedure, is to identify the principal risks facing the Trust so that existing controls may be considered and further action taken if required, including external insurances.

The Board of Trustees has compiled a comprehensive risk management process to identify and monitor the risks faced by the Trust within the context of the Trust constitution.

The financial risks considered include; economic/financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial statutory requirements.

FUNDRAISING

The Trust does not work with any commercial partners or professional fundraisers but is aware of the Charity Commission publication "Charity fundraising : a guide to trustee duties" which covers fundraising practices.

Plans for future periods

FUTURE DEVELOPMENTS

The Trust strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be, into further and higher education or employment. The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child achieve their full potential.

The Trust believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the Trust strives to provide exceptional behaviour and attendance management support to its students, and to offer a broad range of extra curricular activities.

The Trust was unsuccessful with an application in (Wave 13, November 2018) for a Free School.

Crestwood School has a pre approved basic need capital project underway, funded by Dudley local authority to expand this popular School from September 2020. The project will provide a new teaching block with additional school places at an estimated cost of £3.93m This will allow the School's PAN to increase from 150 to 210 from September 2020.

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

Dudley MBC are still in the planning and tendering stage of the project so as at 31 August 2019 the trustees have taken the prudent approach that the buildings (and the associated donation in kind) will be recognised at a future date once the building is complete and has been formally handed over to the trust.

Expansion of the Trust

Invictus has 'nailed its colours to the mast' in terms of high academic achievement, allied to providing students with a broad, rich and confidence growing set of experiences. We have also chosen as an imprecise but very expressive benchmark that we will 'give any independent school a run for its money'. Consequently, when we consider expansion we need to recruit schools that could fit, or be grown to fit, our ambition.

Invictus Sixth Form continues to evolve. Between September 2016 to Sept 2018, student numbers increased year on year and results, especially at Advanced Level, improved greatly. Across the six Invictus schools, we currently offer:

- 34 A Level and BTEC courses, which means wider student choice
- Combined small course numbers, wherever possible, requiring fewer teachers.
- Collaboration across school campuses to ensure the best teachers are teaching our students
- Excellent information, advice and guidance alongside outstanding pastoral care.
- Student progress which exceeds that of all our local competitors.

In light of significant competition from local 'single site' competitors and for the first time, reduced recruitment in September 2019, we are currently in the process of redesigning the model for the Sixth Form to reduce the amount of travel between campuses that students will need to undertake. This is likely to result in only 2 campuses accommodating the teaching of sixth form courses, with our team of teaching staff travelling between them. Pastoral care, enrichment and PSCE is likely to remain in each base campus. We anticipate that this will make our offer more attractive to students in a very crowded Post-16 market.

FUNDS HELD AS CUSTODIAN

The academy trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

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. The academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

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

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

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

In accordance with the academy's Equal opportunities policy, the academy 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 academy's offices.

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 2/12/19 and signed on its behalf by:



Geoffrey Marsh
Chair of Trustees

INVICTUS EDUCATION TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Invictus Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 4 times during the year.

For 2019/20 and under the new governance framework there will be six Trust Board meetings per year. However, for 2018/19 there were four Trust Board meetings pending the outcomes of the Governance review which has now concluded.

Trust Board maintained effective oversight of funds with fewer than the six recommended meetings as follows:

- A 2018/19 budget revision exercise was undertaken and approved in December 2018 which completely updated the July 2018 approved budgets for the six Trust Schools;
- Monthly financial monitoring reports were issued to all Trustees from the February 2019 month end;
- The Trustees of the Finance and Audit committee dedicate part of the agenda to reviewing the six Trust School's budget position strategically both for the current year monitoring and forward planning against the Trusts reserves policy. Finance and Audit Committee also includes the link finance Governor from each School Governing Board which provides a local discussion regarding the school's finances, cash flow and current issues.

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

Trustee	Meetings attended	Out of a possible
Tony Bowles	4	4
William Caldwell	4	4
Craig Cartwright	3	4
Robert Dimmock	3	4
Lyndon Evans	1	4
Robert Evans	3	4
John Harris	2	4
Geoffrey Marsh, Chair	4	4
Richard Westwood	4	4
Phillip Whitehouse	0	1
Gillian Withers	4	4

Governance Reviews

With the support of legal advice from Browne Jacobson solicitors, the Board of Trustees have reviewed the current structure of the Board effective from 1 September 2019, including the structure, roles and responsibilities of the Local Governing Bodies and relevant sub committees, with the intention of streamlining the current structure and reviewing the scheme of delegation, in line with the requirements of the Department for Education Governance Handbook.

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GOVERNANCE STATEMENT (continued)

The governance structure from 1 September 2019 will consist of five Members and eight Trustees (including the CEO). Mr G Marsh is a Member and will continue to serve as the Chair of Trustees.

Members are scheduled to meet three times per year with Trust Board meeting six times per year from 2019/20.

