

Company Registration Number: 07226557 (England & Wales)

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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STOUR VALLEY EDUCATIONAL TRUST LIMITED
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STOUR VALLEY EDUCATIONAL TRUST LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	K Haisman BEM D J Blake MBE R M Smith P Stanbury-Jones S Ash J Burge (appointed 28 June 2020)
Trustees	K Haisman, Chair S Goldsmith, Vice Chair C G Hawkins L Goldsmith (resigned 25 March 2020) R A Kelly R J Priestley P K Luxon (appointed 5 February 2020) S Culshaw (appointed 17 February 2020, resigned 2 October 2020)
Company registered number	07226557
Company name	Stour Valley Educational Trust Limited
Principal and registered office	Cavendish Road Clare Sudbury Suffolk CO10 8PJ
Independent auditors	MHA Larking Gowen 1 Claydon Business Park Great Blakenham Ipswich IP6 0NL
Bankers	Lloyds Bank 30 Market Street Sudbury CO10 2EL
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ
Senior management	R A Kelly - Headteacher (Stour Valley), CEO and Accounting Officer R Loader - Head Teacher (Clare Primary) C Bank - Deputy Head (Stour Valley) K Cullimore - Trust Business Manager

STOUR VALLEY EDUCATIONAL TRUST LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust consists of two schools: Stour Valley Community School is a secondary school for pupils age 11-16 with 599 students on roll at the end of the year and Clare Community Primary School, with 200 students on roll.

The principal aim of Stour Valley Educational Trust Limited is to advance, for the public benefit, education in Clare and the surrounding area by establishing, maintaining and operating schools offering a broad curriculum.

Structure, governance and management

a. Constitution

Stour Valley Educational Trust Limited is a company limited by guarantee with no share capital (registration No. 07226557) and is an exempt charity. It is not required to be registered with the Charity Commission but is, however, subject to the Charity Commissioners' regulatory powers which are monitored by the Secretary of State for Education. The Memorandum and Articles of Association of Stour Valley Educational Trust Limited are the primary governing documents of the Trust.

The Trustees of Stour Valley Educational Trust Limited are also the directors of the charitable company for the purposes of company law.

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

b. Members' liability

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

c. Trustees' indemnities

There were no Trustee indemnity provisions during the year or at the date of approval of this report.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

As and when new Trustees are required for appointment, consideration is made as to the skills needed to augment the effectiveness of the Board. The Trustees are appointed under the terms of Stour Valley Educational Trust Limited's Articles of Association as follows:

- The number of Trustees shall be not less than three
- Up to eight Trustees (excluding staff, parents, LA, ex officio and co-opted)
- A minimum of two Parent Trustees
- The Local Authority (LA) may appoint an LA Trustee
- The Headteacher as CEO Trustee
- Co-opted Trustees

The Trustees have a breadth of skills which are beneficial to the various sub-committees that support the Board of Trustees. The term of office for all Trustees, except the CEO, is four years. The CEO's term of office runs parallel with their contract of employment.

e. Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new Trustees are given a tour of the Academy Trust, and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees and directors of Stour Valley Educational Trust Limited. In addition, the Trust buys in external training programmes. A record of attendance at training sessions is maintained by the Administration Team. As there is normally expected to be only a small number of new Trustees each year induction tends to be done informally and is tailored specifically to the individual.

f. Organisational structure

As specified in the Memorandum of Association, Stour Valley Educational Trust Limited is responsible for running Stour Valley Community School and Clare Community Primary School. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academies by the use of budgets and making major decisions about the direction of the Academies, and senior staff appointments. The Trustees are responsible for the monitoring and performance of the Headteachers and Senior Leadership Team on a regular basis. Since January 2018 each of the schools within the Trust has a dedicated Local Governing Body with powers assigned through a Scheme of Delegation.

The Senior Leadership Team (SLT) of the Academy Trust are the CEO (also Headteacher of Stour Valley Community School) and CFO plus the two Headteachers, two Deputy Head Teachers and two Assistant Headteachers. The Headteacher of Stour Valley Community School is the CEO of the Trust and has line management responsibility for the Headteacher of Clare Primary Community School. These managers control the Academies at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment Boards for posts in the Senior Leadership Team always contain a Trustee. Spending control is contained within the Senior Leadership Team.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

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

The Headteachers' performance management targets are set by the Chair of Trustees, or the CEO where appropriate, and the Chair of the relevant Local Governing Body, and are based in part on the School Development and Improvement Plan with additional personal development targets. The targets are reviewed regularly by the Chair of Trustees/CEO. The Headteachers set performance targets for other members of the SLT. All staff in Stour Valley Educational Trust are employed on the terms of the National Pay and Conditions framework. Performance against targets is reviewed for all SLT members within the timelines set down in the framework and salary increases are awarded accordingly, where appropriate. All amendments to key management's pay and remuneration are approved by the appropriate committee and ratified by the Board of Trustees.

h. Trade Union facility time

Number of employees who were relevant union officials during the year - 3 (Full-time equivalent employee number - 3).

Percentage of time spent on facility time

The schools hosted/participated in fourteen meeting sessions during the course of the year where staff were invited to discuss topics with their union officials and staff representatives – some of these were carried out remotely due to COVID-19 restrictions. It is estimated that the total time spent on union business over the year is between 5-10% during term time. In total this amounts to approximately £6,215 – 12,430 per annum.

i. Related parties and other connected charities and organisations

The Trustees are not aware of any connected organisations or related party transactions during the year other than those disclosed in note 23 to the financial statements. The Trust also receives donated goods and gifts from the Clare Community Primary School's Parents, Teachers and Friends Association which are donated for primary school purposes.

