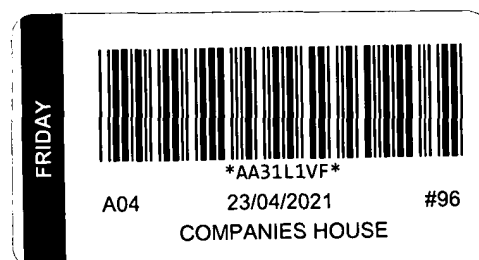


**Swale Academies Trust**  
(A company limited by guarantee)

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2020**



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**Swale Academies Trust****(A company limited by guarantee)**

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**Swale Academies Trust**  
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**Reference and administrative details of the academy, its trustees and advisers  
for the year ended 31 August 2020**

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<b>Members</b>	Mr A. Barham (resigned 28/10/2019) Mr G. Clifton Mr P. Goodson Mrs V. Miner Mr R. Slee Mr M. Whiting (resigned 06/11/2019)
<b>Trustees</b>	Mr P. Goodson (Chairman) Dr C. Duckling * (Vice Chairman) Mr P. Jarvis Mrs D. Jessel (resigned 28/09/2020) Mr R. Moreton Mr S. Penney * Mr G. Ward * (Chairman Audit and Risk Committee) Mr J. Whitcombe (Accounting Officer)  *members of the Audit and Risk Committee
<b>Company registered number</b>	07344732 (England and Wales)
<b>Principal and registered office</b>	Ashdown House Johnson Road Sittingbourne Kent ME10 1JS
<b>Senior management team</b>	Mr J. Whitcombe, Trust Principal/CEO and Accounting Officer Mr M. Wilson, Deputy CEO/Director of Primary Mr D. Trimmer, Director of Secondary (leaver 31/08/2020) Mrs C. Wood, Advisory Headteacher Primaries Ms R. Gough, School Improvement Lead Mrs J. Garraway, Chief Operating Officer Mr G. Bailey, Head of Finance
<b>Independent auditors</b>	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants, Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
<b>Bankers</b>	HSBC 115 High Street Sittingbourne Kent ME10 4AL

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**Swale Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Year Ended 31 August 2020**

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The trustees present their annual report together with the financial statements and auditor's report of the academy trust 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 academy trust operates 10 primary and 6 secondary academies across Kent, East Sussex, and Bromley. Its academies have a combined pupil roll of 10,126 from the October 2019 school census.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a company limited by guarantee and an exempt charity and the memorandum and articles of association are its primary governing documents. The trustees of Swale Academies Trust are also the directors of the academy trust for the purposes of company law.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

**Members' Liability**

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

**Trustees' Indemnities**

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Details of the insurance cover are provided in note 17 to the financial statements.

**Method of Recruitment and Appointment or Election of Trustees**

The number of trustees shall not be less than three but shall not be subject to a maximum.

The Members of the trust may appoint up to nineteen trustees save that, for each academy, there shall be no more than three employees of the trust including the Trust Principal appointed as trustees.

The Trust Principal shall be a trustee for as long as he remains in office.

The trustees may appoint up to three co-opted trustees. A co-opted trustee means a person who is appointed to be a trustee by being co-opted by trustees who have themselves been so appointed. The trustees may not co-opt an employee of the trust as a co-opted trustee if the number of trustees who are employed by the trust would thereby exceed the maximum of three, including the Principal.

The Secretary of State may appoint additional trustees as he thinks fit if a warning notice has been given to the trustees in the event that standards of performance of pupils at any of the academies are unacceptably low, there is a serious breakdown in the way the academies are managed or governed or the safety of staff and pupils is threatened and following this, the trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction with the compliance period.

The Secretary of State may also appoint additional trustees following an inspection by the Chief Inspector in accordance with the Education Act 2005 and if any academy receives an Ofsted grading which amounts to a drop, either from one inspection to the next or between two inspections carried out within a five year period.

The Secretary of State may also appoint further trustees as he thinks fit if a Special Measures Termination Event occurs in respect of any academy.

The term of notice for any trustee shall be four years, save that this time limit shall not apply to the Trust Principal. Subject to remaining eligible to be a particular type of trustee the trustee may be re-appointed or re-elected.

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**Swale Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Year Ended 31 August 2020**

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**Policies and procedures adopted for the induction and training of trustees**

All new trustees will be given a tour of the multi academy trust and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role. Induction tends to be done informally and is tailored specifically to the individual upon their appointment. Where necessary, induction will provide training on charity, educational, legal and financial matters.

**Organisational Structure**

A unified management structure is operated within Swale Academies Trust, which prioritises the safeguarding of children. The structure consists of three levels: the Trustees, the Senior Managers and the Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. There is a clear line of delegation which is supported by a detailed Scheme of Delegation. The Trust Principal is also confirmed as the Accounting Officer.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the multi academy trust by the use of budgets and making major decisions about the direction of the multi academy trust, capital expenditure and senior staff appointments. The trustees also receive and approve the audited financial statements of the multi Academy Trust at the period end.

The Senior Managers are the Trust Principal, Directors of Learning, Advisory Headteacher, School Improvement Lead, the Chief Operating Officer and the Head of Finance. These managers control the Multi Academy Trust at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a trustee. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

The Management Team includes the Executive Headteachers, Heads of School, School Senior Management and Curriculum Area Managers. These managers are responsible for the day to day operation of schools under Swale Academies Trust, in particular organising the teaching staff, facilities and students.

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

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Trust Principal and following guidance from the relevant professional pay review bodies. Naturally the Trust Principal was not involved in setting his own remuneration package.

Only staff trustees, including the Trust Principal, are remunerated and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 16.

The day to day running of the remuneration policy is delegated to the Trust Principal and monitored by the HR and Remuneration Committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and recognise the fact that the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 14(d).

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**Swale Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Year Ended 31 August 2020**

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**Trade union facility time**

*Relevant union officials:*

Number of employees who were relevant union official during the relevant period	Full-time equivalent employee number
<b>2</b>	<b>0.82</b>

*Percentage of time spent on facility time:*

Percentage of time	Number of employees
0%	
1%-50%	<b>1</b>
51%-99%	<b>1</b>
100%	

*Percentage of pay bill spent on facility time:*

Provide the total cost of facility time	20,667.19
Provide the total pay bill	<b>49,368,532.87</b>
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	<b>0.042%</b>

**Related Parties and other Connected Charities and Organisations**

The Trust works with local authorities, namely Kent and East Sussex, in a school improvement context supporting some maintained schools.

Cooperation with local authorities has been especially tight during the period owing to the common challenges faced due to the coronavirus pandemic and the need for students, staff and wider communities to have consistency and confidence in measures introduced.

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

Employees receive regular updates from their schools and the trust, through briefings, newsletters and other means. Key policies and documents are cloud hosted to ensure accessibility and improve document control.

During the year, a dedicated Coronavirus drive was created to hold the most up-to-date advice from the DfE and other government bodies, such as Public Health England, on how schools should respond to the pandemic. All-staff emails were regularly circulated to ensure all employees knew what the trust was doing to manage the crisis and how it was managing health and safety, and to praise staff for their dedication and effort.

The trust publishes an Equality Statement which is reviewed annually. This statement sets out Swale Academies Trust's commitment to Equality, Diversity and Human Rights as well as explaining the key principles, drivers and duties that inform this responsibility. It also explains what the trust will do to make sure that we fulfil these responsibilities. Each school within the trust will produce an individual set of equality objectives.

It is the trust's policy to treat all workers and job applicants equally and fairly irrespective of their sex, marital status, civil partnership status, trans-gender status, sexual orientation, race, colour, nationality, ethnic origin, national origin, culture, religion, age, or disability.

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

The trust has given regard to the need to foster the company's business relationship with suppliers, customers and others. The trust publishes its payment practices report twice per year and always endeavours to adhere to supplier payment terms.