Finance and Audit Committee

The Finance and Audit Committee is a sub committee of the main Board of Trustees.

All members of the Committee shall be Board Members of the Trust. There are no employees of the Trust on the Committee. However the External Auditor, Trust Employees and Chairs of the School's Governing Board Finance Committee are invited to attend meetings of the Committee on a regular basis and other non members invited attend all or part of any meeting as and when appropriate and necessary.

The Committee's purpose is to oversee the Trust's financial and audit considerations as required as part of the Trust's Funding Agreement to support the Trustee's role in ensuring regularity and propriety in use of the trust's funds, and achieve economy, efficiency and effectiveness.

The Committee's terms of reference are detailed in the Trusts Governance Arrangements and Scheme of Delegation.

Key responsibilities of the Finance & Audit Committee

- Ensure that the provision of non-audit services does not impair the External Auditors' independence or objectivity.
- Discuss with the External Auditors the nature and scope of each forthcoming audit and to ensure that the External Auditor receives the fullest co-operation.
- Review the External Auditor's annual management letter and all other reports and recommendations, together with the appropriateness of management's response.
- Review the reports and recommendations of the Internal Auditor, together with the appropriateness of management's response.
- Monitor the implementation of action agreed by management in response to reports from the External Auditor and Internal Auditor.
- Ensure that the Trust's audit services comply with the standards specified in the Academies Financial Handbook, complies in all other respects with these guidelines and meets the agreed level of service.
- Keep under review the Trust's financial management and reporting arrangements, providing constructive challenge (where necessary) to the actions and judgements of management in relation to the interim management and financial accounts, statements and reports and the annual accounts and financial statements, prior to submission to the Trust Board, paying particular attention to:
 - Critical accounting policies and practices, and any changes in them.
 - Decisions requiring a major element of judgement.
 - The extent to which the financial statements are affected by any unusual or complex transactions in the year and how they are disclosed.
 - The clarity and transparency of disclosures.
 - Significant adjustments resulting from the audit.
 - The going concern assumption; compliance with accounting standards.
 - Compliance with Department for Education and legal requirements

Monitoring, Oversight and Scrutiny

The Committee monitors the integrity of the financial statements of the Trust, including its annual reports, and any other formal announcement relating to its financial performance, reviewing and reporting to the Trust Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the Auditor.

Where requested by the Trust Board, the Committee will review the content of the Annual Report and Accounts and provide the Trust Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for readers to assess the Trust's performance, business model and strategy.

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GOVERNANCE STATEMENT (continued)

Whistleblowing, Fraud, Bribery and Corruption

Review the adequacy and security of the Trust's arrangement for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

Internal controls and risk management systems

Keep under review the adequacy and effectiveness of the Trust's internal financial controls and internal control and risk management systems, and review and approve the statements to be included in the Trustees Report and the Governance statement concerning internal controls and risk management.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Richard Westwood - (Trustee) Chair	4	4
Tony Bowles (Trustee/ Accounting Officer and CEO)	3	4
Robert Evans (Trustee)	2	3
Lyndon Evans (Trustee)	1	4
Craig Cartwright (Trustee)	4	4
Suresh Patel (invited)	2	4
Andrew Dyehouse (invited)	4	4
Hattie Grove (invited)	4	4
Peter Hipkiss (invited)	3	4
David Carr (invited)	3	4
David Darlston (Invited)	1	1
Matthew Doyle-Healey (Invited)	1	1

REVIEW OF VALUE FOR MONEY

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

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

- Merging and streamlining the use of traded services
- Revising the clerking of Members board, Trust Board, Finance & Audit and Local Governing Board meeting arrangements across the Trust for consistency.
- A restructure of the business and administration functions has been in developmental stages during 2018/19 and at the September 2019 meeting Trust Board approved the restructure which will be effective from April 2020 and centralise key functions such as HR, finance and marketing and also ensure parity of pay across standard roles within the Trust.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Invictus Education Trust for the year 1

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GOVERNANCE STATEMENT (continued)

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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

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

The auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. During the 2018/19 period there have been no specific internal audits invoked or necessary due to the change in the finance and accounting arrangements introduced in November 2017 which has embraced a centralised finance and accounting function with key controls and checks being undertaken centrally in respect of operational finance functions being undertaken in schools. This work has now been consolidated into monthly financial management processes and as a result the Trusts financial position is much healthier than 2017/18. However, as a financial risk mitigation to the Trust, an additional review of the income collection systems and processes in each school has been undertaken during 2018/19 by the central finance officers. The next step will be for the Trusts Financial Procedures manual to be updated to embrace the enhanced internal controls and system checks which are being put in place consistently across all Trust's schools.

Key financial controls are independently reviewed each month by the centralised Chief Finance Officer supporting the six Trust Schools.