Objectives and activities

a. Objects and aims

The principal objective and activity of Stour Valley Educational Trust Limited is the operation of Stour Valley Community School and Clare Community Primary School to provide education for pupils of different abilities between the ages of 5 to 16.

The wider objective of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them or 16 to 19 Academies offering a curriculum appropriate to the needs of its students or schools specially organised to make special educational provisions for pupils with Special Educational Needs.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

In addition to being governed by its Articles of Association, Stour Valley Educational Trust Limited entered into a Funding Agreement on 27 May 2011 with the Secretary of State for Education. Clare Community Primary School was transferred to the Trust under a Funding Agreement dated 28 March 2017. The Funding Agreements specify, amongst other things, the basis for admitting students to the schools, the catchment area from which the students are drawn, and that the broad and balanced curriculum includes English, Mathematics and Science.

b. Objectives, strategies and activities

The Academy Trust's Vision:

Central to our vision is the belief in the uniqueness of every student, and that every young person has gifts to discover and share with others. We are committed to building brighter futures for our students, our local community and the wider world.

We aim to open students' minds to their full potential so that when they leave us they have a firm foundation on which to build the next phase of their lives, whether that is in further academic study, vocational training or the world of work. We want our students to be happy and confident, but also caring and tolerant. Above all we want them to have a thirst for knowledge and a real enthusiasm for life.

The objectives of the Academy Trust are agreed as:

- To raise the standard of educational achievement of all students
- To improve the effectiveness of the Academy Trust by keeping the curriculum and organisational structure under continual review.
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with local schools and community groups, and;
- To conduct the Academy Trust's business in accordance with the highest standards of integrity, probity and openness

c. Public benefit

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The objective of the Academy Trust is to advance for the public benefit education in Clare and the surrounding area.

Staff and students at both Trust schools regularly engage in community activities in support of local community groups and with local businesses e.g. through:

- the STEM activities which engage with over 20 local firms and 500 students.
- Prince's Trust students undertaking projects in Clare Castle Country Park
- Forest School in the Country Park
- Singing events at the Luncheon Club for Clare's elderly residents
- Participation in local church and Christmas celebration events
- Use of school halls by local community and sporting groups
- Community use of the swimming pool over the summer months

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

a. Key performance indicators

Stour Valley Community School

No Public Examinations were taken by students in 2020 following school closure from March to September. School staff used their professional judgement to award the full range of grades with high levels of internal moderation and scrutiny to ensure that every grade could be supported with evidence, although none was requested at any point. The exam board algorithm increased 49 of Stour Valley Community School's centre assessed grades. Results have not been published at a local or national level and Ofsted will not use 2020 results as part of any future judgement made about the school.

The school continued to receive mid year transfers of students, and was successful at attracting students for the 2020/21 academic year. The number of students on roll as at 1 September 2020 was 592 with the new Year 7 intake being significantly oversubscribed once again. Senior staff have thanked Trustees for allowing Year 6 Tours to take place at weekends during October as they felt this was a crucial aspect of transition to secondary school that should be maintained. Staff volunteered their time and over 3 weekends there were 129 personal tours with children from 27 different primary schools. Initial indications are that this has positively impacted on applications for 2021.

Clare Community Primary School

The school has gained in popularity as a result of a clear vision of excellent standards in the core subjects supported by an emphasis on the creative curriculum, which is already having a positive effect on standards in all areas. This vision is enhanced by an impressive range of extra-curricular activities on offer both at lunchtimes and after school; the introduction of a Breakfast and Afterschool club; and the welcoming, nurturing atmosphere that is evident throughout the school. Student numbers have increased from 189 at census in October 2018 to 200 in October 2019. Numbers have remained stable with 199 students recorded during the October 2020 census.

Performance has risen significantly over the last three years with substantial increases in students operating at Greater Depth. Due to COVID-19 all 2020 results are via teacher assessment as no national testing was carried out. For this reason there is also no national data for 2020. Caution was used to mark Greater Depth and Writing and Maths due to restricted time in school.

Major KPI's on which the Trustees receive regular reports include:

- Student numbers
- Expenditure budgets and cash flow
- Student behaviour
- Reports on progress in teaching and learning
- Evidence of student progress against Fischer Aspire Top 20% data
- Progress towards school targets

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

b. COVID-19 overview

Our two schools remained open in line with government guidelines. In practice this meant that only students of key workers and those classified as vulnerable attended Stour Valley Community School from March to July. At Clare Primary students of key workers plus specific year groups were provided for in line with guidance.

A thorough set of risk assessments were approved by the Trust Board to meet the safety needs in both schools and the assessments continue to be updated by the Trust Business Manager and monitored by the Board.

Those students who could not attend school were either taught remotely or received work packs sent to their home. Student engagement was closely monitored and no causes for concern had been raised.

During the period under review no students contracted COVID-19. A small number of students were required to self-isolate due to a family member also self-isolating.

The financial challenge to the Trust was modest and gave no cause for concern around sustainability. COVID-19 related expenditure amounted to £16,555 and claims on the ESFA totalled £16,555. However, there have been significant invoices received relating to the summer term period since the original claim was sent at the end of July, and we are expecting the opportunity to claim these back during the autumn term window of claims as advertised by the DfE. Provided this second claim window is met, there will have been no effect on reserves or reserves policy.