During the coronavirus pandemic, payments to suppliers were able to be made as usual and discussions were had where faster payments would be of benefit to suppliers to assist with cash flow etc.

Customers with debts owing to the trust were treated sympathetically and no small claims court actions were progressed during the pandemic, in line with government guidance.

**Trustees' Report**  
**For the Year Ended 31 August 2020**

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**OBJECTIVES, STRATEGIES AND ACTIVITIES**

**Objects and Aims**

The object and aim of the charitable company is the operation of the Swale Academies Trust to provide education for pupils of different abilities up to the age of 19 with an emphasis on English, mathematics, computing, science, geography, history and modern foreign languages.

The curriculum should comply with the substance of the national curriculum.

**Objectives, Strategies and Activities**

The trust's main objective is encompassed in its mission statement which is 'Working together to succeed'. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs; and
- a careers advisory service to help students obtain employment or move on to higher education.

The main objectives of the trust during the year ended 31 August 2019 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy 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 industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity, and openness.

**Public Benefit**

Swale Academies Trust Trustees confirm that they have complied with the duties in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The Trustees confirm that the primary objective of Swale Academies Trust is to provide a good service of education within the local community. The management of, and future planning of, the Trust consistently considers how this objective will be met.

**STRATEGIC REPORT**

**Achievement and Performance**

Swale Academies Trust is working towards ensuring that each of its schools has at least a Good Ofsted judgement and that examination results in each of its schools show strong evidence of value added as measured against national benchmarks.

Swale Academies Trust had the following six development priorities for the period:

- To ensure that all our schools demonstrate positive pupil progress and attendance residuals for all student groups and especially for disadvantaged students.
- To continue to improve outcomes in Trust primary schools.
- To develop and enhance existing Post 16 provision, ensuring that standards and progress of students support their career progression and the needs of the local community.
- To ensure the quality of safeguarding in Trust schools is of the highest possible standard and that the culture of the school reflects safeguarding as a high priority.
- To further develop an efficient support services provision that complements the educational work of schools and is cost effective, to include finance, ICT, catering, premises management, health and safety and HR.
- To further develop and implement an efficient financial and performance monitoring system which reliably pinpoints the health of the organisation and gives leaders and trustees the necessary information to discharge their duties effectively.

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**Swale Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Year Ended 31 August 2020**

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**Key Performance Indicators**

Staff Costs to Total Income

Pupil Teacher Ratio

School	2020	2019
Westlands	79.95%	74.60%
The Sittingbourne School	80.32%	76.86%
Meopham School	79.24%	79.57%
Westlands Primary School	79.12%	72.52%
Regis Manor Primary School	77.91%	74.27%
South Borough Primary School	75.44%	67.13%
Beaver Green Primary School	75.41%	71.37%
Istead Rise Primary School	80.09%	79.74%
James Dixon Primary School	75.50%	77.15%
The Eastbourne Academy	81.77%	75.65%
Parkland Infant School	69.61%	68.20%
Parkland Junior School	67.80%	77.09%
Shinewater Primary School	84.67%	78.57%
Langney Primary Academy	80.52%	76.21%
The Whitstable School	72.44%	73.08%
Peacehaven School (joined 1st September 2019)	64.34%	-

School	2020	2019
Westlands	14.59	16.88
The Sittingbourne School	12.72	14.1
Meopham School	13.15	15.27
Westlands Primary School	21.27	23.3
Regis Manor Primary School	21.36	21.24
South Borough Primary School	18.30	19.57
Beaver Green Primary School	22.64	22.82
Istead Rise Primary School	22.33	21.15
James Dixon Primary School	17.90	16.49
The Eastbourne Academy	13.70	14.3
Parkland Infant School	25.21	24.38
Parkland Junior School	20.91	21.17
Shinewater Primary School	17.00	17.62
Langney Primary Academy	18.27	20.2
The Whitstable School	14.36	15.52
Peacehaven School (joined 1st September 2019)	15.05	-

**Trustees' Report**  
**For the Year Ended 31 August 2020**

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**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, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**Promoting the success of the company**

The success of the trust is largely dependent upon student outcomes. All decisions taken by the trustees have student success, safety, and well-being in mind.

Trustees make decisions by way of authorising the chief executive and senior leaders to implement the trust's strategic plan. These decisions ensure the retention and development of high-quality staff, the provision of buildings and accommodations that are fit for purpose, and the allocation of resources and equipment suitable for delivering the curriculum.

The trust takes stakeholder engagement seriously and encourages the use of student voice and parent forums.

**Financial review**

Most of the trust's recurrent income is received in the form of grants from the Education and Skills Funding Agency ("ESFA"), the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

Total income for the year, as shown by the SoFA, amounted to £81.4m (2019: £90.1m). These figures include capital income and, significantly, net donations relating to the transfers of asset and liabilities when academies join the trust, which heavily impact on the SoFA yet have no bearing on the day to day operational financial performance. The £81.4m income for 2019-20 includes £8.7m in respect of Peacehaven Community School, which joined the trust on 1 September 2019, which predominantly represents the value of the school land and buildings (see note 39 for further details).

Operational financial performance can be measured by looking solely at revenue income funds. Revenue income funds for the year were £62.4m (2019: £52.3m), with the increase largely attributable to:

- A £6.5m rise in core General Annual Grant funding, mainly due to the additional academy within the trust this year.
- A £2.6m increase in other DfE/ESFA grant funding, predominantly due to the new teacher pension grant introduced to cover the rise in TPS employer pension contributions from September 2019.
- Increases in local authority grants as detailed in note 4.

As a large multi-academy trust, the trust continues to receive guaranteed School Condition Allocation (SCA) capital funding from the ESFA in addition to Devolved Formula Capital. This year the trust received total capital grant funding of £1.8m (2019: £1.9m).

The SoFA shows net income for the year, before other gains and losses, of £4.97m (2019: £33.2m). The overall net movement in funds, after a large actuarial loss on the Local Government defined benefit pension scheme ("LGPS") – part of the movement on the carried LGPS deficit – and also after losses (2019: gains) from the revaluations of fixed asset property was a decrease of £10.3m (2019: increase of £30.3m).

The large actuarial loss on the LGPS during the year arises due to changes in the actuarial assumptions used by the schemes' actuaries, which are updated at each accounting date to allow for changes in market conditions. Full details of the pension liability and assumptions used are disclosed in note 32. The actuarial loss for the year is only part of the overall movement in the carried deficit, which in total has increased by £6.4m. Part of this increase relates a deficit of £928k inherited when Peacehaven Community School joined the trust. The other elements are charged to the SoFA as expenditure for the year, within staff costs, as detailed in accounting policy 1.11.

The operational result and movement on revenue funds are not shown directly on the SoFA. The table which follows reconciles from the overall movement in funds by adjusting for non-revenue amounts to reach the increase in revenue funds during the year of £514k (2019: £704k).

The increase in revenue funds includes the impact of revenue balances transferred in for joining academies. Excluding these and the revenue to capital contributions the trust has chosen to make to fund fixed assets from revenue money, the operational result on revenue funds for the year was a surplus of £352k (2019: £895k).

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**Swale Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Year Ended 31 August 2020**

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	2020 (£000s)	2019 (£000s)
Overall net movement in funds for the year per SOFA	(10,307)	30,308
Decrease / (increase) attributable to fixed asset fund (including revaluations)	4,404	(37,231)
LGPS inherited deficits	928	549
LGPS actuarial (gain)/loss	2,563	4,729
LGPS service and interest costs	2,926	2,349
<b>Movement on revenue funds during the year</b>	<b>514</b>	<b>704</b>
Inherited deficit/(surplus) balances on revenue funds	(198)	193
Add: Transfers from revenue to capital to fund fixed asset additions	36	-
<b>Operational surplus /(deficit) on revenue funds before transfers to capital</b>	<b>352</b>	<b>895</b>

At 31 August 2020, the net book value of fixed assets was £117.6m (2019: £122.6m) and movements in tangible fixed assets are shown in note 18 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the academies, the only exceptions to this being letting of the premises to local community groups and other affiliated organisations.

