

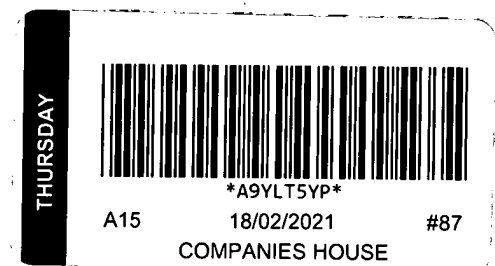
Companies House

**Leigh  
Academies  
Trust**

**Annual Report and Financial  
Statements**

31 August 2020

Company Limited by Guarantee  
Registration Number 2336587  
(England and Wales)



## Contents

### Reports

Reference and administrative information	1
Directors' report	3
Governance statement	21
Statement of regularity, propriety and compliance	26
Statement of Directors' responsibilities	27
Independent auditor's report on the financial statements	28
Independent reporting accountant's report on regularity	31

### Financial Statements

Consolidated statement of financial activities	33
Balance sheets	34
Consolidated statement of cash flows	35
Principal accounting policies	37
Notes to the accounts	44

## Reference and administrative information

<b>Members</b>	Sir G Leigh (Chairman) Mr A F X Green Cllr J Kite Mr R Race	Professor G Randsley de Moura Cllr R Gough Professor M Snowden
<b>Directors</b>	Mr A F X Green (Chairman) Ms A Barritte Cllr Sir P Carter Mr K Ellis Mr S P Beamish Mrs H Esmonde	Mr G Clewes Mr J Nicholson Dr W Hogan – O'Neill Professor M Snowden Mr M Costello Mrs T Davies
<b>Secretary</b>	Mr S Avis	
<b>Trust Executives</b>	Mr S P Beamish Mr N Willis Mr S Avis Ms S Crocker Mr S Vernoux Mr R Taylor Mrs S Waterman Mrs D Biggenden Mrs T Trusler Mrs E Elwin	Chief Executive Chief Operating Officer Finance Director Estates Director IT Director People Director Education Director Academies Director Academies Director Academies Director
<b>Registered office</b>	Strood Academy Carnation Road Rochester ME2 2SX	
<b>Company registration number</b>	2336587 (England and Wales)	
<b>External Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL	

## Reference and administrative information

<b>Bankers</b>	HSBC plc 38 High Street Dartford Kent DA1 1DG	NatWest Bank County Gate 2 Stacey's Street Maidstone ME14 1ST
	Lloyds Bank plc 78 New Road Gravesend Kent DA11 0AR	
<b>Solicitors</b>	T G Baynes House Market Street Dartford Kent DA1 1DB	
	Stone King LLP 16 St John's Lane London EC1M 4BS	
<b>Actuaries</b>	Barnett Waddingham Cheapside House 138 Cheapside London EC2V 6BW	

## **Directors' report 31 August 2020**

The Directors present their report together with the financial statements and auditor's report of Leigh Academies Trust for the year ended 31 August 2020. The annual report serves the purpose of both a Trustees' report and a Directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 37 to 43 of the attached financial statements and comply with the Trust's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Background and constitution**

The Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are its primary governing documents. The Directors are also Trustees of the charitable company for the purposes of charity law. The charitable company is known as Leigh Academies Trust (LAT).

Members of the company are nominated by the sponsors, Sir Geoffrey Leigh, Kent County Council, the University of Kent and the University of Greenwich.

Since February 2008, LAT has been a multi-academy Trust with Master Funding Agreements (MFA) and separate Supplemental Funding Agreements (SFA) to govern each academy.

#### **LAT Academies**

There were 25 academies within the Trust on 31 August 2020 as shown below. Marden Primary Academy (a 4-11 Primary School) joined the Trust from 1 September 2020 and two new academies; Bearsted Primary Academy (a 3-11 Primary School and Nursery) and Snowfields Academy (an 11-19 Special School) opened and joined the Trust from 1 September 2020.

- ◆ Allhallows Primary Academy (a 4-11 Primary School)
- ◆ Cherry Orchard Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Dartford Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Eastcote Primary Academy (a 3-11 Primary School and Nursery)
- ◆ The Halley Academy (an 11-19 Secondary School)
- ◆ Hartley Primary Academy (a 3-11 Primary School and Nursery)

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**LAT Academies** (continued)

- ◆ High Halstow Primary Academy (a 4-11 Primary School)
- ◆ Horsmonden Primary Academy (a 4-11 Primary School)
- ◆ The Hundred of Hoo Academy (a 4-19 All-through School)
- ◆ Langley Park Primary Academy (a 3-11 Primary School and Nursery)
- ◆ The Leigh Academy (an 11-19 Secondary School)
- ◆ Leigh Academy Blackheath (an 11-19 Secondary School)
- ◆ The Leigh UTC (an 11-19 free school with a licence from the Baker Dearing Trust to operate as a University Technical College)
- ◆ Longfield Academy (an 11-19 Secondary School)
- ◆ Mascalls Academy (an 11-19 Secondary School)
- ◆ Milestone Academy (a 3-19 Special School)
- ◆ Molehill Primary Academy (a 4-11 Primary School)
- ◆ Oaks Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Paddock Wood Primary Academy (a 4-11 Primary School)
- ◆ Sir Joseph Williamson's Mathematical School (an 11-19 Grammar School)
- ◆ Stationers' Crown Woods Academy (an 11-19 Secondary School)
- ◆ Stoke Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Strood Academy (an 11-19 Secondary School)
- ◆ Tree Tops Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Wilmington Academy (an 11-19 Secondary School)

**Members' liability**

Each Member of the charitable company undertakes to contribute to the assets of the Trust 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.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Directors' Indemnities**

In accordance with normal commercial practice, the Trust has purchased insurance to protect Directors, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1million on any one claim.

### **Directors**

The Articles of Association require the appointment of at least three Directors (unless otherwise determined by ordinary resolution). Directors are appointed to the Board by the Members. Governors are appointed to Academy Boards by the Directors.

The training and induction provided for new Directors depends on their existing experience. Where necessary, induction provides training on charity, education, legal and finance matters. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents to undertake their role as Directors.

The following Directors served during the period from 1 September 2019:

<b>Director</b>	<b>Appointed/Retired</b>	<b>Committees</b>
Ms A Barritte		Resources
Mr S P Beamish		
Cllr P Carter	Appointed 1 September 2020	
Mr G Clewes		
Mrs T Davies (Vice Chair)	Vice-Chair from July 2020	Resources (Chair), Audit
Mr K Ellis		Audit (Chairman)
Mrs H Esmonde	Appointed 1 September 2020	
Mr R J Findlay	Retired 6 July 2020	
Mr A F X Green (Chairman)	Chairman from July 2020	Standards (Chairman)
Dr W Hogan-O'Neill		Resources
Cllr J Kite	Retired 25 August 2020	
Mr M Costello		Standards
Mr J Nicholson		
Professor M Snowden		Standards

During the year under review the Trust Board held six full meetings and seven committee meetings.

### **Organisational structure**

The Board of Directors governs the activities of the Trust and oversees the work of the Academy Boards. It is also ultimately responsible for the strategic direction of the Trust and its overarching policies. Each Academy Board governs the work and outcomes of its assigned academies. Individual Academy Board governors are directly attached to a secondary or primary academy; they carry out regular visits to monitor progress at the Academy and report their findings to the next available meeting. The Trust's Scheme of Delegation sets parameters for decision-making by executives and approvals by governors.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Organisational structure** (continued)

The senior managers of the Trust are the CEO, Chief Operating Officer, Education Director, three Academies Directors, Finance Director, Estates Director, IT Director and People Director. They lead and manage the Trust, setting strategy and implementing policy in conjunction with the Board. Principals lead and manage the individual academies.

**Subsidiary companies**

The Trust has three wholly owned subsidiary companies:

- ◆ LAT Enterprises C.I.C, a community interest company incorporated in February 1991
- ◆ The Hundred of Hoo Nursery and Kids Club, a charitable company limited by guarantee incorporated in October 2007
- ◆ LAT Apprenticeships C.I.C, a community interest company incorporated in October 2019

The purpose and activity of each company is described in the notes to the financial statements. The results of LAT Enterprises C.I.C and The Hundred of Hoo Nursery and Kids Club are consolidated in these financial statements.

**Arrangements for setting pay and remuneration of key management personnel**

The pay and remuneration of key management personnel (who comprise the Trust Executives and academy Principals) are set by the Senior Pay Committee, which comprises the Chairman of the Trust Board, the Chairman of the Resources Committee and the Chief Executive Officer. The pay and remuneration of the Chief Executive Officer is determined by the Chairman of Members, the Chairman of the Trust Board and the Chairman of the Resources Committee.

**Trade union facility time**

The following information is provided in accordance with the provisions of the Trade Union (Facility Time Publications Requirements) Regulations 2017

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
24	21



**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Trade union facility time** (continued)

***Percentage of time spent on facility time***

Percentage of time	Number of employees
0%	0
1%-50%	24
51%-99%	0
100%	0

***Percentage of pay bill spent on facility time***

Total cost of facility time	£24,000
Total pay bill	£86,795,000
Percentage of the total pay bill spent on facility time	0.03%

**Related parties and other connected charities and organisations**

No Director received any remuneration in respect of their services as a Director during the year, nor for any other work undertaken on behalf of the Trust, with the exception of Mr S P Beamish in his capacity as an employee of the Trust. Governors are from sponsoring organisations, employers, local authorities or other organisations, some of which from time to time have dealings with the Trust in the course of their usual work. All transactions between these organisations and the Trust were carried out at arm's length and all material transactions were at standard rates.

**Engagement with employees (including disabled persons)**

As a Trust we believe that engaging with our workforce is a fundamental aspect of day to day operations and accordingly we have the following mechanisms in place:

- ♦ Operating a Joint Consultative Committee with trade unions to consult on all key matters relating to the employment of teaching and support staff.
- ♦ We undertake a twice yearly, Leigh Voice, engagement survey which is sent to all staff with the results forming key action plans by academy.
- ♦ We have a staff portal that contains news and policies as well as details of any initiatives for wellbeing and other projects.
- ♦ We operate a number of staff network groups to ensure that staff from specific communities have a voice and are able to be involved in the direction of the Trust.
- ♦ We also regularly publish documents on the future direction of the Trust, its vision and goals for the year ahead as well as the long term future.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Engagement with suppliers, customers and others in a business relationship with the Trust**

The Trust meets regularly with all of its principal suppliers in the spirit of co-operation and mutual interest. The Trust's academies work in partnership with suppliers at local level on the day-to-day delivery of services and Trust Executives engage with regional or national representatives to address contract management and value for money. Through its wholly owned subsidiary, LAT Enterprises C.I.C. the Trust maintains a strong dialogue with customers in the community who use academy facilities. This engagement is led by a dedicated team within the C.I.C.

The Trust and its academies engage fully with parents and guardians of our students. This engagement ranges from termly newsletters to specific, issue-based communications at academy level and through parent/guardian consultation events which address the progress of students. During the Covid-19 partial closure of our academies, parents/guardians were asked to comment on the effectiveness of online, remote learning and more than 80% of those who responded agreed that the learning provided was of a good standard.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and Aims**

The objects of Leigh Academies Trust are summarised as follows:

- ◆ To advance for the public benefit education in the United Kingdom, by establishing, maintaining, running, managing and developing schools which offer a broad and balanced curriculum or are specifically organised to make special educational provision for pupils with Special Educational Needs; and
- ◆ To promote for the benefit of the inhabitants of the areas in which the Academies are located and the surrounding areas the provision of facilities for recreation or other leisure.