For 2020/21 the Trust will receive £63,840 in COVID-19 Catch Up Grants which will support any required increased staff costs and IT provision. Both schools within the Trust have balanced budgets for 2020/21 and 2020/23.

Before and after school clubs at Clare Primary will be significantly reduced and any expenditure and income will be ringfenced to protect the school budget.

c. Going concern

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review

a. Financial review

Stour Valley Educational Trust Limited's accounting period is from 1 September 2019 to 31 August 2020. Most of the Academy Trust's income was obtained from the Education Funding Agency (EFA), an executive arm of the Department for Education (DfE), in the form of General Annual Grant (GAG) which is the per capita funding required to run the school and deliver the curriculum. The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.

As central government funding has become tighter and not kept pace with wage inflation it has been necessary to implement still tighter controls over internal cost centres, to keep all expenditure within allocated budgets and seek efficiencies. Unless government funding improves, Trustees are aware that similar challenges will be faced in future years. The Trustees have continued to maintain the curriculum to meet the needs of all ability levels of our student population.

The in-year deficit for the Trust, being the change in restricted funds (excluding pension reserves) plus unrestricted funds, was £25,591.

b. Reserves policy

The Trustees review the reserve levels monthly. The review takes into account the nature of the income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Trustees will keep the level of reserves under review.

As the Academy Trust is in its early years of operation the Trustees have agreed to aspire to a level of reserves equivalent to one month's expenditure which equates to £375,000. The Academy Trust currently holds £222,110 of unrestricted reserves and £11,287 of restricted general funds. With reserves currently only 62% of our target level, and the uncertainty surrounding future funding levels, it is not clear that the aspiration to hold one month's expenditure as reserves will be possible in the near future.

As at 31 August 2020, the Trust held total funds of £7,829,504, of which £7,607,394 was restricted funds, including fixed assets which were carried at £8,354,107.

Restricted funds include a pension fund deficit of £758,000. A surplus or deficit position would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

c. Principal risks and uncertainties

Financial and Risk Management Objectives and Policies

The Trustees have assessed the major risks to which the trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust. The Trustees have implemented a number of systems to assess risks that the trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls, in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

The school has a comprehensive set of policies covering inter alia the teaching of the curriculum, the management of school facilities and operational procedures. These policies were reviewed by the relevant committees in the year under review.

Risk Management

During the year the Trustees continued to develop their comprehensive risk management procedures for the Academy Trust. These help to identify and monitor the risks faced by the Academy Trust. The key risk areas identified for inclusion are Strategy, Governance, Skills, Health and Safety, Safeguarding, IT, Business continuity and Financial Reporting and Management related. A point scoring mechanism has been put in place with a greater emphasis directed towards those areas identified as being higher risk.

d. Investment policy

The Investment policy has been approved by the Shared Services Committee. Surplus funds may only be invested in cash deposits with the leading High Street banks for periods which deliver the best financial returns to the Academy Trust while ensuring that the Trust has access to sufficient liquidity to meet all financial obligations when due.

Fundraising

The Trust only undertakes fundraising through non-uniform days and other small events such as cake sales and Summer and Christmas Fetes which are organised internally or by the Parent Teachers and Friends Association. These events raise vital additional funds for the academy schools within the Trust. The Trust does not use any professional fundraisers or commercial participators. The Trust understands its responsibilities to protect the public, including vulnerable people, from reasonably intrusive or persistent approaches and undue pressure to donate. All fundraising is undertaken in a fun and friendly environment.

Plans for future periods

The Academy Trust is concentrating its efforts on delivering the best possible educational experience to all students. The planned strategy review led by the CEO was deferred due to the COVID lockdown from March 2020. That review will now take place in the 2020/21 academic year and will review the Trust strategy and propose revised development plans to the Trust Board.

Given the growing student population in junior schools the Trustees will keep under continual review the need to increase the number of buildings on site to cope with anticipated increased demand.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Funds held as custodian on behalf of others

The Academy Trust does not hold any funds as Custodian Trustee.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2020 and signed on its behalf by:



.....
K Haisman
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

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

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

Trustee	Meetings attended	Out of a possible
K Haisman, Chair	4	4
S Goldsmith, Vice Chair	4	4
C G Hawkins	4	4
L Goldsmith	0	2
R A Kelly	4	4
R J Priestley	3	4
P K Luxon	2	3
S Culshaw	2	3

The composition of the Board of Trustees during the 2019/20 period included sub-committees of a Resources Committee, dealing specifically with MAT finance, human resources and premises issues, an Audit Committee, dealing with oversight of regularity and control, a Pay committee which dealt solely with pay progression and salary percentage increases, and a Local Governing Body for each individual school.

The Trustees reflected on issues faced during the year using a variety of means, including:

- The framework for Trustees under the Academies Financial Handbook which outlines their responsibilities
- Use of Governor Hub to plan, implement and disseminate information to all Trustees
- Training for trustees and heads – using both internal and external providers
- Review of the Trust's business plan
- Updating of the risk register regularly

In addition to the ongoing reviews as mentioned above Trustees also considered:

- Vision, ethos and strategy
- Governance structures
- Trustee Board effectiveness and conduct
- Engagement
- Effective accountability of the executive leadership
- Impact on outcomes for pupils

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

In order to assess and review these areas, Trustee meetings through year were provided with a wide variety of source information including data and improvement reports for each individual school which identify strengths and weaknesses at local levels. Financial management reports taken directly from the management information system, FMS, ensured up to date information was received in a timely manner at each meeting, and these reports were posted on a monthly basis onto Governor Hub so that Trustees – including the Chair of Trustees and the Chair of the Trust Resources Committee – could review them in-between meetings. Internal audit reports, risk assessments and analysis data from external sources were all used to aid the Trustees in assessing the effectiveness of their governance and progress of the Trust. The Trustees appointed School Business Services to carry out two Internal Audit reviews during the financial year, one in March and the other in June.