#### **Financial position**

The trust held fund balances at 31 August 2020 of £98m (2019: £108m). These funds included restricted fixed asset funds of £119m (2019: £124m) and revenue reserves of £4.7m (2019: £4.2m) split across restricted and unrestricted funds as shown in note 24.

The only fund in deficit was the LGPS pension reserve of £26.2m (2019: £19.8m). The increase in the carried deficit in this reserve during the year is explained above within the financial review section. The deficit is not a concern and does not mean that an immediate liability crystallises. It can be described as an accounting deficit which has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions. These contribution rates are reviewed every three years in consultation with the scheme's administrators, and current employer contributions due by the multi-academy trust have been set until 1 April 2023.

#### **Reserves Policy**

The trustees review the reserve levels of the trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The trustees have determined that the appropriate level of revenue reserves should be no less than 6% of GAG income (excluding bursary funds), amounting to approximately £2.84m. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The trust had sufficient reserves as at 31 August 2020 to meet this target although the level of completely free unrestricted reserves is slightly less at £2.6m. Most of the restricted funds relate to core General Annual Grant funding which will be used for the main educational operations.

The trustees will continue to monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the trust will strive to rebuild free reserves up to the level needed.

**Trustees' Report**  
**For the Year Ended 31 August 2020**

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**Investment Policy**

The investment policy includes the following terms:

- The investment policy of Swale Academies Trust is to maximise the interest return to the trust from available cash while providing the necessary liquidity for day-to-day operations and ensuring as far as possible the security of the funds invested.
- Trust funds may only be invested with UK based financial institutions, regulated by the Financial Services Authority, with a Standard & Poor credit rating of at least A.
- In total, no more than £1,000,000 should be invested with any one financial institution.
- Investments for a fixed term should not normally exceed one year.

The trustees ensure that no risks are taken with the capital investment and they have due regard to the banks rating.

**Principal Risks and Uncertainties**

The main risks that the Trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

- *Operational and reputational* - this covers risks to the running of the trust (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.
- *Financial* - covering risks to the trust's financial position, including revenue streams, cost control and cash management.

The risks to which the trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations and the financial position of the staff pension schemes.

**Risk Management**

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to academic performance/finances/child welfare. The trustees have implemented a number of systems to assess risks that the academy faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Statement on Internal Control.

The risk management process has been codified in a risk register implemented by the Senior Management Team and overseen by the trustees.

**FUNDRAISING**

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The academy trust distributes 16-19 bursary funds to the students as an agent for the ESFA. Details, including any amounts not dispersed by the financial year end, are disclosed in note 37 to the financial statements.

As a School Direct provider the trust is also in receipt of funding on behalf of other schools in the local area, as well as trainee teachers. The trust is responsible for ensuring that these funds are distributed appropriately and within the agreed timescale.

**Trustees' Report**  
**For the Year Ended 31 August 2020**

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**STREAMLINED ENERGY AND CARBON REPORTING**

<b>UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020</b>	
Energy consumption used to calculate emissions (kWh)	<b>9,268,086</b>
Energy consumption break down (kWh) (optional) i. gas, ii. electricity, iii. transport fuel	 i. 5,613,423 i. 3,491,232 ii. 163,431
<u>Scope 1 emissions in metric tonnes CO2e</u> Gas consumption Owned transport – mini-buses	 1,032.14 20.67
<u>Scope 2 emissions in metric tonnes CO2e</u> Purchased electricity	 813.95
<u>Scope 3 emissions in metric tonnes CO2e</u> Business travel in employee owned vehicles	 19.83
Total gross emissions in metric tonnes CO2e	<b>1,886.59</b>
<u>Intensity ratio</u> Tonnes CO2e per pupil	 <b>0.186</b>

Quantification and Reporting Methodology:

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement:

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across some sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites. Whilst this practice was always encouraged, the coronavirus pandemic necessitated fewer journeys between sites.

**PLANS FOR FUTURE PERIODS**

The Trust plans to grow in an organised and sustained manner building upon our experience of turning around struggling underperforming schools. Our work is mainly focused upon Kent and East Sussex. The Trust remains fully committed to producing improved outcomes for its students across our schools as we move forward. One new academy has joined the trust from 1 September 2020 as disclosed in note 36.

The Regional School's Commissioner has approved the Trust to take on additional schools in 2020/21 and discussions with the Kent Local Authority are underway to facilitate this.

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**Swale Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Year Ended 31 August 2020**

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**AUDITORS**

In so far as the trustees are aware:

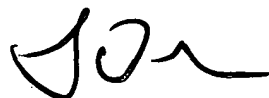
- there is no relevant audit information of which the charitable company's auditor is unaware;
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, and signed on the board's behalf by:



**Mr. P. Goodson**  
Chairman of Trustees

Date: 18-12-2020



**Mr. J. Whitcombe**  
Trust Principal/CEO and Accounting Officer

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**Swale Academies Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Year Ended 31 August 2020**

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**Scope of Responsibility**

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

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the chief executive, 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 Swale Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 9 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr P. Goodson (Chairman)	9	9
Dr C. Duckling (Vice Chairman)	9	9
Mr P. Jarvis	8	9
Mrs D. Jessel	8	9
Mr R. Moreton	7	9
Mr S. Penney	9	9
Mr G. Ward	8	9
Mr J. Whitcombe	9	9

The Board of Trustees receive a written report and verbal update from the chief executive at each meeting. This covers topics including but not limited to secondary and primary strategy and development, safeguarding matters, health and safety reporting, central services updates, and financial monitoring.

**Governance reviews**

Terms of Reference were reviewed for each board and committee and expectations relating to all governance roles were fully documented.

The audit and risk committee is also a sub-committee of the main board of trustees. Its purpose is to advise the Board and Accounting Officer on:

1. the strategic processes for risk, control and governance and the Governance Statement;
2. the accounting policies, the accounts and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified and management's letter of representation to the external auditors;
3. the planned activity and results of both internal and external audit;
4. adequacy of management response to issues identified by audit activity, including external audit's management letter;
5. assurances relating to the management of risk and corporate governance requirements for the organisation;
6. (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services;
7. anti-fraud policies, whistle-blowing processes and arrangements for special investigations; and
8. the Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board.

Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr G. Ward	3	3
Dr C. Duckling	3	3
Mr S. Penney	3	3

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**Swale Academies Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Year Ended 31 August 2020**

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**Review of value for money**

As accounting officer, the chief executive 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:

- Focusing on targeted improvement linked to the Strategic Improvement Plan to ensure maximum impact on outcomes for pupils. The trust has focused on improving the quality of teaching by ensuring teachers set challenging targets for pupils, by ensuring teachers provide feedback to pupils that helps them move their learning forward.
- Continuing a programme of actively promoting the wider use of IT devices to engage pupils in their learning and to accelerate their progress across all subjects.
- Collaborating across our community of schools and with schools outside of the trust.
- Developing a Central Services function to achieve consistency and economies of scale through common procurement and contract negotiation.

During the coronavirus pandemic, the trust adhered to government guidance on expenditure and payments to suppliers. Stakeholders were regularly engaged with where disruption to services was experienced and contingency plans were put in place to mitigate risks.

**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 Swale Academies Trust for the year 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 trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period year 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.

**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
- identification and management of risks

The board of trustees has decided to employ UHY Hacker Young as internal auditor for the period ending 31<sup>st</sup> August 2020.

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**Swale Academies Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Year Ended 31 August 2020**

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The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- Procurement and risk;
- Payroll and HR; and
- Budgetary controls and key financial controls

The auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares a 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.

Due to the Covid pandemic, the programme of internal audit was completed as planned but undertaken remotely.