### **Objectives, Strategies and Activities**

The Trust's *Vision 2025* sets out an Excellence Charter which establishes the context for the LAT Performance Agreement. The Charter commits the Trust to do the following:

- ◆ We will provide outstanding leadership and governance at every level so that all pupils attend an academy judged to be at least good overall by Ofsted.
- ◆ We will ensure a rich, engaging and inclusive curriculum with effective teaching and high-quality learning resources across all subjects and year groups.
- ◆ Regardless of their ability or personal circumstances, we will ensure that all groups of pupils make at least good progress and diminish differences in their attainment.

## **OBJECTIVES AND ACTIVITIES** (continued)

### **Objectives, Strategies and Activities** (continued)

- ◆ We will develop pupils' characters and attributes in line with the International Baccalaureate Learner Profile so that all LAT alumni obtain a collection of desirable qualities before they leave school.
- ◆ We will ensure that pupils are well behaved, confident and respectful in a safe and secure environment.
- ◆ We will ensure a high-quality workforce and prioritise staff retention, professional development and well-being.
- ◆ Through our "Business Promise" we will guarantee strong engagement for all pupils with industry and employers.
- ◆ We will provide all pupils with a high-quality careers learning programme.
- ◆ We will grow to support more schools in the region so long as the education of current pupils and performance of existing academies does not suffer.
- ◆ We will work with our own and other primaries to ensure a smooth transition to our secondary academies.

### **Public Benefit**

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

## **STRATEGIC REPORT**

### **Achievements and performance**

#### **Overview**

On 1 September 2019, Paddock Wood Primary Academy and Horsmonden Primary Academy joined the Trust, bringing the total number of academies within the Trust to 25. From 1 September 2020, the Trust welcomed Marden Primary Academy on conversion from a local authority school to an academy. Two 'free' schools, Bearsted Primary and Snowfields, opened in new buildings from September 2020.

During the year, Ofsted carried out inspections at four of our academies. Stoke Primary Academy was judged to be 'Good' for the first time in 20 years, having joined LAT in January 2019 and achieved an 'Outstanding' assessment for leadership and management; Milestone Academy was rated 'Outstanding' for the third time in a row; and the new 'free' schools, Bearsted Primary and Snowfields were given approval to open from September 2020 following a rigorous pre-opening inspection.

## STRATEGIC REPORT (continued)

### Achievements and performance (continued)

#### Overview (continued)

Following the Trust's accreditation to the government's Register of Apprenticeship Training Providers (RoATP) in 2019, apprenticeship programmes were introduced in Engineering, Premises Management and for Teaching Assistants. Future plans include delivering apprenticeships in IT, Business Management and Hospitality.

The wellbeing of our staff has continued to be a major focus in 2019-20 and will continue to be in the next year. During the year we embedded our three major programmes designed to support this:

- ♦ LATOne – is a learning and knowledge platform which supports staff at induction and throughout their careers;
- ♦ Leigh Thrive – is a holistic wellbeing programme that aims to improve physical, mental, financial and social wellbeing. This includes access to professional counselling and financial guidance.
- ♦ Leigh Voice – is a survey platform that enables staff to have an even clearer voice and to express where the trust can build on its strengths and tackle areas of opportunity.

Despite the huge challenges faced by staff and students this year, there has been much to celebrate across LAT with students in all academies achieving success. It has been a most extraordinary year and staff who have done their utmost for our students deserve congratulation. Students themselves have been hugely resilient and have shown great character beyond their years.

In 2020, there were no formal assessments in primary academies and the teacher-assessed grades for secondary students are summarised in the table below.

Performance measure		LAT Average	
		2020	2019
GCSE	% of pupils achieving a grade 9-4 in English and maths	66%	61%
	% of pupils achieving a grade 9-5 in English and maths	40%	36%
Key Stage 4	Attainment 8	46	43
Key Stage 5	Average point score per Academic entry	34 (C)	29 (C)
	Average point score per Applied General entry	34 (Dist)	27 (Merit+)
	Average point score per Technical entry	31 (Dist)	29 (Merit+)

## **STRATEGIC REPORT (continued)**

### **Achievements and performance (continued)**

#### ***Overview (continued)***

LAT has taken the decision to deliver International Baccalaureate Programmes in all key stages as they 'aim to create a better world through education'. LAT is currently implementing the International Baccalaureate Career-related Programme in Key Stage 5 in five secondary academies, the Middle Years Programme in Key Stage 3 in 9 secondary academies and the Primary Years Programme in 14 primary academies. This world-class curriculum framework is underpinned by the International Baccalaureate Organisation's mission statement which is as follows:

'The International Baccalaureate® aims to develop inquiring, knowledgeable and caring young people who help to create a better and more peaceful world through intercultural understanding and respect.

To this end, the organization works with schools, governments and international organizations to develop challenging programmes of international education and rigorous assessment.

These programmes encourage students across the world to become active, compassionate and lifelong learners who understand that other people, with their differences, can also be right.'

The first cohort of students completed the International Baccalaureate Careers-related Programme in three academies, the results of which are reported in the Key Stage 5 section of the above table.

#### **Impact of Covid-19 on the Trust's activities**

In accordance with government direction, all of the Trust's academies closed to the majority of pupils on 20 March 2020, remaining open only for vulnerable children and those of key workers. Online lessons were delivered to students at home via Google Classrooms and Chromebooks were provided to pupils who did not have a device at home to access online lessons. The central Trust office closed until September 2020 with all staff working from home. The Trust utilised the government's national free school meal voucher scheme to enable eligible pupils to receive free meals when not in school.

With the partial closure of academies and the government's lockdown restrictions in place, academies were not able to generate income from third parties for their use of building facilities and no income was received from parents for before and after-school clubs. In addition, the Trust incurred additional cleaning and sanitation costs of more than £100,000.

The continuation of full government funding during the period enabled staff to be paid without the need for application to the government's Job Retention Scheme. In accordance with Procurement Policy Notices 02/2020 and 04/2020, contract variations were agreed with key suppliers as set out in the value for money section of the governance report.

## **STRATEGIC REPORT (continued)**

### **Impact of Covid-19 on the Trust's activities (continued)**

All school trips, both domestic and overseas were cancelled for the remainder of the academic year and refunds of £441,000 were made by academies to parents/guardians. All payments made by academies for cancelled trips were either reimbursed by travel companies or successfully claimed from the DfE Risk Protection Arrangement scheme during the year, with no losses made.

The government announced its intention that Primary schools/academies should open from 1 June 2020 for pupils in Reception, Year 1 and Year 6 and that Secondary pupils in Years 10 and 12 should return for 'face-to-face' contact with their teachers. Detailed risk assessments were carried out in all academies and all necessary safety measures were put in place. At an Extraordinary Meeting of the Trust Board in May 2020, Directors considered the risk assessments and unanimously agreed that LAT academies should reopen for the specified year groups.

The Trust updated risk assessments during the summer term in the light of updated government guidance and the Board met again on 25 August 2020 to consider whether LAT academies should open to all pupils from September. The Board agreed unanimously that all academies should open for all pupils for the new academic year.

During the Academy closures, the Department for Education provided 163 Chromebooks for students to support home-based online learning.

### **Going concern**

After making appropriate enquiries, the Directors have 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 its financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

### **Promoting the success of the Trust to achieve its charitable purposes**

The Board of Directors consists of individuals with a wealth of experience in local government, primary, secondary and tertiary education, local business and national charities. The wide range of skills and experience enables the Board to understand the wider impact of its decisions on the local private and business communities. Trust Executives are challenged by Directors to maintain professional relationships in their day to day business with stakeholders and external organisations. Engagement with the wider community is a high priority for the Board and is underpinned by the Trust's values and "Shaping lives, transforming communities" vision statement. Directors are cognisant of the diverse communities in which the academies are located and foster strong relationships with local academy boards to fully understand the impact the academies and the Trust has on local communities. The Directors have led and supported a number of initiatives which address staff wellbeing and operate in a manner which takes account of relationships with stakeholders.

## **STRATEGIC REPORT** (continued)

### **Financial review**

#### ***Financial report for the year***

Most income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants restricted to particular purposes. The grants received during 2019/20 and associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the ESFA and capital donations from commercial sponsors. In accordance with the Charities SORP, Accounting and Reporting by Charities, such grants are shown in the Statement of Financial Activities as restricted fixed asset funds. The restricted fixed asset funds are reduced by transfers of amounts equivalent to any depreciation charges over the expected useful life of the assets concerned.

The net movement in funds for the Trust for the year was a decrease of £8,590,000 (2019 – increase of £24,576,000), including depreciation and amortisation of £8,419,000 (2019 - £7,141,000) and adjustments to pension schemes. The 2019 result was largely due to new academies joining the Trust.

At 31 August 2020, the net book value of fixed assets was £232,743,000 (2019 – £228,768,000) and movements in tangible fixed assets are shown in note 14 to the accounts.

#### ***Financial position***

The Trust held fund balances at 31 August 2020 of £173,495,000 (2019 – £182,085,000). This consists of unrestricted funds of £2,140,000 (2019 – £3,352,000), restricted general funds of £1,860,000 (2019 – £647,000), the Trust's fixed asset fund of £228,627,000 (2019 – £224,295,000) and the Trust's pension reserve liability of £59,132,000 (2019 – £46,209,000). The fund balances are currently adequate to fulfil the known obligations of the Trust and are in line with the reserves policy set out above.

The Trust is required to include the Local Government Pension Scheme deficit of £59,132,000 (2019 - £46,209,000) on its balance sheet although the Directors have no control over the management of the pension fund, its financial arrangements or investment decisions. The Trust is required to remain a member of the pension scheme. Additionally, the Trust will inherit the pension liability of any new schools that join the Trust, thus increasing the overall liability. The Trust accepts its financial responsibilities, subject to assurances received from the Department for Education, and has fully implemented the provisions of FRS102 relating to the Pension Scheme.

**STRATEGIC REPORT** (continued)

**Financial review** (continued)

***Financial position*** (continued)

The Trust has received confirmation that in the unlikely event that the operation of an academy ceased altogether, the Department for Education would undertake discussions with the relevant pension authorities as to the best way in which the deficit could be dealt with, having regard for that academy's members of the scheme. These discussions would recognise that the Trust was never funded to meet any outstanding pension deficit. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**Reserves policy and financial position**

***Reserves policy***

The Directors consider it essential to review each year the reserves target. The unrestricted reserves at the year end stood at £2,140,000 (2019 - £3,352,000) and restricted income reserves at £1,860,000 (2019 - £647,000). The Directors have determined that the target level of free reserves, not invested in tangible fixed assets or restricted or designated for specific projects, should be at least 4% of annual income.

During the year, the Directors decided to allocate reserve funds to projects in academies to support the improvement of educational outcomes including £4,381,000 on the renewal of IT infrastructure and hardware and £80,000 for Summer Schools as part of a Covid-19 catch-up initiative. While this reduced the overall reserves balance, the funding provided direct support to academies and is assisting with the delivery of a high quality digital curriculum.

Some funding for essential building repairs comes from the DfE School Condition Allocation, but this does not cover all of the medium term cost of maintaining the estate.

Although no further advances of funding were received during the year, the Trust is required to repay funds advanced from the DfE in previous years which have supported The Leigh UTC. The advance will be repayable from future surpluses to be earned by the UTC and is not repayable from other resources of the Trust or its academies. As at 31 August 2020, a total of £1,688,000 had been advanced of which £1,488,000 is recorded in the accounts as a long-term creditor balance (note 19) and £200,000 has been repaid.