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to agree local budgets, monitor and approve financial and operational standards.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
S Goldsmith, Chair	3	3
C G Hawkins	3	3
L Goldsmith	0	2
R A Kelly	3	3
R J Priestley	2	3
S Culshaw	2	2
K Haisman	1	1
P K Luxon	2	2

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to provide internal scrutiny to ensure that financial controls and risk management procedures are robust and effective.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
L Goldsmith	0	2
K Haisman	1	1
S Goldsmith	3	3
C G Hawkins, Chair	3	3
R A Kelly	3	3
S Culshaw	2	2
P K Luxon	2	2
R J Priestley	2	3

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Pay Committee is also a sub-committee of the main Board of Trustees. Its purpose is to agree pay progression and salary incremental increases.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
R J Priestley, Chair	1	1
L Goldsmith	0	2
S Goldsmith	2	2
K Haisman	2	2
R A Kelly	2	2

The Trust recognises the importance of strong governance and has embarked on an internal review process of all tiers of governance. In line with national interpretation of the accountability framework, work has been undertaken to construct a robust local governing body within each academy school which links directly to the Trust Board and via its sub-committees. Full Terms of Reference for all tiers of governance have been introduced. This restructure also includes the introduction of an Audit Committee, sitting within the Resources Committee, in compliance with the 2019 Academies Financial Handbook

The Chair of Trustees currently engages in the national governance arena and his access to current thinking through involvement as Chair of Governors at Abbeygate Sixth Form College in Bury St Edmunds and the NGA has influenced the strategic governance and accountability decisions within the Trust.

We propose that the Members will become more aware of, and proactive in, their responsibilities relating to Trustee accountability and they will be engaging in a forthcoming recruitment process for new Trustees.

The Trust Board membership encompasses significant experience of working in governance in both the education and business environment, and has been selected with a range of specific skills in mind, covering finance, audit & accountancy, human resources, building surveyance and previous educational leadership.

The Academies Accounts Direction requires Trusts, where the Board has met less than six times during the year, to include a statement on the maintenance of effective oversight. All Trustees receive monthly summary and full financial reports for each school comprising:

Current Budget,
Actuals to Date,
Commitments,
Total Actuals + Commitments
Income or Expenditure Remaining to Meet Budget
Forecast Year End Actual Position
% Received or Spent to Date
Expected % Year to Date
Comments

The Chair of Trustees and the Chair of the Resources Committee review the reports monthly with the Trust Business Manager and agree any actions necessary.

The Risk Assessments are reviewed in each school by the CEO who reports changes to Trustees on an exception basis.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The focus for Trust Board development in the next academic year is on:

- Continued communication with and training of Trustees and LGBs to ensure that all tiers of governance carry out their roles and responsibilities effectively and efficiently.
- CEO completing the National Professional Qualification for Executive Leaders (NPQEL), a course designed by Ambition Institute using the latest research and expertise across the sector to support students in disadvantaged areas.
- Vice Chair of Trustees' completion of Governance Leaders training with Ambition Institute. As part of this course there will be a Board assessment involving the CEO and other Trustees to encourage collaboration and a joined-up leadership approach to the Trust.

Review of value for money

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

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

- long term contracts being regularly reviewed and compared against other providers, in order to achieve the best price without compromising quality;
- reviewing the audit provision with a full tender process which resulted in a better and more robust service being secured;
- using economies of scale available as a Multi-Academy Trust with purchases of print, broadband and IT equipment, for example;
- undertaking a review of external services we are currently purchasing to look at opportunities to secure better, more cost effective provision e.g. payroll and contract management.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stour Valley Educational Trust Limited for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The Board of Trustees has decided to employ School Business Services as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included governance, payroll, purchases, income, and the accounting system.

The internal audit reports are submitted twice a year to the Audit Committee which sits within the Trust Resources Committee in line with the Academies Financial Handbook. The internal auditor also prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress. There were no significant findings in the year under review.

Review of effectiveness

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

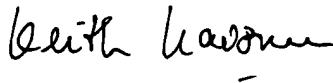
- the work of the internal auditor or reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Trustees on 16 December 2020 and signed on their behalf by:



.....
K Haisman
Chair of Trustees
Date:



.....
R A Kelly
Accounting Officer

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Stour Valley Educational Trust Limited I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



R A Kelly
Accounting Officer
Date: 16 December 2020

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 16 December 2020 and signed on its behalf by:



.....
K Haisman

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
STOUR VALLEY EDUCATIONAL TRUST LIMITED**

Opinion

We have audited the financial statements of Stour Valley Educational Trust Limited (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
STOUR VALLEY EDUCATIONAL TRUST LIMITED (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
STOUR VALLEY EDUCATIONAL TRUST LIMITED (CONTINUED)**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

MHA Larking Gowen

Giles Kerkham FCA DChA (senior statutory auditor)

for and on behalf of
MHA Larking Gowen

Ipswich

18 December 2020

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO STOUR VALLEY EDUCATIONAL TRUST LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 10 May 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stour Valley Educational Trust Limited during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Stour Valley Educational Trust Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Stour Valley Educational Trust Limited's funding agreement with the Secretary of State for Education dated December 2014 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO STOUR
VALLEY EDUCATIONAL TRUST LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