The revised FRC Ethical Standard for auditors states that a firm providing external audit to an entity shall not also provide internal audit services to it, subject to transitional arrangements which permit existing audit engagements at 15 March 2020 to conclude. UHY Hacker Young completed the provision of the service for 2019-20 under these transitional arrangements.

For 2020-21 the Trustees will be appointing another firm of chartered accountants with experience working in the academy sector to carry out the programme of internal scrutiny checks.

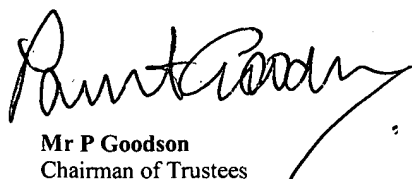
**Review of Effectiveness**

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

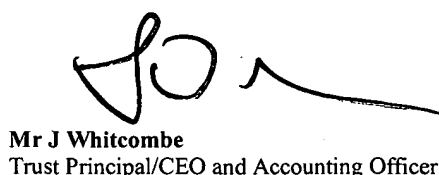
- the work of the internal auditor
- the work of the external auditor
- the school resource management self-assessment tool
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees and signed on its behalf by:



**Mr P Goodson**  
Chairman of Trustees



**Mr J Whitcombe**  
Trust Principal/CEO and Accounting Officer

Date: 18 - 12 - 2020

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**Swale Academies Trust**

**(A company limited by guarantee)**

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**Statement on Regularity, Propriety and Compliance**

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As accounting officer of Swale Academies Trust I have considered my responsibility to notify the multi-academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the multi-academy trust, under the funding agreement in place between the multi-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 multi-academy trust Board of Trustees are able to identify any material irregular or improper use of all funds by the multi-academy trust, or material non-compliance with the terms and conditions of funding under the multi-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.



**Mr. J. Whitcombe**  
Accounting Officer

Date: 18-12-2020

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**Swale Academies Trust****(A company limited by guarantee)**

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**Statement of Trustees' responsibilities  
For the Year Ended 31 August 2020**

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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 and signed on its behalf by:



**Mr. P. Goodson**  
Chairman of Trustees

Date: 18-12-2020

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**Independent Auditors' Report on the financial statements to the Members of Swale Academies Trust**

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**Opinion**

We have audited the financial statements of Swale Academies Trust (the 'multi-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 multi-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 multi-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 multi-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.

**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.

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**Swale Academies Trust**

(A company limited by guarantee)

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**Independent Auditors' Report on the financial statements to the Members of Swale Academies Trust (continued)**

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

In the light of our knowledge and understanding of the multi-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.

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the multi-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 multi-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 multi-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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

This report is made solely to the charitable multi-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 charitable multi-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 charitable multi-academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Allan Hickie BSc FCA (Senior statutory auditor)**

for and on behalf of

**UHY Kent LLP**

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 21 December 2020

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## **Swale Academies Trust**

**(A company limited by guarantee)**

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### **Independent Reporting Accountant's Assurance Report on Regularity to Swale Academies Trust and the Education and Skills Funding Agency**

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In accordance with the terms of our engagement letter dated 3 April 2017 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 Swale Academies Trust 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 Swale Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Swale Academies Trust 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 Swale Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Swale Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Swale Academies Trust's funding agreement with the Secretary of State for Education dated 11 January 2015 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.

#### **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 multi-academy trust's income and expenditure.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Swale Academies Trust for the year ended 31 August 2020 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

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**Swale Academies Trust**

**(A company limited by guarantee)**

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**Independent Reporting Accountant's Assurance Report on Regularity to Swale Academies Trust and the Education & Skills Funding Agency (continued)**

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**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.



**UHY Kent LLP**  
Chartered Accountants  
Statutory Auditors

Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date: 21 December 2020

**Swale Academies Trust**

**(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 £
<b>Income from:</b>						
Donations and capital grants	3	207,289	(928,000)	11,299,427	10,578,716	38,098,564
Charitable activities	4	536,020	59,945,570	-	60,481,590	50,902,146
Teaching schools	40	-	254,159	-	254,159	219,455
Other trading activities	5	1,518,788	83,125	-	1,601,913	1,710,911
Investments	6	29,751	-	-	29,751	46,270
<b>Total income</b>		<b>2,291,848</b>	<b>59,354,854</b>	<b>11,299,427</b>	<b>72,946,129</b>	<b>90,977,346</b>
<b>Expenditure on:</b>						
Raising funds	8	1,159,712	-	-	1,159,712	1,924,645
Charitable activities	9	933,794	62,591,317	3,024,798	66,549,909	55,667,385
Teaching schools	40	-	266,238	-	266,238	219,455
<b>Total expenditure</b>		<b>2,093,506</b>	<b>62,857,555</b>	<b>3,024,798</b>	<b>67,975,859</b>	<b>57,811,485</b>
<b>Net income/(expenditure)</b>		<b>198,342</b>	<b>(3,502,701)</b>	<b>8,274,629</b>	<b>4,970,270</b>	<b>33,165,861</b>
Transfers between funds	24	-	(36,066)	36,066	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>198,342</b>	<b>(3,538,767)</b>	<b>8,310,695</b>	<b>4,970,270</b>	<b>33,165,861</b>
<b>Other recognised gains/(losses):</b>						
(Losses)/gains on revaluation of fixed assets		-	-	(12,714,517)	(12,714,517)	1,871,000
Actuarial losses on defined benefit pension schemes	32	-	(2,563,000)	-	(2,563,000)	(4,729,000)
<b>Net movement in funds</b>		<b>198,342</b>	<b>(6,101,767)</b>	<b>(4,403,822)</b>	<b>(10,307,247)</b>	<b>30,307,861</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		2,349,271	(17,877,678)	123,692,386	108,163,979	77,856,118
<b>Total funds carried forward</b>	<b>24</b>	<b>2,547,613</b>	<b>(23,979,445)</b>	<b>119,288,564</b>	<b>97,856,732</b>	<b>108,163,979</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 24 to 58 form part of these financial statements.

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**Swale Academies Trust****(A company limited by guarantee)****Registered number: 07344732**

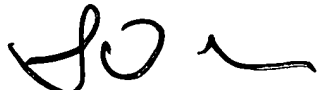
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**Balance Sheet**  
**As at 31 August 2020**

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	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	18	117,650,913	122,575,989
<b>Current assets</b>			
Stocks	19	5,466	24,133
Debtors	20	2,431,066	2,304,864
Cash at bank and in hand		8,110,612	6,322,929
		<u>10,547,144</u>	<u>8,651,926</u>
Creditors: amounts falling due within one year	21	(4,075,778)	(3,153,690)
<b>Net current assets</b>		<u>6,471,366</u>	<u>5,498,236</u>
<b>Total assets less current liabilities</b>		<u>124,122,279</u>	<u>128,074,225</u>
Creditors: amounts falling due after more than one year	22	(92,547)	(154,246)
Defined benefit pension scheme liability	32	(26,173,000)	(19,756,000)
<b>Total net assets</b>		<u><u>97,856,732</u></u>	<u><u>108,163,979</u></u>
<b>Funds of the multi-academy trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	24	119,288,564	123,692,386
Restricted income funds	24	2,193,555	1,878,322
Pension reserve	24	(26,173,000)	(19,756,000)
<b>Total restricted funds</b>	24	<u>95,309,119</u>	<u>105,814,708</u>
<b>Unrestricted income funds</b>	24	<u>2,547,613</u>	<u>2,349,271</u>
<b>Total funds</b>		<u><u>97,856,732</u></u>	<u><u>108,163,979</u></u>

The financial statements on pages 21 to 58 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

  
**Mr. P. Goodson**  
Chairman of Trustees  
**Mr. J. Whitcombe**  
Trust Principal/CEO and Accounting Officer

Date: 18-12-2020

The notes on pages 24 to 58 form part of these financial statements.