For 2019/20 the Auditors schedule of internal audit testing will be reviewed and a programme of internal audit agreed with Finance and Audit Committee.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the external auditor;
- the work of the Chartered Accountants in the centralised finance function role;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework

Approved by order of the members of the board of Trustees on 2/12/19 and signed on their behalf, by;



Geoffrey Marsh
Chair of Trustees



Tony Bowles
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust board of directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



Tony Bowles
Accounting Officer

2/12/19.

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

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

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

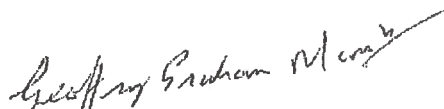
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of Trustees on 2/12/19 and signed on its behalf by:



Geoffrey Marsh
Chair of Trustees

INVICTUS EDUCATION TRUST
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INVICTUS EDUCATION TRUST**

OPINION

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

In our opinion the financial statements:

- give a true and fair view of the state of the 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, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INVICTUS EDUCATION TRUST**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Directors' responsibilities statement, 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.

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 academy or to cease operations, or have no realistic alternative but to do so.

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INVICTUS EDUCATION TRUST**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the 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.



Dave Darlaston (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date: 4/12/19

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 21 June 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Invictus Education Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF INVICTUS EDUCATION TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Invictus Education Trust's funding agreement with the Secretary of State for Education dated 26 February 2015, and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe U.K. LLP

Reporting Accountant

**Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG**

Date: 4/12/19

INVICTUS EDUCATION 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 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations & capital grants:						
Transfer on conversion	2	(94,973)	(1,572,541)	11,264,046	9,596,532	(67,889)
Other donations and capital grants	2	2,875	16,500	1,710,877	1,730,252	1,679,481
Charitable activities	4	772,024	25,550,462	-	26,322,486	22,023,068
Other trading activities	3	1,132,871	-	-	1,132,871	826,550
TOTAL INCOME		<u>1,812,797</u>	<u>23,994,421</u>	<u>12,974,923</u>	<u>38,782,141</u>	<u>24,461,210</u>
EXPENDITURE ON:						
Raising funds		663,317	-	-	663,317	434,306
Charitable activities:						
Loss on disposal of leasehold property		-	-	-	-	1,680,000
Other charitable activities		960,487	26,789,535	2,366,137	30,116,159	27,788,717
TOTAL EXPENDITURE	5	<u>1,623,804</u>	<u>26,789,535</u>	<u>2,366,137</u>	<u>30,779,476</u>	<u>29,903,023</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		<u>188,993</u>	<u>(2,795,114)</u>	<u>10,608,786</u>	<u>8,002,665</u>	<u>(5,441,813)</u>
Transfers between Funds	17	(10,743)	552,719	(541,976)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		<u>178,250</u>	<u>(2,242,395)</u>	<u>10,066,810</u>	<u>8,002,665</u>	<u>(5,441,813)</u>
Actuarial gains on defined benefit pension schemes	25	-	(2,000,000)	-	(2,000,000)	1,417,000
NET MOVEMENT IN FUNDS		<u>178,250</u>	<u>(4,242,395)</u>	<u>10,066,810</u>	<u>6,002,665</u>	<u>(4,024,813)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		<u>227,987</u>	<u>(7,508,000)</u>	<u>111,659,272</u>	<u>104,379,259</u>	<u>108,404,072</u>
TOTAL FUNDS CARRIED FORWARD		<u>406,237</u>	<u>(11,750,395)</u>	<u>121,726,082</u>	<u>110,381,924</u>	<u>104,379,259</u>

The notes on pages 33 to 59 form part of these financial statements.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09284368

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	12		116,605,214		105,569,025
CURRENT ASSETS					
Debtors	13	2,030,122		2,636,658	
Cash at bank and in hand		7,820,733		6,941,463	
		<u>9,850,855</u>		<u>9,578,121</u>	
CREDITORS: amounts falling due within one year	14	<u>(3,844,345)</u>		<u>(2,983,848)</u>	
NET CURRENT ASSETS			<u>6,006,510</u>		<u>6,594,273</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>122,611,724</u>		<u>112,163,298</u>
CREDITORS: amounts falling due after more than one year	16		<u>(295,800)</u>		<u>(276,039)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>122,315,924</u>		<u>111,887,259</u>
Defined benefit pension scheme liability	25		<u>(11,934,000)</u>		<u>(7,508,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>110,381,924</u>		<u>104,379,259</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income funds	17	183,605		-	
Restricted fixed asset funds	17	121,726,082		111,659,272	
Restricted fixed asset fund		121,909,687		111,659,272	
Pension reserve		<u>(11,934,000)</u>		<u>(7,508,000)</u>	
Total restricted funds			<u>109,975,687</u>		<u>104,151,272</u>
Unrestricted income funds	17		<u>406,237</u>		<u>227,987</u>
TOTAL FUNDS			<u>110,381,924</u>		<u>104,379,259</u>