Individual Trust academies do not hold reserves, and surpluses are managed centrally for the benefit of academies. Fund balances at academy level are therefore zero (Note 20).

Tangible fixed assets are all held for use by the Trust.



## **STRATEGIC REPORT** (continued)

### **Reserves policy and financial position** (continued)

#### ***Reserves policy (continued)***

In the next year, the Trust plans to make strategic use of reserves in renewing IT networks and hardware, providing a Chromebook to every secondary-age student and in a range of measures to support improvement in educational outcomes. Funds will also have to be set aside to meet the expected additional costs arising from the Covid-19 pandemic, including for cleaning and PPE.

#### ***Investment policy***

The Trust invests surplus funds prudently to maximise interest returns with minimal risk.

### **Principal risks and uncertainties**

The Trust has a rolling programme of risk assessment and management through which risks across all areas of the Trust's operations are identified and managed. The risk register is reviewed at least three times a year by Directors and key members of staff.

Principal risks on the risk register are:

- ◆ Unfunded additional costs arising from measures to address the Covid-19 situation, including for cleaning and Personal Protective Equipment.
- ◆ Changes to the school performance landscape – mitigated by being agile in response to external challenges and maintaining close links with DfE policy makers.
- ◆ Reduction in real terms funding adversely impacting on the delivery of high quality teaching and learning – mitigated by efficient delivery of educational and support services and termly Board review of budgets and long term plans.
- ◆ Increases in costs arising from external factors, such as increases in employer's pension scheme contributions and taxation – mitigated by forward planning.
- ◆ Failure to recruit and retain high quality staff – mitigated by implementation of a funded recruitment and retention strategy, with staff wellbeing at its core.

### **Fundraising**

The Trust does not actively fundraise and seek funds from the public. During the year, the Trust received no complaints in respect of fundraising.

## **STRATEGIC REPORT** (continued)

### **Streamlined Energy and Carbon Reporting (SECR)**

#### ***UK energy use and associated greenhouse gas emissions***

The Trust is pleased to report its current UK based annual energy usage and associated annual greenhouse gas ("GHG") emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force on 1 April 2019.

#### ***Organisational boundary***

In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only for all assets that come under an operational control boundary. This includes all 25 schools controlled during the reporting period.

#### ***Reporting period***

The annual reporting period is 1 September to 31 August each year and the energy and carbon emissions are aligned to this period.

#### ***Quantification and reporting methodology***

This report was compiled independently by energy consultants Briar (Briar Consulting Engineers Limited). The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed to ensure the Streamlined Energy and Carbon Reporting ("SECR") requirements were met and exceeded where possible.

The energy data was collated using existing reporting mechanisms. These methodologies provided a near continuous record of natural gas and electricity use. Transport data related to minibuses and grey fleet has been collated from existing mileage records.

The energy data was converted to carbon emissions using the 2020 UK Government GHG Conversion Factors for Company Reporting. The associated emissions are divided into the combustion of fuels and the operation of facilities (scope 1), purchased electricity, heating and cooling (scope 2) and in-direct emissions that occur as a consequence of company activities (scope 3).

#### ***Estimations***

The majority of the electricity and natural gas energy use was compiled from invoices, with some pro-rating to match the reporting period. Some energy consumption is derived from annual cost figures using an average annual average unit cost for the fuel.

**STRATEGIC REPORT** (continued)

**Streamlined Energy and Carbon Reporting (SECR)** (continued)

*Estimations (continued)*

<b>Breakdown of energy consumption used to calculate emissions (kWh):</b>	<b>Year ended 31 August 2020</b>
Natural gas	15,055,955
Electricity (grid)	9,396,204
Gas oil	278,569
Employee owned vehicles where company purchases the fuel	152,101
School minibuses	70,754
Electricity (solar PV)	7,160
<b>Total gross energy consumed</b>	<b>24,960,743</b>

**Note:** Figures may not sum to total due to rounding.

<b>Breakdown of emissions associated with the reported energy use (tCO<sub>2</sub>e)</b>	<b>Year ended 31 August 2020</b>
<b>Scope 1</b>	
Natural gas	2,768
Gas oil	72
School minibuses	18
Electricity (solar PV)	—
<b>Total Scope 1</b>	<b>2,858</b>
<b>Scope 2</b>	
Electricity (grid)	2,191
<b>Total Scope 2</b>	<b>2,191</b>
<b>Scope 3</b>	
Employee owned vehicles where company purchases the fuel	38
<b>Total Scope 3</b>	<b>38</b>
<b>Total gross emissions</b>	<b>5,087</b>

**Note:** Figures may not sum to total due to rounding.

**STRATEGIC REPORT** (continued)

**Streamlined Energy and Carbon Reporting (SECR)** (continued)

***Intensity ratio***

The chosen primary intensity ratio is total gross emissions in metric tonnes CO<sub>2</sub>e (mandatory emissions) per pupil (based on the Autumn census), which is the recommended ratio for the sector.

Tonnes of CO <sub>2</sub> e per pupil	Year ended 31 August 2020
The Leigh Academy	0.251
Longfield Academy	0.242
Strood Academy	0.301
Wilmington Academy	0.226
Sir Joseph Williamson's Mathematical School	0.183
Mascalls Academy	0.394
The Hundred of Hoo Academy	0.279
Oaks Primary Academy	0.158
Tree Tops Primary Academy	0.491
Milestone Academy	0.631
High Halstow Primary Academy	0.131
Molehill Primary Academy	0.281
Hartley Primary Academy	0.136
Allhallows Primary Academy	0.301
The Leigh UTC	0.461
Stationer's Crown Woods Academy	0.388
Dartford Primary Academy	0.271
Stoke Primary Academy	0.261
Langley Park Primary Academy	0.301
Cherry Orchard Primary Academy	0.194
Eastcote Primary Academy	0.184
The Halley Academy	0.504
Leigh Academy Blackheath	0.148
Horsmonden Primary Academy	0.451
Paddock Wood Primary Academy	0.153
All schools and transport	0.300

**Note:** Figures may not sum to total due to rounding.

**STRATEGIC REPORT** (continued)

**Streamlined Energy and Carbon Reporting (SECR)** (continued)

***Energy efficiency action during current financial year***

The management of resources and the need to embed sustainability is an important issue for the Trust and the following actions related to reducing energy use were implemented within the current reporting period.

Energy consumption is expected to be below typical this year due to the reduced occupancy across all sites following COVID-19 restrictions from 23 March 2020. All schools other than The Halley Academy, The Leigh Academy, Cherry Orchard Primary Academy, Langley Park Primary Academy, Paddock Wood Primary Academy were closed from 1 April to 1 June 2020. The schools remaining open were for critical worker's children only, with a phased and partial reopening for certain year groups occurring in June.

A further result of health precautions has been the greater implementation of video conferencing for staff and board meetings, reducing the need for travel to and between sites. The emission saving resulting from these activities has not been quantified, but this practice has resulted in behaviour changes that are expected to continue for the foreseeable future.

Outside of the COVID-19 response, energy efficiency actions this year include changes to more efficient LED lighting in several schools (Longfield Academy, Oaks Primary Academy, Molehill Primary Academy, Tree Tops Primary Academy, Hartley Primary Academy, Milestone Academy, Wilmington Academy), partial roof insulation improvements at Sir Joseph Williamson's Mathematical School (1,000 m<sup>2</sup>) and Hartley Primary Academy (250 m<sup>2</sup>) and full roof replacement at Horsmonden Primary Academy. Mascalls Academy's heating system was upgraded with two new condensing boilers.

**Plans for future periods**

We are delighted with the achievements of our students in 2019-20 under extremely difficult and challenging circumstances. Our young people are the adults of tomorrow and we want to help them shape our world for the better. Our current set of goals – called *Vision 2025* – will have at the centre the major social, economic and technological challenges facing the world today:

**Challenge 1: Modern lifestyles are destroying our planet and increasing inequality.**

We will develop environmentally conscious learners who feel empathy, act compassionately and behave ethically. Create pioneering social entrepreneurs with a sense of service to others, future generations and to the planet.

**Challenge 2: Humans are overloaded with information.**

We will develop learners who think critically, based on a secure knowledge and understanding. Enable them to apply insight and determine the significance of information.

**STRATEGIC REPORT** (continued)

**Plans for future periods** (continued)

**Challenge 3: Traditional jobs are being replaced by technology and globalisation.**

We will develop internationally minded learners who are appreciative of difference and have a wide range of perspectives. Ensure they are adaptable, innovative and creative and can harness the power of digital technology.

**Challenge 4: A lack of employment skills risks UK wealth and productivity.**

We will develop learners who have a positive can-do attitude and strong work ethic, are able to collaborate and work as part of a team. Focus on STEM and employer links wherever possible to increase the volume of well-qualified young people entering the workplace.

**AUDITOR**

In so far as the Directors are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors' report, incorporating a strategic report, was approved by the Board of Directors on 15 December 2020 and signed on the Board's behalf by:



A F X Green  
Chairman

## Governance statement 31 August 2020

### Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Leigh Academies 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 Directors have 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 agreements between the Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Directors any material weaknesses or breakdowns in internal control.

The Directors met six times during the year and on each occasion scrutinised the financial reports of the Trust and its academies. The Board has agreed a scheme of delegation of financial powers and is supported in the discharge of its financial oversight responsibilities by the Resources Committee, which met twice during the year, which scrutinises management accounts and holds executive budget holders to account for the effectiveness of financial management and budgetary control. The Audit Committee provides further support to the Directors by setting the trust's programme of internal scrutiny and reporting to the Board on the adequacy of the Trust's financial and other controls and management of risks. Local Academy Boards are also sub-committees of the Board and provide Directors with further assurance on the adequacy of financial management and budgetary control through scrutiny of Academy management accounts and by providing challenge to Principals. The Board is satisfied that these governance arrangements work effectively to assure Directors that they can fulfil their responsibilities for financial oversight of the Trust.

### Governance

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' responsibilities. Attendance at meetings is high and Directors give of their time generously to support committee and working party meetings.

Director	Number of meetings attended	Out of a possible
Mr RJ Findlay (Chairman, retired July 2020)	4	4
Ms A Barritte	6	6
Mr AFX Green (Chairman from July 2020)	6	6
Cllr J Kite (retired August 2020)	2	5
Professor M Snowden	2	6
Mrs T Davies	6	6
Mr S P Beamish	6	6
Mr G Clewes	5	6
Mr K Ellis	6	6
Dr W Hogan-O'Neill	5	6
Mr J Nicholson	6	6
Mr M Costello	6	6

## Governance statement 31 August 2020

### Governance (continued)

The Resources Committee is a sub-committee of the main Trust Board. Its purpose is to focus on compliance with approved budgets, policies, legislation and regulations. It is responsible to the Board of Directors. Two meetings were held in the year, with one scheduled for 19 March 2020 cancelled due to the Covid-19 pandemic. Attendance at meetings in the year was as follows:

Committee Member	Number of meetings attended	Out of a possible
Mrs T Davies (Chair)	2	2
Ms A Barritte	2	2
Mr J Carter	2	2
Mr Hogan-O'Neill	2	2
Mr D Mead	2	2
Mr R Carter	1	2
Mr S Brightman	2	2
Mr A Styles	2	2

The Standards Committee is a sub-committee of the main Trust Board. Its purpose is to focus on delivering the Trust and Academy curriculum to students and ensure that quality of teaching remains high. It is responsible to the Board of Directors. Attendance at meetings in the year was as follows:

Committee Member	Number of meetings attended	Out of a possible
Mr AFX Green (Chairman)	3	3
Mr C Barker	3	3
Dr S Woodhead	1	3
Mr M Costello	3	3
Prof M Snowden	2	3
Ms S Hague	2	3
Mr R Tibbott	1	3
Ms J Gall	2	3

The Audit Committee is a sub-committee of the Members. It helps the Board oversee financial and other controls including risk management, in the context of the planned growth in the network. The committee exists to ensure probity, efficiency, and compliance with the requirements of the ESFA Academies Financial Handbook. It is responsible to the Members. Two meetings were held in the year, with one scheduled for 19 March 2020 cancelled due to the Covid-19 pandemic. Attendance at meetings in the year was as follows:

Committee Member	Number of meetings attended	Out of a possible
Mrs T Davies (Chair)	2	2
Mr K Ellis	2	2
Mr J Carter	2	2
Mr A Styles	1	2
Mr K Morrison	2	2
Mr S Clubb	1	2



**Governance** (continued)

**Governance reviews**

Leigh Academies Trust undertook a thorough review of all facets of its governance structure as part of an ongoing focus on effective governance. Terms of Reference were reviewed for each board and committee and expectations relating to all governance roles were fully documented. The Governors' Handbook which now forms the basis for the induction process for all new governors was updated.