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**Swale Academies Trust****(A company limited by guarantee)**

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**Statement of Cash Flows**  
**For the Year Ended 31 August 2020**

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	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities		786,270	309,019
<b>Cash flows from investing activities</b>	27	1,001,413	403,768
<b>Cash flows from financing activities</b>	26	-	(1,500)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		1,787,683	711,287
Cash and cash equivalents at the beginning of the year		6,322,929	5,611,642
<b>Cash and cash equivalents at the end of the year</b>	28, 29	<hr/> <hr/> 8,110,612	<hr/> <hr/> 6,322,929

The notes on pages 24 to 58 form part of these financial statements

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2020**

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**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the multi-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.

Swale Academies Trust 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 multi-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 multi-academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the multi-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.

**1.3 Income**

All incoming resources are recognised when the multi-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 multi-academy trust has provided the goods or services.

- **Transfer on conversion**

Where assets and liabilities are received by the multi-academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the multi-academy trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**1. Accounting policies (continued)**

**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

- **Expenditure on raising funds**

This includes all expenditure incurred by the multi-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 multi-academy trust's educational operations, including support costs and costs relating to the governance of the multi-academy trust apportioned to charitable activities.

**1.5 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the multi-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 multi-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 multi-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 Tangible fixed assets**

All individual assets and capital projects costing more than £10,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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:

**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**1. Accounting policies (continued)**

**1.7 Tangible fixed assets (continued)**

Depreciation is provided on the following basis:

Freehold property	-	2%
Long-term leasehold property	-	2%
Improvements to property	-	10%
Furniture and equipment	-	10%
Computer equipment	-	25%
Motor vehicles	-	20%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

**1.8 Stocks**

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

**1.9 Financial instruments**

The multi-academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the multi-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 20. Prepayments are not financial instruments.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 21 and 22. 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.

**1.10 Operating leases**

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

**1.11 Pensions**

Retirement benefits to employees of the multi-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 multi-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 multi-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

**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**1. Accounting policies (continued)**

**1.11 Pensions (continued)**

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.

**1.12 Conversion to an academy trust**

The conversion from a state maintained school to a multi-academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Peacehaven Community School to the multi-academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 39.

**1.13 Agency arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use a percentage of the allocation towards its own administration costs, however chooses not to do so. The funds received and paid and any balances held are disclosed in note 38.

**1.14 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the multi-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.

**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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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 multi-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 32, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

There have been some specific issues which have been considered regarding the actuarial assumptions and closing pension scheme liability of all LGPS employers:

**(1) The "McCloud/Sargeant judgement".** This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material. This was reflected in the prior year as a past service cost, within staff costs, and detailed in note 32, of £470,000.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.

**(2) Goodwin case.** Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS.

Briefing notes provided by the actuary have indicated they expect the impact will be minimal for LGPS funds.

**(3) Guaranteed Minimum Pension (GMP).** On 22 January 2018, the Government published the outcome to its Indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. HM Treasury published a Ministerial Direction on 4 December 2018 to implement this outcome, with effect from 6 April 2016.

Briefing notes provided by the actuary have indicated they do not expect to make any adjustments to the value placed on the liabilities as a result of the above outcome.

**(4) Discount rates.** There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced which has resulted in a higher value being placed on the defined benefit obligation. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

**(5) Mortality assumptions.** Details of the changes in mortality assumptions are shown in note 32. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions have been updated in line with those adopted for the Fund's 2019 actuarial valuation which anticipates a reduction in projected life expectancies. The lower life expectancy assumptions result in a lower value being placed on the defined benefit obligation. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

**Swale Academies Trust**

**(A company limited by guarantee)**

**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

**3. Income from donations and capital grants**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Restricted fixed asset funds 2020 £</b>	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Transfer from local authority on conversion (see note 39)	198,372	(928,000)	9,465,882	8,736,254	26,815,487
Donated buildings	-	-	-	-	9,382,693
	<u>198,372</u>	<u>(928,000)</u>	<u>9,465,882</u>	<u>8,736,254</u>	<u>36,198,180</u>
Donations	8,917	-	-	8,917	12,852
Capital grants	-	-	1,833,545	1,833,545	1,887,532
	<u>8,917</u>	<u>-</u>	<u>1,833,545</u>	<u>1,842,462</u>	<u>1,900,384</u>
<b>Total 2020</b>	<u>207,289</u>	<u>(928,000)</u>	<u>11,299,427</u>	<u>10,578,716</u>	<u>38,098,564</u>
<i>Analysis of 2019 total by fund</i>	<u>(224,064)</u>	<u>(502,602)</u>	<u>38,825,230</u>	<u>38,098,564</u>	

# Swale Academies Trust

(A company limited by guarantee)

## Notes to the Financial Statements For the Year Ended 31 August 2020

### 4. Funding for the multi-academy trust's funding for the multi-academy trust's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	47,360,289	47,360,289	40,769,088
Start up grants	-	6,650	6,650	5,605
Other DfE/ESFA grants	-	7,211,042	7,211,042	4,688,940
	-	54,577,981	54,577,981	45,463,633
<b>Other government funds</b>				
Local authority grants	300	2,649,666	2,649,966	2,384,414
Local authority - Special educational projects	-	2,123,507	2,123,507	1,682,485
	300	4,773,173	4,773,473	4,066,899
<b>Other income from the multi-academy trust's educational operations</b>				
Student catering income	-	68,655	68,655	104,772
Student educational visits	5,823	403,829	409,652	510,535
Educational collaboration	282,924	-	282,924	372,798
Other educational income	246,973	15,506	262,479	370,731
Notional apprenticeship levy income	-	33,904	33,904	12,778
	535,720	521,894	1,057,614	1,371,614
<b>Exceptional government funding</b>				
Coronavirus exceptional support	-	72,522	72,522	-
	-	72,522	72,522	-
	536,020	59,945,570	60,481,590	50,902,146
<i>Analysis of 2019 total by fund</i>	729,608	50,172,538	50,902,146	

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

- The funding received for coronavirus exceptional support covers the cost of purchasing pupil meals before the voucher scheme was introduced. These costs are included in notes 7 and 10 below as appropriate.

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**5. Income from other trading activities**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Income from facilities and services	554,703	-	554,703	797,059
Insurance claims	5,719	83,125	88,844	49,409
Staff consultancy	958,366	-	958,366	864,443
	<u>1,518,788</u>	<u>83,125</u>	<u>1,601,913</u>	<u>1,710,911</u>
<i>Analysis of 2019 total by fund</i>	<u>1,559,136</u>	<u>151,775</u>	<u>1,710,911</u>	

**6. Investment income**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Bank interest	29,751	29,751	46,270
	<u>46,270</u>	<u>46,270</u>	
<i>Analysis of 2019 total by fund</i>	<u>46,270</u>	<u>46,270</u>	

**Swale Academies Trust**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

**7. Expenditure**

	<b>Staff Costs 2020 £</b>	<b>Premises 2020 £</b>	<b>Other 2020 £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Expenditure on fundraising trading activities:					
Direct costs	1,057,811	87,296	14,605	1,159,712	1,924,645
Funding for the multi-academy trust's educational operations:					
Direct costs	42,669,471	2,657,792	4,028,866	49,356,129	41,559,226
Allocated support costs	9,450,954	-	7,742,826	17,193,780	14,108,159
Teaching school	198,232	-	68,006	266,238	219,455
	<u>53,376,468</u>	<u>2,745,088</u>	<u>11,854,303</u>	<u>67,975,859</u>	<u>57,811,485</u>
<i>Analysis of 2019 total</i>	<u>44,299,043</u>	<u>6,399,080</u>	<u>7,113,362</u>	<u>57,811,485</u>	

**8. Expenditure on raising funds**

**Fundraising trading expenses**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Premises costs	87,296	-	87,296	53,909
Learning resources	14,605	-	14,605	24,909
Wages and salaries	1,057,811	-	1,057,811	1,845,827
	<u>1,159,712</u>	<u>-</u>	<u>1,159,712</u>	<u>1,924,645</u>
<i>Analysis of 2019 total by fund</i>	<u>1,772,890</u>	<u>151,755</u>	<u>1,924,645</u>	