In planning and conducting our work we had due regard to professional guidance, including the Academies Accounts Direction 2019 to 2020 and the ICAEW Assurance Sourcebook. The work undertaken to draw to our conclusion, includes, but is not limited to:

- Enquiry of senior management and the Academy's Governors
- Inspection and review of the accounting records, meeting minutes, prior year regularity report, internal control procedures, management representations and declarations of interest
- Observation and re-performance of the financial controls
- Review of the results of the Academy's process of independent checking of financial controls, systems, transactions and risks

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Larking Gowen

Giles Kerkham FCA DChA
MHA Larking Gowen

Date: 18 December 2020

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	-	3,490	19,700	23,190	63,840
Charitable activities		6,477	4,009,348	-	4,015,825	3,852,620
Other trading activities		104,741	9,857	-	114,598	212,658
Investments	6	254	-	-	254	250
Total income		111,472	4,022,695	19,700	4,153,867	4,129,368
Expenditure on:						
Charitable activities		114,908	4,173,267	236,697	4,524,872	4,364,040
Total expenditure		114,908	4,173,267	236,697	4,524,872	4,364,040
Net expenditure		(3,436)	(150,572)	(216,997)	(371,005)	(234,672)
Transfers between funds	18	(7,583)	-	7,583	-	-
Net income/(expenditure)		(11,019)	(150,572)	(209,414)	(371,005)	(234,672)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(31,000)	-	(31,000)	(346,000)
Net movement in funds		(11,019)	(181,572)	(209,414)	(402,005)	(580,672)

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Note					
Reconciliation of funds:					
Total funds brought forward	233,129	(565,141)	8,563,521	8,231,509	8,812,181
Net movement in funds	(11,019)	(181,572)	(209,414)	(402,005)	(580,672)
Total funds carried forward	222,110	(746,713)	8,354,107	7,829,504	8,231,509

All income and expenditure derive from continuing activities.

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 29 to 60 form part of these financial statements.

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 07226557

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	-	612
Tangible assets	15	8,353,189	8,566,345
		<u>8,353,189</u>	<u>8,566,957</u>
Current assets			
Debtors	16	69,239	71,437
Cash at bank and in hand		303,679	349,242
		<u>372,918</u>	<u>420,679</u>
Creditors: amounts falling due within one year	17	(138,603)	(165,127)
Net current assets		<u>234,315</u>	<u>255,552</u>
Total assets less current liabilities		<u>8,587,504</u>	<u>8,822,509</u>
Net assets excluding pension liability		<u>8,587,504</u>	<u>8,822,509</u>
Defined benefit pension scheme liability	24	(758,000)	(591,000)
Total net assets		<u><u>7,829,504</u></u>	<u><u>8,231,509</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	18	8,354,107	8,563,521
Restricted income funds	18	11,287	25,859
		<u>8,365,394</u>	<u>8,589,380</u>
Restricted funds excluding pension asset	18	8,365,394	8,589,380
Pension reserve	18	(758,000)	(591,000)
Total restricted funds	18	<u>7,607,394</u>	<u>7,998,380</u>
Unrestricted income funds	18	<u>222,110</u>	<u>233,129</u>
Total funds		<u><u>7,829,504</u></u>	<u><u>8,231,509</u></u>

The financial statements on pages 24 to 60 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 07226557

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

Keith Haisman

.....
K Haisman
Chair of Trustees
Date: 16 December 2020

The notes on pages 29 to 60 form part of these financial statements.

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(42,588)	78,936
Cash flows from investing activities	21	(2,975)	41,282
Change in cash and cash equivalents in the year		(45,563)	120,218
Cash and cash equivalents at the beginning of the year		349,242	229,024
Cash and cash equivalents at the end of the year	22, 23	<u>303,679</u>	<u>349,242</u>

The notes on pages 29 to 60 form part of these financial statements

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies

Stour Valley Educational Trust Limited is a company limited by guarantee incorporated in England, registration number 07226557. The registered office is Cavendish Road, Clare, Sudbury, Suffolk, CO10 8PJ.

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their 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.

Stour Valley Educational Trust Limited meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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.

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in 'Stocks' and 'Income from Other Trading Activities'. Upon sale, the value of the stock is charged against 'Income from Other Trading Activities' and the proceeds are recognised as 'Income from Other Trading Activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from Other Trading Activities'.

1.4 Expenditure

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

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.4 Expenditure (continued)

- **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 resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.7 Intangible 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 assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

Computer software	- 3 years
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STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.8 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Leasehold land and buildings	- 50 / 51 years straight line
Furniture, fixtures & equipment	- 3-10 years straight line
Computer equipment	- 3 years straight line

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

1.9 Debtors

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

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 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.

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

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

1.13 Operating leases

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

1.14 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Academy 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.

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 note 17. 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 the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

STOUR VALLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
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1. Accounting policies (continued)

1.15 Pensions

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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.

1.16 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

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2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Donations	3,490	-	3,490
Capital grants	-	19,700	19,700
	<u>3,490</u>	<u>19,700</u>	<u>23,190</u>

	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Donations	4,436	-	4,436
Capital grants	-	59,404	59,404
	<u>4,436</u>	<u>59,404</u>	<u>63,840</u>

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4. Funding for the academy's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	3,497,680	3,497,680
Other DfE/ESFA grants	-	436,583	436,583
	-	3,934,263	3,934,263
Other Government Grants			
Local authority grants	-	43,935	43,935
	-	43,935	43,935
Other			
Trips	6,477	-	6,477
Catering income	-	14,495	14,495
	6,477	14,495	20,972
Exceptional government funding			
Coronavirus exceptional support	-	16,655	16,655
	-	16,655	16,655
	6,477	4,009,348	4,015,825

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding received for coronavirus exceptional support covers £16,655 of costs incurred for additional resources required as a result of the Covid-19 pandemic, such as cleaning and home working supplies. These costs are included in notes 8 and 9 below as appropriate.