**Review of value for money**

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Trust delivers good value for money 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 Directors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer has delivered improved value for money during the year by:

- ◆ streamlining the senior management structure of some academies to maintain a balanced budget in a climate of funding pressures.
- ◆ enhancing central services to academies across the Trust, including finance, human resources, estates management, IT and an increase in the numbers of Directors of Improvement to assist educational achievement in all academies. The centre delivers consistently high level educational and support services to academies with valuable economies of scale.

During the Covid-19 pandemic, the Trust paid due regard to Procurement Policy Notes 02/20 and 04/20. In so doing, contract variations were agreed with a number of suppliers. These are summarised below:

- ◆ Examination boards. Examination fees were fully paid during the year, with examination boards agreeing credit notes to be rolled forward to the following year. These are expected to be offset against examination fees in autumn 2020.
- ◆ Catering contracts. Arrangements were agreed with suppliers, which reflected the non-delivery of school meals during the partial closure of academies. This generated a saving to academy catering budgets which was redeployed to meet the additional, unfunded costs arising from the Covid-19 pandemic.
- ◆ Cleaning contracts. Suppliers continued to be paid during the partial closure of academies, with additional 'deep' cleans and full sanitisation carried out at academies which remained open at no extra cost.
- ◆ Rental of facilities. The Trust agreed to the deferral of 50% of one quarter's rental costs paid by a third party for the use of 4G football pitches. The third party pays significant rent to the Trust and this measure supported the short term survival of the company.

**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 to identify and prioritise the risks to achievement of the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

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

**The risk and control framework**

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 reviewed and agreed by the Board of Directors.
- ◆ Regular reviews by the Resources Committee of financial performance against forecasts, major purchase plans, capital works and expenditure programmes.
- ◆ Setting targets to measure financial and other performance.
- ◆ Clearly defined asset purchase and capital investment guidelines.
- ◆ Delegation of authority and segregation of duties.
- ◆ Identification and management of risks and regular review of risks by the Audit Committee.

The Directors have considered the need for a specific internal audit function and, following a competitive tendering exercise, have decided to appoint Williams Giles Professional Services Ltd as an internal auditor to perform a range of checks on the Trust's financial systems. Upon receipt of their findings and recommendations, management reports to the Directors on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

Williams Giles delivered their schedule of work as planned. Their findings and recommendations did not include any material control issues.

**Governance statement** 31 August 2020

**Review of effectiveness**

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

- ♦ the work of the external auditor;
- ♦ the financial management and governance self-assessment process;
- ♦ the work of the Trust Executive Board which is responsible for the development and maintenance of the internal control framework.

Approved by order of the Board of Directors on 15 December 2020 and signed on their behalf by:



A F X Green  
Chairman of Board




S P Beamish  
Chief Executive Officer  
and Accounting Officer

**Statement on regularity, propriety and compliance 31 August 2020**

As Accounting Officer of Leigh Academies Trust, I have considered my responsibility to notify the Trust Board and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Trust Board of Directors are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreements and the Academies Financial Handbook 2019.

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



S P Beamish  
CEO and Accounting Officer

Date: 15 December 2020

## Statement of Directors' responsibilities 31 August 2020

The Directors (who act as Trustees of the Trust for the purposes of charity law and are also the directors of the Trust for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors 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 Trust and of its income and expenditure for that period. In preparing these financial statements, the Directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP FRS 102 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA have been applied for the purposes intended. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Trust'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 Board of Directors on 15 December 2020 and signed on its behalf by:



A F X Green  
Chairman

## **Independent auditor's report on the financial statements 31 August 2020**

### **Independent auditor's report on the financial statements to the Members of Leigh Academies Trust**

#### **Opinion**

We have audited the financial statements of Leigh Academies Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP FRS 102) and the Academies Accounts Direction 2019 to 2020.

In our opinion, the financial statements:

- ♦ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 August 2020 and of the group's income and expenditure for the year then ended;
- ♦ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ♦ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ♦ have been prepared in accordance with the Charities SORP FRS102 and Academies Accounts Direction 2019 to 2020.

#### **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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

- ♦ the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

## **Independent auditor's report on the financial statements 31 August 2020**

### **Conclusions relating to going concern (continued)**

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

### **Other information**

The Directors 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.

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.

### **Opinions 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 Directors' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Directors' report, which includes the strategic report, has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or

## **Independent auditor's report on the financial statements** 31 August 2020

### **Matters on which we are required to report by exception (continued)**

- ◆ the charitable parent company financial statements are not in agreement with the accounting records or returns; or
- ◆ certain disclosures of Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors 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 Directors 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 Directors are responsible for assessing the group's and the charitable parent 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 Directors either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

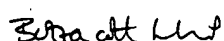
### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Date: 12 January 2021

Katharine Patel, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL



## **Independent reporting accountant's report on regularity 31 August 2020**

### **Independent reporting accountant's assurance report on regularity to Leigh Academies Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Leigh Academies Trust during the period from 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Leigh Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Leigh Academies 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 the Leigh Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Leigh Academies Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Leigh Academies Trust's funding agreements with the Secretary of State for Education dated 1 February 2012 and 29 April 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by 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.

## **Independent reporting accountant's report on regularity 31 August 2020**

### **Approach (continued)**

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### **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 period from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP, Reporting Accountant  
130 Wood Street  
London  
EC2V 6DL

Date: 12 January 2021

## Consolidated statement of financial activities Year to 31 August 2020

	Notes	Unrestricted funds £'000	Restricted funds			2020 Total Funds £'000	2019 Total Funds £'000
			ESFA £'000	General £'000	Fixed assets £'000		
<b>Income from:</b>							
Donations and capital grants	2	179	—	—	4,642	4,821	4,063
Transfer from Pre-School Learning Alliance	23	104	—	—	9	113	—
Transfers on schools joining the Trust	23	—	—	183	6,832	7,015	41,977
Charitable activities:							
· Funding for the Trust's educational operations	5	—	94,715	9,598	—	104,313	87,556
· Teaching Schools	5	92	—	841	—	933	759
Other trading activities	3	639	—	2,099	—	2,738	3,297
Investments	4	26	—	—	—	26	21
<b>Total income</b>		<b>1,040</b>	<b>94,715</b>	<b>12,721</b>	<b>11,483</b>	<b>119,959</b>	<b>137,673</b>
<b>Expenditure on:</b>							
Raising funds	6	70	—	—	2	72	118
Charitable activities:							
· Trust's educational operations	6	—	102,976	9,598	8,417	120,991	103,355
· Teaching Schools	6	—	—	1,032	—	1,032	632
<b>Total expenditure</b>	6	<b>70</b>	<b>102,976</b>	<b>10,630</b>	<b>8,419</b>	<b>122,095</b>	<b>104,105</b>
<b>Net income (expenditure) before transfers</b>		<b>970</b>	<b>(8,261)</b>	<b>2,091</b>	<b>3,064</b>	<b>(2,136)</b>	<b>33,568</b>
Transfers between funds	20	(2,182)	6,023	(5,109)	1,268	—	—
<b>Net income (expenditure) for the year</b>		<b>(1,212)</b>	<b>(2,238)</b>	<b>(3,018)</b>	<b>4,332</b>	<b>(2,136)</b>	<b>33,568</b>
<b>Other recognised gains and losses</b>							
Actuarial (losses) on defined benefit pension schemes	9	—	(6,454)	—	—	(6,454)	(8,992)
<b>Net movement in funds</b>		<b>(1,212)</b>	<b>(8,692)</b>	<b>(3,018)</b>	<b>4,332</b>	<b>(8,590)</b>	<b>24,576</b>
Balances brought forward at 1 September 2019		3,352	(50,440)	4,878	224,295	182,085	157,509
<b>Balances carried forward at 31 August 2020</b>		<b>2,140</b>	<b>(59,132)</b>	<b>1,860</b>	<b>228,627</b>	<b>173,495</b>	<b>182,085</b>

All of the Trust's activities derived from continuing operations during the above two financial periods. There is no difference between the net movement in funds stated above and its historical cost equivalent. The statement of financial activities analyses all the capital and income resources and expenditures of the Trust during the year and reconciles the movements in funds.

The comparative statement of financial activities is given in note 8 to the financial statements.

# Balance sheet 31 August 2020

	Notes	2020		2019	
		Group £'000	Leigh Academies Trust £'000	Group £'000	Leigh Academies Trust £'000
<b>Fixed assets</b>					
Intangible fixed assets	13	—	—	—	—
Tangible fixed assets	14	232,743	232,743	228,768	228,765
		<b>232,743</b>	<b>232,743</b>	<b>228,768</b>	<b>228,765</b>
<b>Current assets</b>					
Debtors	17	5,008	5,509	4,144	4,740
Stock		9	9	9	9
Cash at bank and in hand		14,341	13,761	10,860	10,194
		<b>19,358</b>	<b>19,279</b>	<b>15,013</b>	<b>14,943</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	18	(17,446)	(17,394)	(13,529)	(13,484)
<b>Net current assets</b>		<b>1,912</b>	<b>1,885</b>	<b>1,484</b>	<b>1,459</b>
<b>Total assets less current liabilities</b>		<b>234,655</b>	<b>234,628</b>	<b>230,252</b>	<b>230,224</b>
Creditors: amounts falling due after more than one year	19	(2,028)	(2,028)	(1,958)	(1,958)
<b>Net assets excluding pension scheme liability</b>		<b>232,627</b>	<b>232,600</b>	<b>228,294</b>	<b>228,266</b>
Pension scheme liability	9	(59,132)	(59,132)	(46,209)	(46,209)
<b>Total net assets</b>		<b>173,495</b>	<b>173,468</b>	<b>182,085</b>	<b>182,057</b>
<b>Restricted funds</b>					
Fixed asset funds	20	228,627	228,627	224,295	224,292
Restricted income funds	20	1,860	1,860	647	647
Pension reserve	20	(59,132)	(59,132)	(46,209)	(46,209)
<b>Total restricted funds</b>		<b>171,355</b>	<b>171,355</b>	<b>178,733</b>	<b>178,730</b>
<b>Unrestricted income funds</b>					
General fund	20	2,112	2,113	3,324	3,327
Funds retained with subsidiary	20	28	—	28	—
<b>Total funds</b>		<b>173,495</b>	<b>173,468</b>	<b>182,085</b>	<b>182,057</b>