**Swale Academies Trust**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

**9. Analysis of expenditure on charitable activities**

**Summary by fund type**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Funding for the multi-academy trust's educational operations	933,794	65,616,115	66,549,909	55,667,385
<i>Analysis of 2019 total by fund</i>	423,522	55,243,863	55,667,385	

**10. Analysis of expenditure by activities**

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Funding for the multi-academy trust's educational operations	49,356,129	17,193,780	66,549,909	55,667,385
<i>Analysis of 2019 total</i>	41,559,226	14,108,159	55,667,385	

**Analysis of direct costs**

	Total funds 2020 £	Total funds 2019 £
Staff costs	42,657,393	34,474,827
Depreciation	2,657,792	2,965,155
Other staff expenses	474,231	611,169
Educational supplies	1,811,561	1,897,197
Examination fees	426,489	474,096
Technology costs	487,425	398,017
Educational consultancy	238,165	136,743
Other direct costs	603,073	602,022
	49,356,129	41,559,226

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**10. Analysis of expenditure by activities (continued)****Analysis of support costs**

	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Staff costs	9,450,954	7,758,934
Technology costs	589,848	468,896
Maintenance of premises and equipment	1,170,389	1,260,832
PFI service costs	1,225,228	-
Cleaning and caretaking	482,656	452,756
Operating lease rentals	219,878	193,509
Rates	706,132	662,025
Energy	802,127	810,894
Transport	12,785	16,432
Catering	1,203,722	1,192,253
Non-educational consultancy	582,931	478,240
Governance costs	49,937	42,682
Other support costs	697,193	770,706
	<b>17,193,780</b>	<b>14,108,159</b>

**11. Analysis of specific expenses**

Included within expenditure are the following transactions:

	<b>Total</b>
Gifts made by the trust	1,912
Unrecoverable debts	4,553

**12. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	<b>2020 £</b>	<b>2019 £</b>
Operating lease rentals	219,878	193,509
Depreciation of tangible fixed assets	2,657,792	2,893,847
Loss on disposal of fixed assets	94,272	2,629

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**13. Auditors' remuneration**

	2020 £	2019 £
Fees payable to the multi-academy trust's auditor and its associates for the audit of the multi-academy trust's annual accounts	26,980	26,475
Fees payable to the multi-academy trust's auditor and its associates in respect of:		
Audit-related assurance services	9,770	14,400
Internal audit services	3,180	5,150
All non-audit services not included above	2,075	1,675
	<u>26,980</u>	<u>26,475</u>

**14. Staff****a. Staff costs**

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	38,025,391	32,664,221
Social security costs	3,680,785	3,141,843
Pension costs	10,765,654	7,608,430
	<u>52,471,830</u>	<u>43,414,494</u>
Agency staff costs	701,904	801,405
Staff restructuring costs	202,734	83,144
	<u>53,376,468</u>	<u>44,299,043</u>

Staff restructuring costs comprise:

	2020 £	2019 £
Contractual redundancy payments	200,734	17,743
Severance payments	2,000	65,401
	<u>202,734</u>	<u>83,144</u>

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

The total severance payments include one non-statutory/non-contractual staff severance payments of £2,000.

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**14. Staff (continued)****c. Staff numbers**

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Leadership	34	30
Teachers	668	581
Administration and support	973	836
	<u>1,675</u>	<u>1,447</u>

The average headcount expressed as full-time equivalents was:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Leadership	33	29
Teachers	606	506
Administration and support	541	505
	<u>1,180</u>	<u>1,040</u>

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**14. Staff (continued)****d. Higher paid staff**

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	21	17
In the band £70,001 - £80,000	8	8
In the band £80,001 - £90,000	8	9
In the band £90,001 - £100,000	5	-
In the band £100,001 - £110,000	1	-
In the band £110,001 - £120,000	1	1
In the band £130,001 - £140,000	-	1
In the band £140,001 - £150,000	1	-
In the band £190,001 - £200,000	1	1
In the band £200,001 - £210,000	-	1
In the band £350,001 - £360,000	1	-

One individual has been pushed into the £350,001 - £360,000 banding due to the need to include exit packages alongside remuneration earned during the year. For the avoidance of doubt this does not relate to the Accounting Officer, who has fallen down a band into the £190,000 - £200,000 range during 2019-20 (see note 16).

The exit package payment included above forms part of the restructuring costs disclosed in note 14(a) above and the trust has fully complied with requirements of the Academies Financial Handbook in respect of the transaction. The trust sought confirmation from the ESFA and its auditors before making the payment.

**e. Key management personnel**

The key management personnel of the multi-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 multi-academy trust was £1,182,571 (2019 £1,073,258).

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**15. Central services**

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

- Finance
- Governance
- Human resources
- Information technology
- Leadership and educational support

The multi-academy trust charges for these services on the following basis:

Central costs are charge on the basis of a percentage of GAG income with a time apportionment for joining academies.

The actual amounts charged during the year were as follows:

	2020 £	2019 £
Beaver Green Primary School	104,383	98,150
Istead Rise Primary School	69,963	70,036
James Dixon Primary School	142,131	135,261
Langney Primary Academy	122,926	50,000
Meopham School	213,748	210,067
Parkland Infant School	46,156	42,281
Parkland Junior School	60,810	54,972
Peacehaven Community School	234,366	-
Regis Manor Primary School	103,984	94,299
Shinewater Primary School	98,540	82,668
South Borough Primary School	89,564	82,668
The Eastbourne Academy	248,960	226,406
The Sittingbourne School	448,464	428,786
The Whitstable School	235,958	150,000
Westlands Primary School	127,742	114,799
Westlands School	500,512	496,449
<b>Total</b>	<b>2,848,207</b>	<b>2,336,842</b>

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**16. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the multi-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 £
Mr. J. Whitcombe, Accounting Officer	Remuneration	195,000 - 200,000	195,000 - 200,000
	Pension contributions paid	15,000 - 20,000	5,000 - 10,000
	Other benefits	0 - 5,000	0 - 5,000

Mr. J. Whitcombe opted out of the Teachers' Pension Scheme for 7 months (2019: 9 months). An alternative remuneration package was agreed with Mr. J. Whitcombe which includes a £15k (2019: £19k) retirement allowance. This was paid as taxable remuneration and is therefore included in the remuneration banding stated above.

During the year ended 31 August 2020, travel expenses totalling £408 were reimbursed or paid directly to 1 Trustee (2019 - £2,882 to 4 Trustees).

**17. Trustees' and Officers' insurance**

In accordance with normal commercial practice, the multi-academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was £nil (2019 - £4,339). The cost of this insurance is included in the total insurance cost.

The Trustee Indemnity insurance cost for 2020 was not separately identifiable from the insurance providers premium charge.

**18. Tangible fixed assets**

	Land & buildings £	Assets under construction £	Furniture and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 September 2019	131,982,155	64,329	4,843,560	111,137	137,001,181
Additions	691,033	209,238	241,229	-	1,141,500
Acquired on conversion	9,400,000	-	-	-	9,400,000
Disposals	-	-	(289,983)	(7,830)	(297,813)
Revaluations	(12,714,517)	-	-	-	(12,714,517)
At 31 August 2020	129,358,671	273,567	4,794,806	103,307	134,530,351
<b>Depreciation</b>					
At 1 September 2019	10,965,475	-	3,374,057	85,660	14,425,192
Charge for the year	2,283,274	-	366,072	8,441	2,657,787
On disposals	-	-	(195,711)	(7,830)	(203,541)
At 31 August 2020	13,248,749	-	3,544,418	86,271	16,879,438

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**18. Tangible fixed assets (continued)**

	<b>Land &amp; buildings £</b>	<b>Assets under construction £</b>	<b>Furniture and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Net book value</b>					
At 31 August 2020	116,109,922	273,567	1,250,388	17,036	117,650,913
At 31 August 2019	121,016,680	64,329	1,469,503	25,477	122,575,989

Freehold and long-term leasehold land and buildings are revalued upon receipt of the DfE's Sector Annual Report and Accounts (SARA) valuations.