The financial statements on pages 30 to 59 were approved by the Trustees, and authorised for issue, on 2/12/19 and are signed on their behalf, by:


Geoffrey Marsh
 Chair of Directors

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	686,280	(2,770,370)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(2,138,280)	(2,371,357)
Capital funding received from ESFA and other sources		2,410,470	6,450,527
Net cash provided by investing activities		272,190	4,079,170
Cash flows from financing activities:			
Repayments of loan borrowings		(101,465)	(65,600)
New loans received		-	150,571
Cash transferred on conversion		22,265	-
Net cash (used in)/provided by financing activities		(79,200)	84,971
Change in cash and cash equivalents in the Year		879,270	1,393,771
Cash and cash equivalents brought forward		6,941,463	5,547,692
Cash and cash equivalents carried forward	21	7,820,733	6,941,463

The notes on pages 33 to 59 form part of these financial statements.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements represent the financial results and financial position of Invictus Education Trust ("the trust"), which comprised of the following member academies at the 31 August 2019:

The Crestwood School
Ellowes Hall Sports College
Kinver High School
Ounsdale High School
Leasowes High School
Pedmore High School (From 1 September 2018)

Pedmore High School converted to Academy status on 1 September 2018 and all the operations and assets and liabilities were transferred to the Academy Trust on this date. Further details can be found in note 22.

1.2 Company status

The trust is a company limited by guarantee and was incorporated in England and Wales (registered number 09284368). The address of the registered office is Ward House, Himley Park, Himley, West Midlands, DY3 4DF. The members of the company are named in the reference and administration pages. In the event of the trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the trust.

1.3 Fund accounting

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

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

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

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

Other income, including the hire of facilities, coach income and other generated 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.

1.5 Expenditure

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

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

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

Expenditure is inclusive of irrecoverable VAT.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold Property	-	50 years straight line
Leasehold Property	-	50-125 years straight line
Furniture & Equipment	-	8 years straight line
Motor vehicles	-	4 years straight line
ICT	-	3 years straight line

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

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 restricted fixed asset fund within the Statement of financial activities.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Conversion to an academy

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

1.9 Operating leases

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

1.10 Taxation

The trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 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.

1.12 Liabilities and provisions

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

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.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 14 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, 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 the assets are held separately from those of the trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Agency arrangements

The trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes to the financial statements.

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

There are no further critical judgments which would have a material impact on the financial statements.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
LA surplus/deficit on conversion	(94,973)	(85,541)	-	(180,514)	(67,889)
Donated fixed assets	-	-	11,264,046	11,264,046	-
Defined benefit pension scheme deficit	-	(1,487,000)	-	(1,487,000)	-
Transfer on conversion	(94,973)	(1,572,541)	11,264,046	9,596,532	(67,889)
Other donations	2,875	16,500	-	19,375	11,387
Capital grants	-	-	1,710,877	1,710,877	1,668,094
Other voluntary income	2,875	16,500	1,710,877	1,730,252	1,679,481
Total donations and capital grants	(92,098)	(1,556,041)	12,974,923	11,326,784	1,611,592
Total 2018	11,387	(67,889)	1,668,094	1,611,592	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings income	345,228	345,228	284,714
Other income	436,653	436,653	239,050
Productions and similar income	101,618	101,618	112,268
Coach income	137,096	137,096	129,197
Swimming income	112,276	112,276	61,321
	1,132,871	1,132,871	826,550
Total 2018	826,550	826,550	

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>As restated</i> Total funds 2018 £
DfE/ESFA grants				
General annual grant (GAG)	-	23,062,625	23,062,625	18,844,172
Start up grant	-	-	-	25,000
Other DfE/ESFA grants	-	1,633,332	1,633,332	1,225,137
	-	24,695,957	24,695,957	20,094,309
Other government grants				
Local Authority grants	-	854,505	854,505	987,125
	-	854,505	854,505	987,125
Other funding				
Catering income	211,648	-	211,648	214,574
School Fund income	560,376	-	560,376	727,060
	772,024	-	772,024	941,634
	772,024	25,550,462	26,322,486	22,023,068
<i>Total 2018</i>	941,634	21,081,434	22,023,068	

5. EXPENDITURE

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	<i>As restated</i> Total 2018 £
Expenditure on fundraising trading - direct costs					
Direct costs	149,153	-	514,164	663,317	434,306
Support costs	-	-	-	-	-
Funding for the Academy's operations:					
Direct costs	17,596,103	2,366,137	1,503,008	21,465,248	20,048,127
Support costs	5,267,812	1,449,466	1,933,633	8,650,911	9,420,590
	23,013,068	3,815,603	3,950,805	30,779,476	29,903,023
<i>Total 2018</i>	19,316,762	7,126,116	3,460,145	29,903,023	

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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