Approved by the board on 15 December 2020  
and signed on behalf of the Board of Directors by:

*A F X Green*

A F X Green  
Chairman

Leigh Academies Trust – Companies Registration Number 2336587 (England and Wales)

# Consolidated statement of cash flows Year to 31 August 2020

		2020 £'000	2019 £'000
<b>Net cash flows from operating activities</b>			
Net cash provided by operating activities	A	4,176	525
<b>Cash flows from investing activities</b>			
Cash flows from investing activities	B	(885)	(1,928)
<b>Cash inflow from financing activities</b>			
Cash inflow from financing activities	C	(144)	(222)
<b>Cash flows from conversions/existing academies joining the Trust</b>			
Cash flows from conversions/existing academies joining the Trust		334	2,183
<b>Change in cash and cash equivalents in the year</b>		<b>3,481</b>	<b>558</b>
<b>Cash and cash equivalents at 1 September 2019</b>		<b>10,860</b>	<b>10,302</b>
<b>Cash and cash equivalents at 31 August 2020</b>		<b>14,341</b>	<b>10,860</b>
<b>A Reconciliation of income to net cash flow from operating activities</b>			
		2020 £'000	2019 £'000
<b>Net (expenditure)/income for the year (as per the statement of financial activities)</b>		<b>(2,136)</b>	<b>33,568</b>
<b>Adjusted for:</b>			
Amortisation (note 13)		—	—
Depreciation charges (note 14)		8,419	7,141
Capital grants from DfE and other capital income		(4,543)	(3,920)
Inherited fixed assets		(87)	—
Assets transferred from conversions/existing academies		(6,794)	(47,936)
Cash transferred from Local Authority		(334)	—
Interest receivable (note 4)		(26)	(21)
Defined benefit pension scheme obligation inherited		—	5,959
Defined benefit pension scheme cost less contributions payable (note 9)		5,624	4,016
Defined benefit pension scheme finance cost (note 9)		845	773
Capital funding from sponsors and others		(12)	(11)
Profit from sale of tangible fixed assets		—	(7)
(Increase)/decrease in debtors		(857)	108
Increase in creditors		4,077	855
<b>Net cash provided by operating activities</b>		<b>4,176</b>	<b>525</b>
<b>B Cash flows from investing activities</b>			
		2020 £'000	2019 £'000
Interest received		26	21
Proceeds from sale of tangible fixed assets		—	7
Purchase of tangible fixed assets		(5,553)	(5,887)
Capital grants from DfE/ESFA		4,543	3,920
Inherited fixed assets		87	—
Capital funding received from sponsors and others		12	11
<b>Net cash used in investing activities</b>		<b>(885)</b>	<b>(1,928)</b>

## Consolidated statement of cash flows Year to 31 August 2020

### C Cash flows from financing activities

	2020 £'000	2019 £'000
Repayments of borrowing	(144)	(284)
Cash inflows from new borrowing	—	62
<b>Net cash used in financing activities</b>	<b>(144)</b>	<b>(222)</b>

### D Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	14,341	10,860
<b>Total cash and cash equivalents</b>	<b>14,341</b>	<b>10,860</b>

### E Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash at bank	10,860	3,481	14,341
Loans falling due within one year	(262)	214	(48)
Loans falling due after more than one year	(1,958)	(70)	(2,028)
<b>Total</b>	<b>8,640</b>	<b>3,625</b>	<b>12,265</b>

## **Principal accounting policies 31 August 2020**

### **Statement of accounting policies**

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

### **Basis of preparation**

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Leigh Academies Trust meets the definition of a public benefit entity under FRS 102.

### **Basis of consolidation**

The consolidated statement of financial activities and group balance sheet include the financial statements of the charitable company, its trading subsidiary LAT Enterprises C.I.C and its charitable subsidiary Hundred of Hoo Nursery and Kids Club Limited made up to the balance sheet date.

No separate statement of financial activities has been presented for Leigh Academies Trust alone, as permitted by Section 4 of the Companies Act 2006.

### **Going concern**

The Directors 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 company to continue as a going concern. In making this assessment the Directors have considered the impact of the ongoing Covid-19 situation on the Trust. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Income**

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

**Income** (continued)

***Grants***

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

The 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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

***Donations***

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

***Other income***

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

***Transfer on conversion***

Where assets and liabilities are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income to the net assets received.

***Transfer of existing academies into the Trust***

Where assets are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust, which is on signing of the transfer agreement with the transferring Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within donations and capital grant income.



### **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***

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

### ***Charitable activities***

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

All expenditure is stated net of recoverable VAT.

### **Intangible fixed assets**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- |                               |               |
|-------------------------------|---------------|
| ♦ Purchased computer software | 33% per annum |
|-------------------------------|---------------|

### **Tangible fixed assets**

Tangible fixed assets acquired since the Trust was established are included in the accounts at cost or deemed cost on the transfer in of property from a Local Authority school and other academy trusts. Assets other than land and buildings inherited on establishment of the Trust are assumed to be fully depreciated.

**Tangible fixed assets** (continued)

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. The related grants are credited to restricted fixed asset funds (in the statement of financial activities and carried forward in the balance sheet) and are released to the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Equipment, other than computer equipment and IT software, costing less than £1,000 per individual item or groups of related items is written off in the year of acquisition. All other equipment is capitalised.

Tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following annual rates:

♦ Freehold and leasehold properties	2-4%
♦ Furniture and equipment	20%
♦ Computer equipment	33%
♦ Motor vehicles	20%

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

**Liabilities**

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

**Provisions**

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

**Provisions (continued)**

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.

**Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

**Financial instruments**

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement 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 17. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

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

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to Trust's wholly owned subsidiary are held at face value less any impairment.

**Investments**

The Trust's shareholding in the wholly owned subsidiary, LAT Enterprises C.I.C, is included in the balance sheet at the cost of the share capital owned, less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

**Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

### **Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 9, 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 Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**Fund accounting**

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

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 Education and Skills Funding Agency.

**Critical accounting estimates and areas of judgement**

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

***Critical accounting estimates and assumptions***

The Academy Trust 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 for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 9, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

***Critical areas of judgement***

There were no areas of judgement that had a significant effect on the amounts recognised in the financial statements.

**Agency arrangements**

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA 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. The funds received and paid and balances held are disclosed in note 27.

**1 General Annual Grant (GAG)**

Under the funding agreements with the Secretary of State, none of the academies within the Trust were subject to limits at 31 August 2020 on the amount of GAG that could be carried forward from one year to the next.

**2 Donations and capital grants**

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000	2019 Total funds £'000
Capital grants	—	—	4,543	4,543	3,920
Donated fixed assets	—	—	87	87	—
Other donations	179	—	12	191	143
	179	—	4,642	4,821	4,063

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Capital grants	—	—	3,920	3,920
Other donations	132	—	11	143
	132	—	3,931	4,063

**3 Other trading activities**

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Hire of facilities	172	—	172	131
Trip income	—	531	531	1,008
Catering income	—	205	205	257
LAT Enterprises C.I.C – Income from lettings	467	—	467	633
Miscellaneous income	—	1,363	1,363	1,268
	639	2,099	2,738	3,297

**3 Other trading activities (continued)**

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Hire of facilities	131	—	131
Trip income	—	1,008	1,008
Catering income	—	257	257
LAT Enterprises C.I.C – Income from lettings	633	—	633
Miscellaneous income	—	1,268	1,268
	<b>764</b>	<b>2,533</b>	<b>3,297</b>

**4 Investments**

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Bank interest receivable	26	—	26	21

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Bank interest receivable	21	—	21

**5 Funding for the Trust's educational operations**

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG) (note 1)	—	86,167	86,167	75,543
Start Up Grants	—	184	184	212
Other DfE/ESFA grants	—	8,364	8,364	4,504
Teacher training	92	841	933	759
	<b>92</b>	<b>95,556</b>	<b>95,648</b>	<b>81,018</b>
<b>Other Government grants</b>				
Local authority grants	—	9,598	9,598	7,297
	<b>—</b>	<b>9,598</b>	<b>9,598</b>	<b>7,297</b>
	<b>92</b>	<b>105,154</b>	<b>105,246</b>	<b>88,315</b>

**5 Funding for the Trust's educational operations (continued)**

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
<i>DfE/ESFA grants</i>			
General Annual Grant (GAG) (note 1)	—	75,543	75,543
Start Up Grants	—	212	212
Other DfE/ESFA grants	—	4,504	4,504
Teacher training	72	687	759
	<u>72</u>	<u>80,946</u>	<u>81,018</u>
<i>Other Government grants</i>			
Local authority grants	—	7,297	7,297
	<u>—</u>	<u>7,297</u>	<u>7,297</u>
	<u>72</u>	<u>88,243</u>	<u>88,315</u>

**6 Expenditure**

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2020 £'000	Total 2019 £'000
Expenditure on raising funds	37	—	35	72	118
Trust's educational operations					
Direct costs (note 7)	73,848	7,578	5,814	87,240	74,643
Allocated support costs (note 7)	18,511	8,834	6,406	33,751	28,712
Teaching School (note 28)	153	1	878	1,032	632
	<u>92,549</u>	<u>16,413</u>	<u>13,133</u>	<u>122,095</u>	<u>104,105</u>

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2019 £'000
Expenditure on raising funds	56	—	62	118
Trust's educational operations				
Direct costs (note 7)	61,959	6,427	6,257	74,643
Allocated support costs (note 7)	15,921	7,016	5,775	28,712
Teaching School (note 28)	76	—	556	632
	<u>78,012</u>	<u>13,443</u>	<u>12,650</u>	<u>104,105</u>

The result for the year is stated after charging:	2020 £'000	2019 £'000
Operating lease rentals	1,408	1,244
Depreciation	8,419	7,141
Fees payable to auditor for:		
Audit	64	74
Other services	20	18



**7 Charitable activities – Trust’s educational operations**

	<b>2020 Total funds £'000</b>	<b>2019 Total funds £'000</b>
<b>Direct costs – educational operations</b>		
Teaching and educational support staff costs	<b>73,848</b>	61,959
Depreciation and amortisation	<b>7,575</b>	6,425
Educational supplies	<b>1,123</b>	1,163
Educational consultancy	<b>924</b>	895
Examination fees	<b>1,211</b>	1,179
School trips	<b>591</b>	1,238
Staff development	<b>513</b>	337
Other direct costs	<b>1,455</b>	1,447
	<b>87,240</b>	<b>74,643</b>

	<b>2020 Total funds £'000</b>	<b>2019 Total funds £'000</b>
<b>Analysis of support costs</b>		
Support staff costs	<b>18,511</b>	15,921
Recruitment and other staff costs	<b>496</b>	451
Staff development	<b>97</b>	96
Depreciation and amortisation	<b>839</b>	712
Technology costs	<b>1,839</b>	1,704
Premises costs	<b>8,834</b>	7,016
Legal costs – conversion	<b>4</b>	—
Legal costs – other	<b>9</b>	—
Other support costs	<b>2,920</b>	2,592
Governance costs (legal and professional fees)	<b>202</b>	220
<b>Total support costs</b>	<b>33,751</b>	<b>28,712</b>