The multi-academy trust has adopted a policy of revaluation for tangible fixed assets. Had these assets been measured at historic cost, the carrying values would have been as follows:

	<b>2020 £</b>	<b>2019 £</b>
Freehold property	39,165,854	39,773,657
Long-term leasehold property	107,223,964	99,851,777
	146,389,818	139,625,434

Included in the net book value of property displayed above are the following amounts ascribable to land:

	<b>2020 £</b>	<b>2019 £</b>
Freehold land	5,371,000	7,104,000
Long-term leasehold land	17,791,940	15,566,000
	23,162,940	22,670,000

**19. Stocks**

	<b>2020 £</b>	<b>2019 £</b>
Finished goods and goods for resale	5,466	24,133

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**20. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	431,694	488,952
Other debtors	507,416	515,110
Prepayments and accrued income	1,491,956	1,300,802
	<u>2,431,066</u>	<u>2,304,864</u>

**21. Creditors: Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	919,869	819,516
Other taxation and social security	254,233	183,871
Other creditors	1,074,344	973,899
Accruals and deferred income	1,827,332	1,176,404
	<u>4,075,778</u>	<u>3,153,690</u>

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2019	578,478	524,167
Resources deferred during the year	623,828	578,478
Amounts released from previous periods	(578,478)	(524,167)
	<u>623,828</u>	<u>578,478</u>

The deferred income above related to the following income sources:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
DfE/ESFA grants	476,598	460,817
Other government grants	29,344	60,037
Educational visits	38,273	32,152
Educational facilities	25,027	-
Other	54,586	25,472
	<u>623,828</u>	<u>578,478</u>

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**22. Creditors: Amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other creditors	92,547	154,246

**23. Financial instruments**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Financial assets measured at fair value through income and expenditure	8,110,612	6,322,929

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

**Swale Academies Trust**

**(A company limited by guarantee)**

**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

**24. Statement of funds**

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
<b>Unrestricted funds</b>						
General funds	2,349,271	2,291,848	(2,093,506)	-	-	2,547,613
<b>Restricted general funds</b>						
General Annual Grant	1,743,299	47,369,237	(47,165,574)	(36,066)	-	1,910,896
Other DfE/ESFA	74,710	7,535,422	(7,401,391)	-	-	208,741
Other Government	2,873	4,807,370	(4,807,370)	-	-	2,873
Other Restricted	57,440	570,825	(557,220)	-	-	71,045
Pension reserve	(19,756,000)	(928,000)	(2,926,000)	-	(2,563,000)	(26,173,000)
	(17,877,678)	59,354,854	(62,857,555)	(36,066)	(2,563,000)	(23,979,445)
<b>Restricted fixed asset funds</b>						
Capital grant	1,116,395	1,833,545	(272,736)	(1,039,553)	-	1,637,651
Fixed asset	122,575,991	-	(2,752,062)	10,541,501	(12,714,517)	117,650,913
Inherited on conversion	-	9,465,882	-	(9,465,882)	-	-
	123,692,386	11,299,427	(3,024,798)	36,066	(12,714,517)	119,288,564
<b>Total Restricted funds</b>	105,814,708	70,654,281	(65,882,353)	-	(15,277,517)	95,309,119
<b>Total funds</b>	108,163,979	72,946,129	(67,975,859)	-	(15,277,517)	97,856,732

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

- (i) General Annual Grant "GAG" must be used for the normal running costs of the multi-academy trust's academies.
- (ii) The Other DfE/ESFA grants fund is used to track non-GAG grants provided by the DfE and related bodies.
- (iii) The Other government grants fund is used to track grants provided by the local authority and other government departments.
- (iv) The Pension reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.
- (v) The Restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfers into this fund represent capital items purchases during the year from revenue reserves.

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

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**24. Statement of funds (continued)****Total funds analysis by academy**

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Beaver Green Primary School	620,099	566,916
Istead Rise Primary School	(448,392)	(378,441)
James Dixon Primary School	12,414	42,915
Langney Primary Academy	48,457	51,558
Meopham School	(777,460)	(889,954)
Parkland Infant School	151,817	145,359
Parkland Junior School	59,623	58,550
Peacehaven Community School	220,400	-
Regis Manor Primary School	710,248	683,808
Shinewater Primary School	151,795	279,774
South Borough Primary School	538,049	375,338
The Eastbourne Academy	747,932	926,152
The Sittingbourne School	(80,301)	(347,673)
The Whitstable School	263,050	94,771
Westlands Primary School	797,003	794,614
Westlands School	1,653,834	1,781,077
Central services	72,600	42,829
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	4,741,168	4,227,593
Restricted fixed asset fund	119,288,564	123,692,386
Pension reserve	(26,173,000)	(19,756,000)
	<hr/>	<hr/>
<b>Total</b>	<b>97,856,732</b>	<b>108,163,979</b>

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**24. Statement of funds (continued)**

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

	<b>Deficit £</b>
Istead Rise Primary School	(448,392)
Meopham School	(777,460)
The Sittingbourne School	(80,301)
	<hr/> <hr/>

Istead Rise Primary School and Meopham School have deficits on the Restricted General Annual Grant fund. This is due to the academies operating with low pupil numbers.

The Sittingbourne School has a deficit on its the Restricted General Annual Grant fund. This is the result of significant restructuring and capital investment during 2017/18.

The multi-academy trust is taking the following action to return the academies to surplus:

The PAN for Istead Rise has been reduced to achieve staffing efficiencies. Meopham School is now over-subscribed and the deficit will reduce year-on-year through economies of scale.

The Sittingbourne School has experienced an increase in pupil numbers which will afford greater economies of scale.

# Swale Academies Trust

(A company limited by guarantee)

## Notes to the Financial Statements For the Year Ended 31 August 2020

### 24. 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 £	Total 2019 £
Beaver Green Primary School	1,409,158	272,513	112,091	284,151	2,077,913	1,930,063
Istead Rise Primary School	921,967	162,861	33,225	262,973	1,381,026	1,490,412
James Dixon Primary School	1,905,817	213,672	76,582	480,628	2,676,699	2,745,033
Langney Primary Academy	1,891,977	249,951	110,722	322,935	2,575,585	2,489,628
Meopham School	3,144,844	452,978	90,367	657,063	4,345,252	3,826,780
Parkland Infant School	540,624	109,756	23,361	222,973	896,714	867,613
Parkland Junior School	697,652	93,657	119,621	203,139	1,114,069	1,166,165
Peacehaven Community School	3,645,607	635,603	89,201	1,789,397	6,159,808	-
Regis Manor Primary School	1,497,325	276,675	77,599	318,394	2,169,993	2,114,152
Shinewater Primary School	1,592,283	146,986	39,521	313,580	2,092,370	2,054,390
South Borough Primary School	1,333,917	147,208	68,237	318,997	1,868,359	1,706,051
The Eastbourne Academy	3,130,087	1,032,534	96,383	746,518	5,005,522	4,440,067
The Sittingbourne School	6,373,393	1,220,894	241,232	1,129,632	8,965,151	8,396,465
The Whitstable School	2,988,646	577,779	127,947	827,912	4,522,284	4,013,149
Westlands Primary School	2,134,690	264,098	100,115	413,823	2,912,726	2,654,456
Westlands School	6,760,358	980,378	322,406	1,273,612	9,336,754	8,953,965
Central services	2,472,952	4,097,633	82,951	564,306	7,217,842	5,997,941
<b>Multi-academy trust</b>	<b>42,441,297</b>	<b>10,935,176</b>	<b>1,811,561</b>	<b>10,130,033</b>	<b>65,318,067</b>	<b>54,846,330</b>

Included in Central services other support staff costs is £2,926,000 (2019: £2,349,000) for the multi-academy trust's non-actuarial Local Government Pension Scheme charges for the year.