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FOR THE YEAR ENDED 31 AUGUST 2020**

4. Funding for the academy's educational operations (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	-	3,482,601	3,482,601
Other DfE/ESFA grants	-	229,129	229,129
	-	3,711,730	3,711,730
Other Government Grants			
Local authority grants	-	39,986	39,986
	-	39,986	39,986
Other			
Trips Fund	78,124	-	78,124
Catering Income	-	17,720	17,720
Other Grants	5,060	-	5,060
	83,184	17,720	100,904
	83,184	3,769,436	3,852,620

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5. Income from other trading activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Hire of facilities	9,086	-	9,086
Department income	-	9,857	9,857
Productions income	(2,488)	-	(2,488)
Solar PV income	3,374	-	3,374
Other income	37,907	-	37,907
Insurance income	14,163	-	14,163
Transport	42,151	-	42,151
Uniform	528	-	528
Music fees	20	-	20
	<u>104,741</u>	<u>9,857</u>	<u>114,598</u>
	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Hire of facilities	8,279	-	8,279
Rental income	6,763	-	6,763
Department income	-	12,770	12,770
Productions income	6,061	-	6,061
Solar PV income	5,026	-	5,026
Other income	73,243	-	73,243
Insurance income	18,021	-	18,021
Transport	80,749	-	80,749
Uniform	727	-	727
Music fees	1,019	-	1,019
	<u>199,888</u>	<u>12,770</u>	<u>212,658</u>

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6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £
Short term deposits	254	254
	<u>254</u>	<u>254</u>
	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Short term deposits	250	250
	<u>250</u>	<u>250</u>

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Academy Trust's educational operations				
Direct costs	3,114,574	-	295,286	3,409,860
Allocated support costs	330,620	150,723	621,669	1,103,012
	<u>3,445,194</u>	<u>150,723</u>	<u>916,955</u>	<u>4,512,872</u>
	<i>Staff Costs 2019 £</i>	<i>Premises 2019 £</i>	<i>Other 2019 £</i>	<i>Total 2019 £</i>
Academy Trust's educational operations				
Direct costs	2,874,780	-	403,951	3,278,731
Allocated support costs	378,875	112,678	593,756	1,085,309
	<u>3,253,655</u>	<u>112,678</u>	<u>997,707</u>	<u>4,364,040</u>

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8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Educational operations	3,409,860	1,103,012	4,512,872

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Educational operations	3,278,731	1,085,309	4,364,040

Analysis of support costs

	Activities 2020 £	Total funds 2020 £
Staff costs	330,620	330,620
Depreciation and amortisation	236,697	236,697
Premises costs	150,723	150,723
Other support costs	369,912	369,912
Governance costs	15,060	15,060
	1,103,012	1,103,012

Governance costs comprise audit and accountancy fees incurred in the year.

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8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	<i>Activities 2019 £</i>	<i>Total funds 2019 £</i>
Staff costs	378,875	378,875
Depreciation and amortisation	239,330	239,330
Premises costs	112,678	112,678
Other support costs	329,138	329,138
Governance costs	25,288	25,288
	<u>1,085,309</u>	<u>1,085,309</u>

9. Net expenditure

Net expenditure for the year includes:

	2020 £	2019 £
Operating lease rentals	20,238	9,195
Depreciation of tangible fixed assets	236,085	238,597
Amortisation of intangible assets	612	733
Fees paid to auditors for:		
- audit	8,750	8,500
- other services	5,050	4,900
	<u>8,750</u>	<u>4,900</u>

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10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	2,536,638	2,512,247
Social security costs	252,747	238,158
Pension costs	655,809	503,250
	<u>3,445,194</u>	<u>3,253,655</u>

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	43	43
Administration and support	46	47
Management	7	7
	<u>96</u>	<u>97</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	40	42
Administration and support	34	36
Management	7	7
	<u>81</u>	<u>85</u>

c. Higher paid staff

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

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10. Staff (continued)

c. Higher paid staff (continued)

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £465,822 (2019 £401,197).

11. Central services

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

- Executive leadership
- Financial administration services (Hub finance support, outsourced payroll service)
- HR services (employee contract administration, wellbeing and employee relations including legal and professional services)
- Centralised ICT support
- Centralised GDPR support
- Centralised Site Management and Caretaking

The Academy Trust charges for these services on the following basis:

The proportion of time spent at each school has been calculated and staffing costs, including all on-costs, have been charged accordingly.

The actual amounts charged during the year were as follows:

	2020 £	2019 £
Stour Valley Community School	125,562	199,877
Clare Community Primary School	37,032	28,500
Total	162,594	228,377

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12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020	2019
		(£)	(as restated) (£)
R A Kelly	Remuneration	70,000 -	70,000 -
		75,000	75,000
	Pension contributions paid	15,000 -	10,000 -
		20,000	15,000

During the year ended 31 August 2020, expenses totalling £Nil were reimbursed or paid directly to any Trustee (2019 - £186 to 1 Trustee).