## 8 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

		Restricted funds			2019
	Unrestricted funds £'000	ESFA £'000	General £'000	Fixed assets £'000	Total Funds £'000
<b>Income from:</b>					
Donations and capital grants	132	—	—	3,931	4,063
Transfer from Pre-School Learning Alliance	—	—	—	—	—
Transfers on existing Academies joining the Trust	273	(5,959)	196	47,467	41,977
Charitable activities:					
. Funding for the Trust's educational operations	—	80,259	7,297	—	87,556
. Teaching Schools	72	—	687	—	759
Other trading activities	764	—	2,533	—	3,297
Investments	21	—	—	—	21
<b>Total income</b>	<b>1,262</b>	<b>74,300</b>	<b>10,713</b>	<b>51,398</b>	<b>137,673</b>
<b>Expenditure on:</b>					
Raising funds	116	—	—	2	118
Charitable activities:					
. Trust's educational operations	—	88,919	7,297	7,139	103,355
. Teaching Schools	—	—	632	—	632
<b>Total expenditure</b>	<b>116</b>	<b>88,919</b>	<b>7,929</b>	<b>7,141</b>	<b>104,105</b>
<b>Net income (expenditure) before transfers</b>	<b>1,146</b>	<b>(14,619)</b>	<b>2,784</b>	<b>44,257</b>	<b>33,568</b>
Transfers between funds	(979)	—	979	—	—
<b>Net income (expenditure) for the year</b>	<b>167</b>	<b>(14,619)</b>	<b>3,763</b>	<b>44,257</b>	<b>33,568</b>
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes	—	(8,992)	—	—	(8,992)
<b>Net movement in funds</b>	<b>167</b>	<b>(23,611)</b>	<b>3,763</b>	<b>44,257</b>	<b>24,576</b>
Balances brought forward at 1 September 2018	3,185	(26,829)	1,115	180,038	157,509
<b>Balances carried forward at 31 August 2019</b>	<b>3,352</b>	<b>(50,440)</b>	<b>4,878</b>	<b>224,295</b>	<b>182,085</b>

## 9 Staff costs

### (a) Staff costs

Staff costs during the year were:

	Total 2020 £'000	Total 2019 £'000
Wages and salaries	66,120	57,606
Social security costs	6,286	5,574
Pension costs	18,850	12,946
Apprenticeship levy	328	219
	<b>91,584</b>	<b>76,345</b>
Supply staff costs	902	1,418
Staff restructuring costs	63	249
	<b>92,549</b>	<b>78,012</b>

	2020 £'000	2019 £'000
<b>Staff restructuring costs comprise</b>		
Redundancy payments	—	168
Severance payments	63	81
	<b>63</b>	<b>249</b>

### (b) Staff restructuring costs

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £63,147 (2019: £80,712). Individually, the payments were £15,580; £12,591; £9,972; £6,250; £4,064; £3,900; £3,704; £3,265; £2,771; £1,050 (2019: £25,000, £19,800, £15,000, £9,917, £3,420, £3,123, £2,939, £1,513).

### (c) Staff numbers

The average numbers of persons (including senior management team) employed by the Trust during the year was as follows:

	2020 No.	2019 No.
Teaching	1,041	978
Administration and support	1,478	1,389
Management	91	86
	<b>2,610</b>	<b>2,453</b>

**9 Staff costs (continued)**

**(d) Higher paid staff**

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

	2020	2019
£60,001 - £70,000	45	41
£70,001 - £80,000	32	18
£80,001 - £90,000	5	6
£90,001 - £100,000	8	6
£100,001 - £110,000	9	7
£110,001 - £120,000	2	1
£120,001 - £130,000	2	3
£130,001 - £140,000	1	—
£140,001 - £150,000	1	2
£150,001 - £160,000	1	—
£180,001 - £190,000	—	—
£220,001 - £230,000	—	1
£230,001 - £240,000	1	—
	<b>107</b>	<b>85</b>

**(e) Key management personnel**

The key management personnel of the Academy Trust comprise the Executive Directors and Academy Principals. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £4,002,264 (2019: £3,331,334).

**(f) Pension and similar obligations**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. The Trust participates via three local authorities Kent County Council, London Borough of Bexley and Royal Borough of Greenwich. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £1,511,000 were payable to the schemes at 31 August 2020 (2019: £860,000) and are included within creditors.

**Teachers' Pension Scheme**

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

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

**9 Staff costs (continued)**

**(f) Pension and similar obligations (continued)**

***Valuation of the Teachers' Pension Scheme***

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

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

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

The employer's pension costs paid to TPS in the period amounted to £11,479,000 (2019: £7,393,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pension Scheme website](#).

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

***Local Government Pension Scheme (LGPS)***

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £4,921,000, of which employer's contributions totalled £3,769,000 and employees' contributions totalled £1,152,000. The agreed contribution rates for future years are unknown pending valuation information.

**9 Staff costs** (continued)

**(f) Pension and similar obligations** (continued)

**Local Government Pension Scheme (LGPS)** (continued)

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an 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.

	At 31 August 2020	At 31 August 2019
<b>Principal Actuarial Assumptions</b>		
Rate of increase in salaries	3.4%	3.7%
Rate of increase for pensions in payment / inflation	2.3%	2.2%
Discount rate for scheme liabilities	1.7%	1.9%

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	21.7	22.1
Females	24.3	24.2
<i>Retiring in 20 years</i>		
Males	22.6	23.8
Females	25.1	26.1

	At 31 August 2020 £'000	At 31 August 2019 £'000
<b>Sensitivity analysis</b>		
Discount rate +0.1%	116,659	96,253
Discount rate -0.1%	122,547	100,954
Mortality assumption – 1 year increase	124,085	102,169
Mortality assumption – 1 year decrease	115,229	95,098
CPI rate +0.1%	121,047	99,759
CPI rate -0.1%	118,121	97,417

**9 Staff costs (continued)**

**(f) Pension and similar obligations (continued)**

**Local Government Pension Scheme (LGPS) (continued)**

The Academy Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	34,307	30,776
Bonds	8,936	5,953
Property	6,635	6,049
Cash	1,646	1,294
Other	9,940	9,197
<b>Total market value of assets</b>	<b>61,464</b>	<b>53,269</b>
<b>Present value of scheme liabilities</b>		
Funded	(120,596)	(99,478)
<b>Deficit in the scheme</b>	<b>(59,132)</b>	<b>(46,209)</b>
	2020 £'000	2019 £'000
<b>Amounts recognised in statement of financial activities</b>		
Current service cost	(5,624)	(4,016)
Net interest cost	(845)	(773)
<b>Total amount recognised in the SOFA</b>	<b>(6,469)</b>	<b>(4,789)</b>
	2020 £'000	2019 £'000
<b>Changes in the present value of defined benefit obligations were as follows:</b>		
At 1 September 2019	99,478	65,470
Transferred in on existing academies joining the Trust	—	13,791
Current service cost	8,125	4,925
Past service cost	—	1,195
Interest cost	1,891	1,989
Employee contributions	1,152	1,004
Actuarial loss	11,517	15,797
Change in demographic assumptions	(3,100)	(5,072)
Benefits paid	(863)	(768)
Plan introductions, benefit changes, curtailments and settlements	2,396	1,147
<b>At 31 August 2020</b>	<b>120,596</b>	<b>99,478</b>

**9 Staff costs (continued)**

**(g) Pension and similar obligations (continued)**

**Local Government Pension Scheme (LGPS) (continued)**

Changes in the fair value of the Trust's share of scheme assets:	2020 £'000	2019 £'000
At 1 September 2019	53,269	39,001
Upon conversion	—	7,832
Interest income	1,046	1,216
Actuarial gain/(loss)	1,963	1,733
Employer contributions	3,769	3,272
Employee contributions	1,152	1,004
Benefits paid	(863)	(768)
Administration expenses	(34)	(21)
Settlement	1,162	—
<b>At 31 August 2020</b>	<b>61,464</b>	<b>53,269</b>

**10 Directors' remuneration and expenses**

Staff Directors only receive remuneration in respect of the services they provide in undertaking their role as an employee and not in respect of their services as a Director. Other Directors did not receive any payments, other than expenses, from the Trust in respect of their role as directors. The value of Staff Directors' remuneration was as follows:

	Year to 31 August 2020 £'000	Year to 31 August 2019 £'000
S P Beamish (CEO and Director)		
. Remuneration	235-240	225-230
. Employer's Pension contributions	45-50	30-35

Directors of the Trust received payment for reimbursement of travel and subsistence expenses incurred in the course of their duties in the year ended 31 August 2020 of £117 (2019: £592). No Director has any beneficial interest in any contract with the company.



## 11 Directors', Governors' and officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Directors and officers indemnity element from the overall cost of the RPA scheme.

## 12 Central services

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

- ◆ Financial services;
- ◆ Legal services;
- ◆ Educational support services;
- ◆ Human Resources;
- ◆ Leadership and Governance; and
- ◆ Estates.

The Trust has charged for these services on the basis of 3.6% (2019: 3.5%) of income less pupil premium grant per Academy. The contributions made by academies charged during the year for these services were as follows:

	2020 £'000	2019 £'000
Allhallows Primary Academy	36	10
Cherry Orchard Primary Academy	52	35
Dartford Primary Academy	100	89
Eastcote Primary Academy	40	37
Hartley Primary Academy	64	55
High Halstow Primary School	31	19
Horsmonden Primary Academy	27	—
Hundred of Hoo Academy	309	170
Hundred of Hoo Nursery and Kids Club	10	—
Langley Park Primary Academy	59	45
Leigh Academy Blackheath	93	51
The Leigh Academy	295	270
The Leigh UTC	124	113
Longfield Academy	225	205
Mascalls Academy	231	221
Milestone Academy	252	227
Molehill Primary Academy	50	45
Oaks Primary Academy	45	44
Paddock Wood Primary Academy	88	—
Sir Joseph Williamson's Mathematical School	247	133
Stationers' Crown Woods Academy	380	374
Stoke Primary Academy	—	12
Strood Academy	267	270
The Halley Academy	304	320
Tree Tops Primary Academy	48	47
Wilmington Academy	247	222
LAT Enterprise Limited C.I.C	—	10
	<b>3,624</b>	<b>3,024</b>

### 13 Intangible fixed assets

Group and Trust	Computer software £'000	Total funds £'000
<b>Cost</b>		
At 1 September 2019	146	146
At 31 August 2020	146	146
<b>Amortisation</b>		
At 1 September 2019	146	146
Charge in year	—	—
At 31 August 2020	146	146
<b>Net book value</b>		
At 31 August 2020	—	—
At 31 August 2019	—	—

### 14 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold buildings £'000	Furniture and equipment £'000	Computer equipment and software £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 September 2019	78,463	175,301	9,705	11,817	164	275,450
Transfers on schools joining the Trust (note 23)	—	6,850	20	4	—	6,874
Additions	18	2,928	715	1,892	—	5,553
At 31 August 2020	78,481	185,079	10,440	13,713	164	287,877
<b>Depreciation</b>						
At 1 September 2019	11,340	19,988	7,035	8,179	140	46,682
Transfer from schools joining	—	17	12	4	—	33
Charge for year	1,712	3,710	949	2,041	7	8,419
At 31 August 2020	13,052	23,715	7,996	10,224	147	55,134
<b>Net book values</b>						
At 31 August 2020	65,429	161,364	2,444	3,489	17	232,743
At 31 August 2019	67,123	155,313	2,670	3,638	24	228,768

**14 Tangible fixed assets (continued)**

Trust	Freehold land and buildings £'000	Leasehold buildings £'000	Furniture and equipment £'000	Computer equipment and software £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 September 2019	78,463	175,301	9,681	11,817	164	<b>275,426</b>
Transfers on schools joining the Trust (note 23)	—	6,850	—	—	—	<b>6,850</b>
Additions	18	2,928	736	1,896	—	<b>5,578</b>
At 31 August 2020	<b>78,481</b>	<b>185,079</b>	<b>10,417</b>	<b>13,713</b>	<b>164</b>	<b>287,854</b>
<b>Depreciation</b>						
At 1 September 2019	11,340	19,988	7,014	8,179	140	<b>46,661</b>
Transfer from schools joining	—	17	12	4	—	<b>33</b>
Charge for year	1,712	3,710	947	2,041	7	<b>8,417</b>
At 31 August 2020	<b>13,052</b>	<b>23,715</b>	<b>7,973</b>	<b>10,224</b>	<b>147</b>	<b>55,111</b>
<b>Net book values</b>						
At 31 August 2020	<b>65,429</b>	<b>161,364</b>	<b>2,444</b>	<b>3,489</b>	<b>17</b>	<b>232,743</b>
At 31 August 2019	<b>67,123</b>	<b>155,313</b>	<b>2,667</b>	<b>3,638</b>	<b>24</b>	<b>228,765</b>

The land on which leasehold buildings are sited is leased at peppercorn rents. No value has been placed on the land in the financial statements due to restrictive covenants in the leases.