6. SUPPORT COSTS

	Funding Academy's operations £	Total 2019 £	Total 2018 £
Technology costs	250,026	250,026	227,774
School trip expenditure	644,022	644,022	734,386
Recruitment and support	66,633	66,633	53,850
Maintenance of premises and equipment	407,448	407,448	2,467,857
Cleaning	83,144	83,144	55,513
Rents & rates	243,766	243,766	213,418
Energy costs	492,068	492,068	459,082
Insurances and security	223,040	223,040	201,006
Bank interest & charges	26,113	26,113	18,359
Other support costs	853,017	853,017	518,199
Professional services	69,072	69,072	23,923
Governance costs	24,750	24,750	28,237
Wages and salaries	3,321,113	3,321,113	2,898,281
National insurance	220,138	220,138	188,803
Pension cost	1,726,561	1,726,561	1,331,902
	<u>8,650,911</u>	<u>8,650,911</u>	<u>9,420,590</u>
<i>Total 2018</i>	<u>9,420,590</u>	<u>9,420,590</u>	

During the year the trust incurred governance costs in relation to statutory audit fees and professional fees.

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	Note	2019 £	2018 £
Depreciation of tangible fixed assets:			
- owned by the trust	12	2,366,137	2,170,410
Fees payable to the trust's auditor	8	27,600	31,025
Loss on disposal of fixed assets	12	-	1,680,000
Other operating lease rentals		<u>167,004</u>	<u>160,321</u>

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8. AUDITOR'S REMUNERATION

	2019	2018
	£	£
Fees payable to the trust's auditor for the audit of the annual accounts	24,750	22,800
Fees payable to the trust's auditor in respect of: All other services not included above	2,850	8,225
	<u>27,600</u>	<u>31,025</u>

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NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	16,849,676	14,088,829
Social security costs	1,673,211	1,417,728
Operating costs of defined benefit pension schemes	3,951,714	3,169,996
	22,474,601	18,676,553
Staff restructuring costs - severance payments	76,496	211,173
Supply costs	461,971	429,036
	23,013,068	19,316,762

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

There were four non-statutory/non-contractual severance payments during the year amounting to £33,347. Individually, the payments were £11,000, £19,900, £1,233 and 1,215 (2018: £32,928, one for £29,928 and one for £3,000).

c. Staff numbers

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

	2019	2018
	No.	No.
Management	40	39
Teachers	281	236
Support	356	311
	677	586

d. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	4	3
In the band £70,001 - £80,000	6	2
In the band £80,001 - £90,000	1	2
In the band £90,001 - £100,000	1	2
In the band £110,001 - £120,000	0	1
In the band £120,001 - £130,000	1	0

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9. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the trust comprise the senior management team, details of whom can be found within the reference and administrative pages. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the trust was £984,975 (2018: £683,066).

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2019	2018
		£	£
Andrew Griffiths	Remuneration	-	110,000-115,000
	Pension contributions paid	-	10,000-15,000
Tony Bowles	Remuneration	125,000-130,000	-
	Pension contributions paid	15,000-20,000	-

During the year, no Directors received any reimbursement of expenses (2018 - £NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £926 (2018 - £996).

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NOTES TO THE FINANCIAL STATEMENTS
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12. TANGIBLE FIXED ASSETS

	Long term leasehold Property £	Freehold Property £	Fixtures, fittings and motor vehicles £	Computer equipment £	Assets under construct'n £	Total £
Cost or valuation						
At 1 September 2018	61,722,370	45,386,000	618,917	326,769	4,572,853	112,626,909
Additions	174,507	-	141,229	242,173	1,580,371	2,138,280
Transfer between classes	3,479,798	387,889	-	-	(3,867,687)	-
Transferred on conversion	-	11,264,046	-	-	-	11,264,046
At 31 August 2019	<u>65,376,675</u>	<u>57,037,935</u>	<u>760,146</u>	<u>568,942</u>	<u>2,285,537</u>	<u>126,029,235</u>
Depreciation						
At 1 September 2018	4,273,651	2,371,701	194,326	218,206	-	7,057,884
Charge for the Year	1,295,350	951,293	67,683	51,811	-	2,366,137
At 31 August 2019	<u>5,569,001</u>	<u>3,322,994</u>	<u>262,009</u>	<u>270,017</u>	-	<u>9,424,021</u>
Net book value						
At 31 August 2019	<u>59,807,674</u>	<u>53,714,941</u>	<u>498,137</u>	<u>298,925</u>	<u>2,285,537</u>	<u>116,605,214</u>
At 31 August 2018	<u>57,448,719</u>	<u>43,014,299</u>	<u>424,591</u>	<u>108,563</u>	<u>4,572,853</u>	<u>105,569,025</u>

Freehold land

Included in freehold property is freehold land amounting to £5,114,940 (2018: £3,003,665) which is not depreciated.