13. Trustees' and Officers' insurance

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

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14. Intangible assets

	Computer software £
Cost	
At 1 September 2019	2,200
At 31 August 2020	<u>2,200</u>
Amortisation	
At 1 September 2019	1,588
Charge for the year	612
At 31 August 2020	<u>2,200</u>
Net book value	
At 31 August 2020	<u><u>-</u></u>
At 31 August 2019	<u><u>612</u></u>

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15. Tangible fixed assets

	Leasehold land and buildings £	Furniture, fixtures & equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2019	9,241,844	246,516	494,463	9,982,823
Additions	-	2,876	20,053	22,929
At 31 August 2020	9,241,844	249,392	514,516	10,005,752
Depreciation				
At 1 September 2019	818,135	137,700	460,643	1,416,478
Charge for the year	183,878	28,188	24,019	236,085
At 31 August 2020	1,002,013	165,888	484,662	1,652,563
Net book value				
At 31 August 2020	8,239,831	83,504	29,854	8,353,189
At 31 August 2019	8,423,709	108,816	33,820	8,566,345

16. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	-	1,165
Other debtors	4,062	17,738
Prepayments and accrued income	65,177	52,534
	69,239	71,437

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17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,693	51,725
Other taxation and social security	62,712	59,971
Accruals and deferred income	74,198	53,431
	<u>138,603</u>	<u>165,127</u>
	2020 £	2019 £
Deferred income at 1 September 2019	14,576	14,913
Resources deferred during the year	41,888	14,576
Amounts released from previous periods	(14,576)	(14,913)
	<u>41,888</u>	<u>14,576</u>

At the balance sheet date the academy trust was holding funds received in advance in regard to the Universal Infant Free School Meals funding which was paid during the financial year, but related to grant allocations for the 2020/21 financial year. Deferred income also includes rates relief income, which was received in advance of the 2020/21 year to which it relates.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	223,373	62,844	(56,524)	(7,583)	-	222,110
Transport fund	-	42,151	(42,151)	-	-	-
Trips fund	9,756	6,477	(16,233)	-	-	-
	<u>233,129</u>	<u>111,472</u>	<u>(114,908)</u>	<u>(7,583)</u>	<u>-</u>	<u>222,110</u>
Restricted general funds						
General Annual Grant (GAG)	4,972	3,497,680	(3,502,652)	-	-	-
Other DfE/ESFA Grants	17,023	436,583	(444,729)	-	-	8,877
Other grants	3,864	71,777	(73,231)	-	-	2,410
Covid-19 support	-	16,655	(16,655)	-	-	-
Pension reserve	(591,000)	-	(136,000)	-	(31,000)	(758,000)
	<u>(565,141)</u>	<u>4,022,695</u>	<u>(4,173,267)</u>	<u>-</u>	<u>(31,000)</u>	<u>(746,713)</u>
Restricted fixed asset funds						
Donations	6,904	-	(2,608)	-	-	4,296
DfE/ESFA Capital Grants	28,229	19,700	(10,665)	-	-	37,264
GAG funded assets	91,195	-	(34,453)	-	-	56,742
Assets purchased from grants	13,483	-	(5,094)	-	-	8,389
Gifted assets on conversion	8,423,710	-	(183,877)	-	-	8,239,833
Assets purchased from unrestricted funds	-	-	-	7,583	-	7,583
	<u>8,563,521</u>	<u>19,700</u>	<u>(236,697)</u>	<u>7,583</u>	<u>-</u>	<u>8,354,107</u>
Total Restricted funds	<u>7,998,380</u>	<u>4,042,395</u>	<u>(4,409,964)</u>	<u>7,583</u>	<u>(31,000)</u>	<u>7,607,394</u>

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18. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Total funds	8,231,509	4,153,867	(4,524,872)	-	(31,000)	7,829,504

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

The General Annual Grant (GAG) is used for the normal running costs of the Academy Trust.

Other ESFA grants are various specific grants provided to the Academy Trust from the ESFA.

Other restricted grants includes SEN funding.

A transfer of £7,583 (2019: £Nil) was made from unrestricted general funds to restricted fixed asset funds in respect of assets purchased.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Stour Valley Community School	195,611	195,098
Clare Community Primary School	37,786	63,890
Total before fixed asset funds and pension reserve	233,397	258,988
Restricted fixed asset fund	8,354,107	8,563,521
Pension reserve	(758,000)	(591,000)
Total	7,829,504	8,231,509

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18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £
Stour Valley Community School	2,382,092	324,355	207,086	388,654	3,302,187
Clare Community Primary School	642,913	95,834	88,200	159,041	985,988
Academy Trust	3,025,005	420,189	295,286	547,695	4,288,175

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
Stour Valley Community School	2,302,112	313,261	172,474	438,932	3,226,779
Clare Community Primary School	572,668	65,614	77,691	181,958	897,931
Academy Trust	2,874,780	378,875	250,165	620,890	4,124,710