Paddock Wood Primary School and Horsmonden Primary School joined the Trust during the year. Details of the value of the buildings transferred to Leigh Academies Trust are included in note 23.

Stationers' Crown Woods Academy joined the Trust on 1 September 2014, and is subject to a contract under the Private Finance Initiative (PFI) which commenced in 2012. Under this contract the Academy premises are maintained and managed for a period of 25 years by the PFI-Contractor subject to contractual annual fees paid by the Academy. Upon expiry of the PFI contract, the residual benefit of the premises passes to the Academy as a result of a 125 year lease granted to the Academy. The ESFA issued guidance within the Academies Accounts Direction 2017/18 which concurs with the treatment adopted by Leigh Academies Trust.

**15 Wholly owned trading subsidiaries**

In October 2019, LAT Apprenticeships C.I.C was incorporated in England and is a 100% owned subsidiary of the Trust. The principal activity of the subsidiary is to provide a programme of apprenticeships.

The results of LAT Apprenticeships are highly immaterial to the Trust during the first period of trading and not included in the results of the Trust.

The Trust owns 100% of the issued ordinary shares of LAT Enterprises C.I.C, a community interest company incorporated in England. The principal activities of the subsidiary are the provision of commercial and community IT training as an extension of the facilities made available to students and the letting of leisure and sports facilities to the community.

# **15 Wholly owned trading subsidiaries (continued)**

A summary of the results for the year and position at the year end of LAT Enterprises C.I.C, which have been included in the consolidated financial statements is shown below:

	2020 £'000	2019 £'000
Turnover	485	687
Cost of sales	(37)	(72)
<b>Gross profit</b>	<b>448</b>	<b>615</b>
Administrative expenses	(34)	(47)
<b>Profit on ordinary activities before Gift Aid and taxation</b>	<b>414</b>	<b>568</b>
Gift Aid donation to Leigh Academies Trust	(414)	(568)
Tax	—	—
<b>Profit (loss) on ordinary activities after taxation</b>	<b>—</b>	<b>—</b>

The assets and liabilities of the subsidiary were:

	2020 £'000	2019 £'000
Fixed assets	—	2
Current assets	585	717
Creditors: amounts falling due within one year	(557)	(691)
<b>Total net assets</b>	<b>28</b>	<b>28</b>

# **16 Subsidiary organisations**

## **(a) Subsidiary charity**

On 1 January 2019, the Trust acquired The Hundred of Hoo Nursery and Kids' Club Limited, a charitable company limited by guarantee. In the 2019 financial statements the results of the charity were not included within the results of the Trust as they were not material to the Trust. From 1 September 2019, the results have been consolidated within the Trust's financial statements.

	2020 £'000	2019 £'000
Income	452	543
Expenditure on charitable activities	(503)	(528)
<b>Net (expenditure) income</b>	<b>(51)</b>	<b>15</b>
Funds brought forward at 1 September 2019	113	98
<b>Funds carried forward at 31 August 2020</b>	<b>62</b>	<b>113</b>

## 16 Subsidiary organisations (continued)

### (a) Subsidiary charity (continued)

The assets and liabilities of the charity were:

	2020 £'000	2019 £'000
Fixed assets	26	12
Current assets	104	159
Creditors: amounts falling due within one year	(68)	(54)
<b>Total net assets</b>	<b>62</b>	<b>117</b>

### (b) Non-charitable unincorporated association

Kent and Medway Training (KMT) is a school-centred initial teacher training programme which is run as a partnership between 26 schools, with Leigh Academies Trust as the lead entity. The results of KMT are not included within the results of the Trust.

S P Beamish, CEO of Leigh Academies Trust is Chairman of KMT and KMT operates from the Leigh Academy site. During the year ended 31 August 2020, KMT agreed to a service level agreement to cover rent and other services. KMT was charged with rent of £27,000 (2019 – £16,500), £431,449 (2019 – £280,814) in recharged salaries and £58,970 (2019 – £13,356) in other services. As at 31 August 2020, KMT owed Leigh Academies Trust £117,883 (2019 – £51,971). During the year ended 31 August 2020, Leigh Academies Trust was charged £nil (2019 – £120,467) in tuition fees.

## 17 Debtors

	Group 2020 £'000	Leigh Academies Trust 2020 £'000	Group 2019 £'000	Leigh Academies Trust 2019 £'000
Trade debtors	1,492	1,491	1,187	1,159
VAT recoverable	394	393	1,166	1,167
Amount due from LAT Enterprises C.I.C	—	505	—	645
Other debtors	374	372	122	122
Prepayments and accrued income	2,748	2,748	1,669	1,647
	<b>5,008</b>	<b>5,509</b>	<b>4,144</b>	<b>4,740</b>

# Notes to the accounts 31 August 2020

## 18 Creditors: amounts falling due within one year

	Group 2020 £'000	Leigh Academies Trust 2020 £'000	Group 2019 £'000	Leigh Academies Trust 2019 £'000
Trade creditors	3,614	3,612	4,551	4,531
Taxation and social security	1,628	1,628	1,199	1,199
ESFA creditor: abatement of GAG	583	583	364	364
Other creditors	3,156	3,152	2,038	2,035
Accruals and deferred income	8,465	8,419	5,377	5,355
	<b>17,446</b>	<b>17,394</b>	<b>13,529</b>	<b>13,484</b>
<b>Deferred income (included above)</b>				
Deferred income at 1 September 2019	3,661	3,654	2,318	2,312
Resources deferred in the year	4,181	4,169	3,038	3,036
Amounts released from previous years	(3,269)	(3,269)	(1,695)	(1,694)
Deferred income at 31 August 2020	<b>4,573</b>	<b>4,554</b>	<b>3,661</b>	<b>3,654</b>

At the balance sheet date the Trust was holding funds received in respect of capital grants, development grants and other sources, which have been deferred to the financial year ending 31 August 2021.

## 19 Creditors: amounts falling due more than one year

Group and Trust	2020 £'000	2019 £'000
Loans from ESFA	<b>2,028</b>	1,958
	<b>2,028</b>	<b>1,958</b>

Details of the loans outstanding are as below:

	Repayment due within one year £'000	Repayment due in more than one year £'000	2020 Total £'000	2019 Total £'000
Stationers' Crown Woods Academy	15	168	<b>183</b>	222
The Leigh UTC	—	1,488	<b>1,488</b>	1,488
Hartley Primary Academy	1	16	<b>17</b>	22
The Leigh Academy	10	106	<b>116</b>	133
The Halley Academy	22	250	<b>272</b>	355
	<b>48</b>	<b>2,028</b>	<b>2,076</b>	<b>2,220</b>

	Repayment due within one year £'000	Repayment due in more than one year £'000	2019 Total £'000
Stationers' Crown Woods Academy	19	203	222
The Leigh UTC	200	1,288	1,488
Hartley Primary Academy	2	20	22
The Leigh Academy	11	122	133
The Halley Academy	30	325	355
	<b>262</b>	<b>1,958</b>	<b>2,220</b>

**20 Funds**

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Transfers, gains & losses £'000	Balance at 31 August 2020 £'000
<b>Restricted ESFA funds</b>					
General Annual Grant (GAG)	(4,231)	86,167	(87,959)	6,023	—
Start Up Grant	—	184	(184)	—	—
Pupil Premium	—	4,203	(4,203)	—	—
Other DfE/ESFA grants	—	4,161	(4,161)	—	—
Pension reserve	(46,209)	—	(6,469)	(6,454)	(59,132)
	<u>(50,440)</u>	<u>94,715</u>	<u>(102,976)</u>	<u>(431)</u>	<u>(59,132)</u>
<b>Restricted general funds</b>					
Local authority grants	—	9,598	(9,598)	—	—
Transfer from schools	—	183	—	(183)	—
Other restricted funds	4,878	2,940	(1,032)	(4,926)	1,860
	<u>4,878</u>	<u>12,721</u>	<u>(10,630)</u>	<u>(5,109)</u>	<u>1,860</u>
<b>Restricted fixed asset funds</b>					
Transfer of schools	—	6,841	—	(6,841)	—
DfE/ESFA capital grants	224,295	4,543	(8,320)	8,109	228,627
Private sector capital sponsorship	—	99	(99)	—	—
	<u>224,295</u>	<u>11,483</u>	<u>(8,419)</u>	<u>1,268</u>	<u>228,627</u>
<b>Total restricted funds</b>	<u>178,733</u>	<u>118,919</u>	<u>(122,025)</u>	<u>(4,272)</u>	<u>171,355</u>
<b>Unrestricted funds</b>					
General funds	3,324	450	2	(1,664)	2,112
Transfer from Pre-School Learning Alliance	—	104	—	(104)	—
LAT Enterprises C.I.C	28	486	(72)	(414)	28
<b>Total unrestricted funds</b>	<u>3,352</u>	<u>1,040</u>	<u>(70)</u>	<u>(2,182)</u>	<u>2,140</u>
<b>Total funds</b>	<u>182,085</u>	<u>119,959</u>	<u>(122,095)</u>	<u>(6,454)</u>	<u>173,495</u>

**General Annual Grant (GAG)**

General Annual Grant (GAG) must be used for the normal running costs of the Academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Under the funding agreements with the Secretary of State, none of the academies within the Trust were subject to limits on the amount of GAG that it could carry forward at 31 August 2020.

**20 Funds (continued)****Analysis of academies by fund balance (including unrestricted funds)**

All fund balances at 31 August 2020 were held centrally by the Trust.