Leasehold title

Long leasehold property includes property that has been gifted to the trust on 125 year leases upon conversion of constituent schools to the trust. The legal owners of the leasehold properties being Dudley Metropolitan Borough Council and South Staffordshire County Council.

13. DEBTORS

	2019 £	2018 £
Trade debtors	88,521	75,486
Other debtors	477,896	344,211
Accrued capital grants	1,070,606	1,770,200
Prepayments and accrued income	393,099	446,761
	<u>2,030,122</u>	<u>2,636,658</u>

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14. CREDITORS: Amounts falling due within one year

	2019	2018
	£	£
Local Authority and Salix loans	16 185,140	103,588
Trade creditors	623,646	579,057
Capital accruals	1,466,475	1,270,115
Other taxation and social security	404,680	338,025
Other creditors	407,808	342,441
Accruals and deferred income	756,596	350,622
	3,844,345	2,983,848
	2019	2018
	£	£
Deferred income		
Deferred income at 1 September 2018	85,088	84,028
Resources deferred during the year	77,208	85,088
Amounts released from previous years	(85,088)	(84,028)
Deferred income at 31 August 2019	77,208	85,088

Included in deferred income are grants and other income received in advance of entitlement for the 19/20 academic year.

15. AGENCY ARRANGEMENTS

The trust distributes bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the trust received £27,077, (2018: £21,030) and disbursed £15,164 (2018: £13,678) from the fund. An amount of £59,630 (2018: £47,716) is included in other creditors relating to undistributed funds.

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

	2019	2018
	£	£
Local Authority and Salix loans	295,800	276,039

Loans

Included in Local authority and Salix loans are the following concessionary loans.

South Staffordshire County Council

This is an interest free, concessionary loan which was agreed before the constituent school joined the trust. The amount outstanding is £nil (2018: £5,625). This loan has been fully repaid during the year.

Dudley Metropolitan Borough Council

There are a number of loans from Dudley Metropolitan Borough Council amounting to £357,821 of which £161,889 is due within 1 year. These loans are interest bearing at a rate of 3.5% and 2.5% respectively and are fully repayable within 5 years. Both of these loans were agreed before the constituent schools joined the trust.

Salix and CIF related loans

The remaining loans amounting to £123,119 are interest free Salix loans which were agreed as part of the CIF applications. The loans are due for repayment by instalments. £23,930 was due for repayment after more than 5 years.

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

17. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	27,860	1,347,392	(979,782)	(63,900)	-	331,570
School funds	200,127	560,376	(644,022)	75,422	-	191,903
Deficit on conversion	-	(117,236)	-	-	-	(117,236)
School funds inherited on conversion	-	22,265	-	(22,265)	-	-
	<u>227,987</u>	<u>1,812,797</u>	<u>(1,623,804)</u>	<u>(10,743)</u>	<u>-</u>	<u>406,237</u>
Restricted funds						
General annual grant	199,152	23,030,981	(23,298,911)	497,254	-	428,476
Other DfE/ESFA grants	-	1,633,332	(1,633,332)	-	-	-
LA grants	-	878,305	(878,305)	-	-	-
Start up grants	15,643	-	(15,643)	-	-	-
Salix and LA loans	(214,795)	(85,541)	-	55,465	-	(244,871)
Other restricted funds	-	24,344	(24,344)	-	-	-
Pension reserve	(7,508,000)	(1,487,000)	(939,000)	-	(2,000,000)	(11,934,000)
	<u>(7,508,000)</u>	<u>23,994,421</u>	<u>(26,789,535)</u>	<u>552,719</u>	<u>(2,000,000)</u>	<u>(11,750,395)</u>
Restricted fixed asset funds						
Restricted fixed assets	105,569,025	-	(2,366,137)	13,402,326	-	116,605,214
ESFA Capital grants	6,255,080	12,974,923	-	(13,990,302)	-	5,239,701
LA capital loan	(164,833)	-	-	46,000	-	(118,833)
	<u>111,659,272</u>	<u>12,974,923</u>	<u>(2,366,137)</u>	<u>(541,976)</u>	<u>-</u>	<u>121,726,082</u>
Total restricted funds	<u>104,151,272</u>	<u>36,969,344</u>	<u>(29,155,672)</u>	<u>10,743</u>	<u>(2,000,000)</u>	<u>109,975,687</u>
Total of funds	<u>104,379,259</u>	<u>38,782,141</u>	<u>(30,779,476)</u>	<u>-</u>	<u>(2,000,000)</u>	<u>110,381,924</u>

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17. STATEMENT OF FUNDS (continued)

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

Unrestricted funds

These funds represent those resources which may be used towards meeting any of the charitable objects of the charitable company at the discretion of the Directors.

Restricted funds

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and the Local Authority(ies).

Restricted fixed asset funds

These funds represents the carrying value of fixed assets that have either been received upon conversion of constituent Academies into the Trust or have been purchased from grants received from the ESFA. It also includes fixed assets that have been funded by grants/loans from the ESFA/LA plus amounts received which have yet to be spent on future capital assets.