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18. Statement of funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	175,709	124,449	(76,785)	-	-	223,373
Transport fund	-	80,749	(85,690)	4,941	-	-
Trips fund	-	78,124	(78,328)	9,960	-	9,756
	<u>175,709</u>	<u>283,322</u>	<u>(240,803)</u>	<u>14,901</u>	<u>-</u>	<u>233,129</u>
Restricted general funds						
General Annual Grant (GAG)	15,097	3,480,855	(3,528,889)	37,909	-	4,972
Other DfE/ESFA Grants	-	229,128	(212,105)	-	-	17,023
Other grants	-	39,986	(41,604)	1,618	-	-
Trips fund	9,960	-	-	(9,960)	-	-
Other amounts	500	36,673	(33,309)	-	-	3,864
Pension reserve	(177,000)	-	(68,000)	-	(346,000)	(591,000)
	<u>(151,443)</u>	<u>3,786,642</u>	<u>(3,883,907)</u>	<u>29,567</u>	<u>(346,000)</u>	<u>(565,141)</u>
Restricted fixed asset funds						
Donations	10,637	-	(3,733)	-	-	6,904
DfE/ESFA Capital Grants	23,483	59,404	(10,190)	(44,468)	-	28,229
GAG funded assets	124,114	-	(32,919)	-	-	91,195
Assets purchased from grants	18,350	-	(4,867)	-	-	13,483
Gifted assets on conversion	8,611,331	-	(187,621)	-	-	8,423,710

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18. Statement of funds (continued)

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
	<u>8,787,915</u>	<u>59,404</u>	<u>(239,330)</u>	<u>(44,468)</u>	<u>-</u>	<u>8,563,521</u>
Total Restricted funds	<u>8,636,472</u>	<u>3,846,046</u>	<u>(4,123,237)</u>	<u>(14,901)</u>	<u>(346,000)</u>	<u>7,998,380</u>
Total funds	<u><u>8,812,181</u></u>	<u><u>4,129,368</u></u>	<u><u>(4,364,040)</u></u>	<u><u>-</u></u>	<u><u>(346,000)</u></u>	<u><u>8,231,509</u></u>

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19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	8,353,189	8,353,189
Current assets	222,110	149,890	918	372,918
Creditors due within one year	-	(138,603)	-	(138,603)
Provisions for liabilities and charges	-	(758,000)	-	(758,000)
Total	222,110	(746,713)	8,354,107	7,829,504

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	8,566,345	8,566,345
Intangible fixed assets	-	-	612	612
Current assets	233,129	187,550	-	420,679
Creditors due within one year	-	(161,691)	(3,436)	(165,127)
Provisions for liabilities and charges	-	(591,000)	-	(591,000)
Total	233,129	(565,141)	8,563,521	8,231,509

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20. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per statement of financial activities)	(371,005)	(234,672)
Adjustments for:		
Amortisation	612	733
Depreciation	236,085	238,597
Capital grants from DfE and other capital income	(19,700)	(59,404)
Interest receivable	(254)	(250)
Defined benefit pension scheme cost less contributions payable	124,000	63,000
Defined benefit pension scheme finance cost	12,000	5,000
Decrease in debtors	2,198	2,136
(Decrease)/increase in creditors	(26,524)	63,796
Net cash (used in)/provided by operating activities	(42,588)	78,936

21. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	254	250
Purchase of tangible fixed assets	(22,929)	(18,372)
Capital grants from DfE Group	19,700	59,404
Net cash (used in)/provided by investing activities	(2,975)	41,282

22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	303,679	349,242
Total cash and cash equivalents	303,679	349,242

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23. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	349,242	(45,563)	303,679
	<u>349,242</u>	<u>(45,563)</u>	<u>303,679</u>

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24. Pension commitments

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, which is managed by Suffolk County Council. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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24. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £653,129 (2019 - £478,604).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £169,000 (2019 - £175,000), of which employer's contributions totalled £135,000 (2019 - £140,000) and employees' contributions totalled £ 34,000 (2019 - £35,000). The agreed contribution rates for future years are 20.9 per cent for employers and 21.7 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.9	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	2.8
Inflation assumption (CPI)	2.2	2.3

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

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24. Pension commitments (continued)

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	21.9	21.9
Females	24.1	24.4
<i>Retiring in 20 years</i>		
Males	22.7	23.9
Females	25.6	26.4

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	66	64
Discount rate -0.1%	(66)	(64)
Mortality assumption - 1 year increase	97	85
Mortality assumption - 1 year decrease	(97)	(85)
CPI rate +0.1%	3	7
CPI rate -0.1%	(3)	(7)

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

	2020 £	2019 £
Equities	988,000	768,000
Debt instruments	435,000	415,000
Property	151,000	338,000
Cash and other liquid assets	100,000	15,000
Total market value of assets	1,674,000	1,536,000

The actual return on scheme assets was £1,674 (2019 - £79,872).

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24. Pension commitments (continued)

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

	2020 £	2019 £
Current service cost	(250,000)	(195,000)
Past service cost	(9,000)	(8,000)
Interest income	31,000	39,000
Interest cost	(43,000)	(44,000)
Total amount recognised in the Statement of financial activities	(271,000)	(208,000)

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

	2020 £	2019 £
At 1 September	2,127,000	1,468,000
Current service cost	250,000	195,000
Interest cost	43,000	44,000
Employee contributions	34,000	35,000
Actuarial (gains)/losses	(16,000)	378,000
Benefits paid	(15,000)	(1,000)
Past service costs	9,000	8,000
At 31 August	2,432,000	2,127,000

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

	2020 £	2019 £
Conversion of academy trusts	1,536,000	1,291,000
Interest income	31,000	39,000
Actuarial (losses)/gains	(47,000)	32,000
Employer contributions	135,000	140,000
Employee contributions	34,000	35,000
Benefits paid	(15,000)	(1,000)
At 31 August	1,674,000	1,536,000

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25. Operating lease commitments

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

	2020 £	2019 £
Not later than 1 year	23,688	31,831
Later than 1 year and not later than 5 years	61,728	54,817
Later than 5 years	64,126	-
	<u>149,542</u>	<u>86,648</u>

26. Members' liability

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

27. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already discussed in note 13.