	2020 £'000	2019 £'000
Trust	3,972	3,971
<b>Total before fixed assets and pension reserve</b>	<b>3,972</b>	<b>3,971</b>
Restricted fixed asset fund	228,627	224,295
Pension liability	(59,132)	(46,209)
Total for Trust	173,467	182,057
Subsidiary	28	28
	<b>173,495</b>	<b>182,085</b>

**Analysis of academies by cost**

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

	Teaching and Educational Support Staff costs £'000	Other Support Staff costs £'000	Educational Supplies £'000	Other Costs (Excluding Depreciation) £'000	Total 2020 £'000
Allhallows Primary Academy	309	37	25	114	485
Cherry Orchard Primary Academy	1,140	122	64	201	1,527
Dartford Primary Academy	1,988	307	82	314	2,691
Eastcote Primary Academy	787	154	55	143	1,139
Hartley Primary Academy	1,127	208	87	224	1,646
High Halstow Primary School	591	75	63	124	853
Horsmonden Primary Academy	552	94	34	131	811
Hundred of Hoo Academy	6,413	679	443	1,095	8,630
Hundred of Hoo Nursery and Kids Club	400	—	11	71	482
Langley Park Primary Academy	1,207	139	49	212	1,607
The Leigh Academy	5,694	676	571	890	7,831
Leigh Academy Blackheath	1,187	144	123	269	1,723
The Leigh UTC	2,621	302	204	658	3,785
Longfield Academy	4,357	620	385	775	6,137
Mascalls Academy	4,454	435	476	792	6,157
Milestone Academy	5,080	618	202	590	6,490
Molehill Primary Academy	1,107	132	67	157	1,463
Oaks Primary Academy	926	119	53	118	1,216
Paddock Wood Primary Academy	1,848	256	122	357	2,583
Sir Joseph Williamson's Mathematical School	4,813	369	404	844	6,430
Stationers' Crown Woods Academy	7,231	758	468	1,651	10,108
Stoke Primary Academy	398	58	26	67	549
Strood Academy	5,296	610	441	962	7,309
The Halley Academy	5,600	1,065	391	1,114	8,170
Tree Tops Primary Academy	1,026	141	63	172	1,402
Wilmington Academy	4,936	534	331	737	6,538
Trust	2,670	9,950	528	1,666	14,814
Medway Teaching School Alliance	91	62	238	640	1,031
LAT Enterprises C.I.C	—	37	—	32	69
	<b>73,849</b>	<b>18,701</b>	<b>6,006</b>	<b>15,120</b>	<b>113,676</b>



**20 Funds (continued)**

**Analysis of academies by cost**

	Teaching and Educational Support Staff costs £'000	Other Support Staff costs £'000	Educational Supplies £'000	Other Costs (Excluding Depreciation) £'000	Total 2019 £'000
<i>Allhallows Primary Academy</i>	221	35	27	68	351
<i>Cherry Orchard Primary Academy</i>	735	132	69	175	1,111
<i>Dartford Primary Academy</i>	1,831	317	113	289	2,550
<i>Eastcote Primary Academy</i>	740	159	54	138	1,091
<i>Hartley Primary Academy</i>	1,151	189	137	201	1,678
<i>High Halstow Primary School</i>	396	45	66	91	598
<i>Hundred of Hoo Academy</i>	3,834	471	321	690	5,316
<i>Langley Park Primary Academy</i>	904	137	70	204	1,315
<i>The Leigh Academy</i>	5,321	690	636	856	7,503
<i>Leigh Academy Blackheath</i>	702	142	111	229	1,184
<i>The Leigh UTC</i>	2,149	290	198	529	3,166
<i>Longfield Academy</i>	4,131	625	402	670	5,828
<i>Mascalls Academy</i>	4,232	508	468	594	5,802
<i>Milestone Academy</i>	4,674	650	235	573	6,132
<i>Molehill Primary Academy</i>	1,034	131	63	166	1,394
<i>Oaks Primary Academy</i>	999	124	50	103	1,276
<i>Sir Joseph Williamson's Mathematical School</i>	2,875	252	737	537	4,401
<i>Stationers' Crown Woods Academy</i>	7,127	1,014	632	1,727	10,500
<i>Stoke Primary Academy</i>	254	55	38	40	387
<i>Strood Academy</i>	5,195	679	513	764	7,151
<i>The Halley Academy</i>	5,995	1,055	543	1,075	8,668
<i>Tree Tops Primary Academy</i>	1,097	183	51	174	1,505
<i>Wilmington Academy</i>	4,537	535	332	672	6,076
<i>Trust</i>	1,780	7,548	419	1,485	11,232
<i>Medway Teaching School Alliance</i>	44	32	178	379	633
<i>LAT Enterprises C.I.C</i>	—	56	—	60	116
	<b>61,958</b>	<b>16,054</b>	<b>6,463</b>	<b>12,489</b>	<b>96,964</b>

**20 Funds (continued)****Comparative information**

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

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Other adjustments £'000	Balance at 31 August 2019 £'000
<i>Restricted general funds</i>					
General Annual Grant (GAG)	(360)	75,543	(79,414)	—	(4,231)
Start Up Grant	—	212	(212)	—	—
Pupil Premium	—	3,802	(3,802)	—	—
Other DfE/ESFA grants	—	702	(702)	—	—
Transfer from existing academies	—	(5,959)	—	5,959	—
Pension reserve	(26,469)	—	(4,789)	(14,951)	(46,209)
	<u>(26,829)</u>	<u>74,300</u>	<u>(88,919)</u>	<u>(8,992)</u>	<u>(50,440)</u>
<i>Restricted fixed asset funds</i>					
Transfer from existing academies	—	47,467	—	(47,467)	—
DfE/ESFA capital grants	180,038	3,920	(7,141)	47,478	224,295
Private sector capital sponsorship	—	11	—	(11)	—
	<u>180,038</u>	<u>51,398</u>	<u>(7,141)</u>	<u>—</u>	<u>224,295</u>
<i>Other restricted funds</i>					
Local authority grants	—	7,297	(7,297)	—	—
Transfer from Pre – school Learning Alliance	—	196	—	(196)	—
Other restricted funds	1,115	3,220	(632)	1,175	4,878
	<u>1,115</u>	<u>10,713</u>	<u>(7,929)</u>	<u>979</u>	<u>4,878</u>
<i>Total restricted funds</i>	<u>154,324</u>	<u>136,411</u>	<u>(103,989)</u>	<u>(8,013)</u>	<u>178,733</u>
<i>Unrestricted funds</i>					
General funds	3,157	302	2	(138)	3,324
Transfer from existing academies	—	273	—	(273)	—
LAT Enterprises C.I.C	28	687	(118)	(569)	28
<i>Total unrestricted funds</i>	<u>3,185</u>	<u>1,262</u>	<u>(116)</u>	<u>(979)</u>	<u>3,352</u>
<i>Total funds</i>	<u>157,509</u>	<u>137,673</u>	<u>(104,105)</u>	<u>(8,992)</u>	<u>182,085</u>

## 20 Funds (continued)

**Analysis of net assets between funds**

Group	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset fund £'000	2020 £'000
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	—	4,116	228,627	<b>232,743</b>
Current assets	2,140	17,218	—	<b>19,358</b>
Current liabilities	—	(17,446)	—	<b>(17,446)</b>
Non-current liabilities	—	(2,028)	—	<b>(2,028)</b>
Pension scheme liability	—	(59,132)	—	<b>(59,132)</b>
<b>Total net assets</b>	<b>2,140</b>	<b>(57,272)</b>	<b>228,627</b>	<b>173,495</b>

Group	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset fund £'000	2019 £'000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	—	—	228,768	228,768
Current assets	3,352	10,751	910	15,013
Current liabilities	—	(8,146)	(5,383)	(13,529)
Non-current liabilities	—	(1,958)	—	(1,958)
Pension scheme liability	—	(46,209)	—	(46,209)
<b>Total net assets</b>	<b>3,352</b>	<b>(45,562)</b>	<b>224,295</b>	<b>182,085</b>

Trust	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset fund £'000	2020 £'000
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	—	4,116	228,627	<b>232,743</b>
Current assets	2,113	17,430	—	<b>19,543</b>
Current liabilities	—	(17,658)	—	<b>(17,658)</b>
Non-current liabilities	—	(2,028)	—	<b>(2,028)</b>
Pension scheme liability	—	(59,132)	—	<b>(59,132)</b>
<b>Total net assets</b>	<b>2,113</b>	<b>(57,272)</b>	<b>228,627</b>	<b>173,468</b>

Trust	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset fund £'000	2019 £'000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	—	—	228,765	228,765
Current assets	3,327	10,706	910	14,943
Current liabilities	—	(8,101)	(5,383)	(13,484)
Non-current liabilities	—	(1,958)	—	(1,958)
Pension scheme liability	—	(46,209)	—	(46,209)
<b>Total net assets</b>	<b>3,327</b>	<b>(45,562)</b>	<b>224,292</b>	<b>182,057</b>

## 21 Capital commitments

	2020 £'000	2019 £'000
Contracted for, but not provided in the financial statements	nil	248

## 22 Commitments under operating leases

At 31 August 2020 the Leigh Academies Trust had future minimum commitments under non-cancellable operating leases as follows:

<b>Equipment</b>	2020 £'000	2019 £'000
Payments falling due:		
Amounts due within one year	302	165
Amounts due between one and five years	723	696
Amounts due after five years	—	—
	<b>1,025</b>	<b>861</b>

<b>Buildings</b>	2020 £'000	2019 £'000
Payments falling due:		
Amounts due within one year	1,106	1,079
Amounts due between two and five years	4,423	4,314
Amounts due after five years	11,058	11,864
	<b>16,587</b>	<b>17,257</b>

## 23 Funds transferred

On 1 September 2019 Paddock Wood Primary School and Horsmonden Primary School converted to academy status and joined The Leigh Academies Trust. At the date of transfer under the Academies Act 2010, the operations and assets and liabilities were transferred to the group for £nil consideration. The transfers have been accounted for using the acquisition method. 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 income in the Statement of Financial Activities as voluntary income.

## 23 Funds transferred (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset fund £'000	2020 £'000
Tangible fixed assets				
Leasehold land and buildings	—	—	6,841	6,841
Budget surplus on local authority funds	—	183	—	183
Budget surplus on other school funds	151	—	—	151
Borrowing obligations	(47)	—	—	(47)
<b>Net assets</b>	<b>104</b>	<b>183</b>	<b>6,841</b>	<b>7,128</b>

From 1 September 2019, the Hundred of Hoo Nursery and Kids Club is accounted for as a subsidiary of Leigh Academies Trust. At that date, unrestricted reserves of £104,000 were transferred to the Trust.

## 24 Contingent liabilities

In the event of the sale or disposal of any asset for which a capital grant was received, the Trust must, if it does not reinvest the proceeds, repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates to the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreements, the Trust must repay to the Secretary of State sums determined by reference to:

- The value at the time of the academies' sites and premises and other assets held for the purpose of the Trust; and
- The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

## 25 Related party transactions

Owing to the nature of the Trust's operations 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 the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. In the year there were no related party transactions.

## 26 Post balance sheet events

On 1 September 2020 the following schools joined the Trust: Marden Primary Academy (a 4-11 Primary School); and two new academies were opened and joined the Trust, Bearsted Primary Academy (a 3-11 Primary School and Nursery) and Snowfields Academy (an 11-19 Special School).

## 27 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the Trust received £195,716 (2019: £375,053) and distributed £134,497 (2019: £335,295) from the fund. An amount of £240,110 (2019: £178,891) is included in other creditors relating to undistributed funds that is repayable to the ESFA if not used within 12 months.

## 28 Teaching School Trading account

	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Income</b>				
Direct income				
· Teaching School Grants	841		687	
Other income				
· Fundraising and other trading activities	92		72	
		933		759
<b>Expenditure</b>				
Direct costs				
· Staff costs	(91)		(44)	
· Staff development	(202)		(92)	
· Other direct costs	(37)		(86)	
<b>Total direct costs</b>		(330)		(222)
<b>Other costs</b>				
· Support staff costs	(62)		(32)	
· Technology costs	(3)		(4)	
· Recruitment and support	(25)		(17)	
· Other support costs	(612)		(357)	
		(702)		(410)
<b>Total expenditure</b>		(1,032)		(632)
(Deficit) surplus from all sources		(99)		127
Teaching School balances at 1 September		192		65
<b>Teaching school balances at 31 August</b>		93		192