Transfers between funds

Transfers between funds represent capital items purchased from GAG offset by capital grants spent on revenue expenditure along with other expenditure transfers.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £	Total 2018 £
Ellowes Hall Sports College	(4,969)	(305,974)
The Crestwood School	395,689	173,138
Kinver High School	(166,585)	9,197
Ounsdale High School	136,090	(174)
Central Services	346,031	385,843
Leasowes High School	63,373	(34,043)
Pedmore High School	(179,787)	-
Total before fixed asset fund and pension reserve	589,842	227,987
Restricted fixed asset fund	121,726,082	111,659,272
Pension reserve	(11,934,000)	(7,508,000)
Total	110,381,924	104,379,259

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17. STATEMENT OF FUNDS (continued)

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Ellowes Hall Sports College	4,969
Kinver High School	166,585
Pedmore High School	179,787

The schools in deficit are being supported by the trust with a view to returning them to surplus through a mixture of cost control and close financial management.

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depr'n £	Total 2019 £	Total 2018 £
Ellowes Hall Sports College	3,839,157	869,542	365,458	353,452	5,427,609	6,114,117
Kinver High School	2,180,076	381,283	181,838	507,943	3,251,140	3,124,889
Wombourne High School	2,883,417	691,245	161,449	611,671	4,347,782	4,348,317
The Crestwood School	3,059,201	765,795	249,794	437,826	4,512,616	5,411,150
Leasowes High School	3,326,597	951,157	255,560	682,171	5,215,485	5,594,136
Pedmore High School	2,129,752	768,148	192,140	367,869	3,457,909	-
Central services	327,056	840,642	96,769	936,331	2,200,798	1,460,004
	<u>17,745,256</u>	<u>5,267,812</u>	<u>1,503,008</u>	<u>3,897,263</u>	<u>28,413,339</u>	<u>26,052,613</u>

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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
General funds						
General funds	616,341	1,052,511	(698,092)	(942,900)	-	27,860
School funds	180,824	727,060	(707,757)	-	-	200,127
Restricted funds						
General annual grant	15,934	18,844,172	(21,701,745)	3,040,791	-	199,152
Other DfE/ESFA grants	-	1,249,180	(1,249,180)	-	-	-
LA grants	-	963,082	(963,082)	-	-	-
Start up grants	-	25,000	(9,357)	-	-	15,643
Salix and LA loans	(15,934)	(67,889)	(15,400)	(115,572)	-	(214,795)
Pension reserve	(8,217,000)	-	(708,000)	-	1,417,000	(7,508,000)
	<u>(8,217,000)</u>	<u>21,013,545</u>	<u>(24,646,764)</u>	<u>2,925,219</u>	<u>1,417,000</u>	<u>(7,508,000)</u>
Restricted fixed asset funds						
Restricted fixed assets	105,956,154	-	(3,850,410)	3,463,281	-	105,569,025
ESFA Capital grants	9,434,494	1,571,884	-	(4,751,298)	-	6,255,080
LA donated assets	433,259	96,210	-	(529,469)	-	-
LA capital loan	-	-	-	(164,833)	-	(164,833)
	<u>115,823,907</u>	<u>1,668,094</u>	<u>(3,850,410)</u>	<u>(1,982,319)</u>	<u>-</u>	<u>111,659,272</u>
Total restricted funds	<u>107,606,907</u>	<u>22,681,639</u>	<u>(28,497,174)</u>	<u>942,900</u>	<u>1,417,000</u>	<u>104,151,272</u>
Total of funds	<u>108,404,072</u>	<u>24,461,210</u>	<u>(29,903,023)</u>	<u>-</u>	<u>1,417,000</u>	<u>104,379,259</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. CENTRAL SERVICES

The trust has provided the following central services to its academies during the year:

- Management services
- Legal services
- Education support services
- Maintenance and admin support services

The charitable company charges for these services based on a percentage of grant income received for each constituent academy. Any surplus generated is held as contingency reserve for use in future periods.

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
The Crestwood School	265,803	266,748
Kinver High School	223,312	158,698
Ellowes Hall Sports College	392,545	356,588
Wombourne High School	328,287	279,847
Leasowes High School	218,313	182,240
Pedmore High School	203,354	-
	<u>1,631,614</u>	<u>1,244,121</u>
Total		

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

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	116,605,214	116,605,214
Current assets	523,473	4,087,681	5,239,701	9,850,855
Creditors due within one year	(39,078)	(3,759,267)	(46,000)	(3,844,345)
Creditors due in more than one year	(78,158)	(144,809)	(72,833)	(295,800)
Provisions for liabilities and charges	-	(11,934,000)	-	(11,934,000)
	<u>406,237</u>	<u>(11,750,395)</u>	<u>121,726,082</u>	<u>110,381,924</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	105,569,025	105,569,025
Current assets	227,987	3,095,054	6,255,080	9,578,121
Creditors due within one year	-	(2,937,848)	(46,000)	(2,983,848)
Creditors due in more than one year	-	(157,206)	(118,833)	(276,039)
Provisions for liabilities and charges	-	(7,508,000)	-	(7,508,000)
	<u>227,987</u>	<u>(7,508,000)</u>	<u>111,659,272</u>	<u>104,379,259</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	8,002,665	(5,441,813)
Adjustment for:		
Depreciation charges	2,366,137	2,170,410
Loss on disposal of assets	-	1,680,000
Capital grants receivable from ESFA and other sources	(1,710,877)	(1,668,094)
Increase in debtors	(93,058)	(94,573)
Increase/(decrease) in creditors	778,945	(403,022)
Fixed assets transferred on conversion	(11,264,046)	-
LGPS pension deficit inherited on conversion	1,487,000	-
LGPS pension scheme adjustments	939,000	708,000
Deficit/surplus transferred on conversion	180,514	278,722
Net cash provided by/(used in) operating activities	<u>686,280</u>	<u>(2,770,370)</u>

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21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	7,820,733	6,941,463
Total	7,820,733	6,941,463

22. CONVERSION TO AN ACADEMY TRUST

On 1 September 2018 Pedmore High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Invictus Education Trust from Dudley Metropolitan Borough Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Donated fixed assets	-	-	11,264,046	11,264,046
LA surplus/deficit on conversion	(94,973)	(85,541)	-	(180,514)
LGPS pension deficit	-	(1,487,000)	-	(1,487,000)
Net assets/(liabilities)	(94,973)	(1,572,541)	11,264,046	9,596,532

23. CONTINGENT LIABILITIES

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

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24. CAPITAL COMMITMENTS

At 31 August 2019 the trust had capital commitments as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	<u>2,358,803</u>	<u>5,230,255</u>

25. PENSION COMMITMENTS

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

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

Teachers' Pension Scheme.

The Academy Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,954,000 (2018 - £1,629,000) and at the year-end £256,212 (2018 - ££213,229) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is

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25. PENSION COMMITMENTS (continued)

certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,177,000 (2018 - £968,000), of which employer's contributions totalled £943,000 (2018 - £783,000) and employees' contributions totalled £243,000 (2018 - £185,000). The agreed contribution rates for future years are between 21.3% and 27.2% for employers and between 5.5% and 12.5% for employees.

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

The trust has entered into an agreement to make contributions in addition to normal funding levels due to the scheme being in deficit. It is anticipated that the additional contributions will be paid over the following years as follows:

2019/20: £197,940

Principal actuarial assumptions:

	2019	2018
Discount rate for scheme liabilities	1.83 %	2.75 %
Rate of increase in salaries	3.20 %	3.13 %
Pension increases	2.25 %	2.37 %

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	21.00	22.00
Females	23.35	24.4
Retiring in 20 years		
Males	22.40	24.10
Females	24.95	26.50

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25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	5,717,000	4,391,000
Bonds	1,138,000	697,000
Other bonds	270,000	184,000
Property	750,000	545,000
Cash/liquidity	299,000	240,000
Other	1,059,000	692,000
	<u>9,233,000</u>	<u>6,749,000</u>

The actual return on scheme assets was £412,000 (2018 - £437,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	1,400,000	1,263,000
Net interest on defined liability	232,000	206,000
Admin expenses	3,000	2,000
Losses on curtailments	247,000	-
	<u>1,882,000</u>	<u>1,471,000</u>

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

	2019 £	2018 £
Opening defined benefit obligation	14,257,000	14,004,000
Transferred in on conversion	2,398,000	-
Current service cost	1,400,000	1,263,000
Interest cost	452,000	365,000
Employee contributions	234,000	185,000
Actuarial losses/(gains)	2,310,000	(1,416,000)
Benefits paid	(131,000)	(164,000)
Losses on curtailments	247,000	20,000
	<u>21,167,000</u>	<u>14,257,000</u>

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25. PENSION COMMITMENTS (continued)

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

	2019 £	2018 £
Opening fair value of scheme assets	6,749,000	5,787,000
Transferred in on conversion	911,000	-
Interest income	220,000	159,000
Actuarial gains and (losses)	310,000	1,000
Employer contributions	943,000	783,000
Employee contributions	234,000	185,000
Benefits paid	(131,000)	(164,000)
Admin expenses	(3,000)	(2,000)
	<u>9,233,000</u>	<u>6,749,000</u>

26. OPERATING LEASE COMMITMENTS

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

	2019 £	2018 £
Amounts payable:		
Within 1 year	141,182	158,075
Between 1 and 5 years	88,826	134,419
After more than 5 years	81,814	120,794
Total	<u>311,822</u>	<u>413,288</u>

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

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28. MEMBERS' LIABILITY

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