**Swale Academies Trust**

**(A company limited by guarantee)**

**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

**24. Statement of funds (continued)**

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

	<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>
<b>Unrestricted funds</b>						
<i>General funds</i>	<i>2,367,698</i>	<i>2,110,950</i>	<i>(2,196,412)</i>	<i>67,035</i>	<i>-</i>	<i>2,349,271</i>
<b>Restricted general funds</b>						
<i>General Annual Grant</i>	<i>1,032,212</i>	<i>40,774,693</i>	<i>(40,246,571)</i>	<i>182,965</i>	<i>-</i>	<i>1,743,299</i>
<i>Other DfE/ESFA</i>	<i>74,710</i>	<i>4,908,395</i>	<i>(4,908,395)</i>	<i>-</i>	<i>-</i>	<i>74,710</i>
<i>Other Government</i>	<i>-</i>	<i>4,079,677</i>	<i>(3,826,804)</i>	<i>(250,000)</i>	<i>-</i>	<i>2,873</i>
<i>Other restricted</i>	<i>50,598</i>	<i>825,401</i>	<i>(818,559)</i>	<i>-</i>	<i>-</i>	<i>57,440</i>
<i>Pension reserve</i>	<i>(12,131,000)</i>	<i>(547,000)</i>	<i>(2,349,000)</i>	<i>-</i>	<i>(4,729,000)</i>	<i>(19,756,000)</i>
	<i>(10,973,480)</i>	<i>50,041,166</i>	<i>(52,149,329)</i>	<i>(67,035)</i>	<i>(4,729,000)</i>	<i>(17,877,678)</i>
<b>Restricted fixed asset funds</b>						
<i>Capital grant</i>	<i>1,327,282</i>	<i>1,887,532</i>	<i>(471,533)</i>	<i>(1,626,886)</i>	<i>-</i>	<i>1,116,395</i>
<i>Fixed asset</i>	<i>85,134,618</i>	<i>-</i>	<i>(2,994,211)</i>	<i>38,564,584</i>	<i>1,871,000</i>	<i>122,575,991</i>
<i>Inherited on conversion</i>	<i>-</i>	<i>27,555,005</i>	<i>-</i>	<i>(27,555,005)</i>	<i>-</i>	<i>-</i>
<i>Donated buildings</i>	<i>-</i>	<i>9,382,693</i>	<i>-</i>	<i>(9,382,693)</i>	<i>-</i>	<i>-</i>
	<i>86,461,900</i>	<i>38,825,230</i>	<i>(3,465,744)</i>	<i>-</i>	<i>1,871,000</i>	<i>123,692,386</i>
<b>Total Restricted funds</b>	<i>75,488,420</i>	<i>88,866,396</i>	<i>(55,615,073)</i>	<i>(67,035)</i>	<i>(2,858,000)</i>	<i>105,814,708</i>
<b>Total funds</b>	<i>77,856,118</i>	<i>90,977,346</i>	<i>(57,811,485)</i>	<i>-</i>	<i>(2,858,000)</i>	<i>108,163,979</i>

**Swale Academies Trust**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

**25. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Restricted fixed asset funds 2020 £</b>	<b>Total funds 2020 £</b>
Tangible fixed assets	-	-	117,650,913	117,650,913
Current assets	2,547,613	6,361,880	1,637,651	10,547,144
Creditors due within one year	-	(4,075,778)	-	(4,075,778)
Creditors due in more than one year	-	(92,547)	-	(92,547)
Provisions for liabilities and charges	-	(26,173,000)	-	(26,173,000)
<b>Total</b>	<b>2,547,613</b>	<b>(23,979,445)</b>	<b>119,288,564</b>	<b>97,856,732</b>

**Analysis of net assets between funds - prior period**

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
<i>Tangible fixed assets</i>	-	-	122,575,989	122,575,989
<i>Current assets</i>	2,349,271	5,186,258	1,116,397	8,651,926
<i>Creditors due within one year</i>	-	(3,153,690)	-	(3,153,690)
<i>Creditors due in more than one year</i>	-	(154,246)	-	(154,246)
<i>Provisions for liabilities and charges</i>	-	(19,756,000)	-	(19,756,000)
<b>Total</b>	<b>2,349,271</b>	<b>(17,877,678)</b>	<b>123,692,386</b>	<b>108,163,979</b>

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**Reconciliation of net income to net cash flow from operating activities**

	2020 £	2019 £
Net income for the period (as per Statement of financial activities)	4,970,270	33,165,861
<b>Adjustments for:</b>		
Depreciation	2,657,787	2,965,155
Loss on disposal of fixed assets	94,272	2,629
Capital grants from DfE and other capital income	(1,833,545)	(11,270,225)
Interest receivable	(29,751)	(46,270)
Defined benefit pension scheme obligation inherited	928,000	547,000
Defined benefit pension scheme cost less contributions payable	2,533,000	2,011,000
Defined benefit pension scheme finance cost	379,000	326,000
Defined benefit pension scheme administration cost	14,000	12,000
Decrease in stocks	18,667	-
Increase in debtors	(126,202)	(538,902)
Increase in creditors	860,389	760,200
Net gain on assets and liabilities from local authority on conversion	(9,679,617)	(27,625,429)
<b>Net cash provided by operating activities</b>	<b>786,270</b>	<b>309,019</b>

**26. Cash flows from financing activities**

	2020 £	2019 £
Repayments of borrowing	-	(1,500)
<b>Net cash provided by/(used in) financing activities</b>	<b>-</b>	<b>(1,500)</b>

**27. Cash flows from investing activities**

	2020 £	2019 £
Dividends, interest and rents from investments	29,751	46,270
Purchase of tangible fixed assets	(1,141,500)	(11,009,581)
Proceeds from the sale of tangible fixed assets	-	26,429
Capital grants from DfE Group	1,710,620	1,732,383
Capital funding received from sponsors and others	122,925	155,149
Donated buildings from sponsors and others	-	9,382,693
Cash received from transfers on conversion	279,617	70,425
<b>Net cash provided by investing activities</b>	<b>1,001,413</b>	<b>403,768</b>

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**28. Analysis of cash and cash equivalents**

	2020 £	2019 £
Cash in hand	8,110,612	6,322,929
<b>Total cash and cash equivalents</b>	<b>8,110,612</b>	<b>6,322,929</b>

**29. Analysis of changes in net debt**

	At 1 September 2019 £	Cash flows £	Cash received from transfers on conversion £	At 31 August 2020 £
Cash at bank and in hand	6,322,929	1,508,066	279,617	8,110,612
	<u>6,322,929</u>	<u>1,508,066</u>	<u>279,617</u>	<u>8,110,612</u>

**30. Contingent liabilities**

The trust has a contingent liability in respect of term time only workers' annual leave for its Kent-based academies. During the year certain trades unions began looking at potentially making claims against Kent based education employers regarding the calculation of term time only workers' annual leave. This is on the back of settlements they have made in other local authorities for their members regarding changing the calculation and back pay.

Whilst the academy trust is free to set its own pay rates, in common with most academies it closely follows the local authority scales. The Kent County Council (KCC) 'Kent Scheme' Pay Scales were amended from 1 April 2020 following a change to the way leave for term time only staff is calculated and the trust has followed by altering its own approach. KCC has received representations that there is a wish to make a settlement on back pay as the unions believe their members have been historically underpaid. KCC is resisting making any collective settlement and is encouraging individual employer schools and academies to do likewise.

The unions are attempting to bring the issue to their members and encouraging them to make a claim in the Employment Tribunal. If this is successful the trust may be liable. At the date of approval of these financial statements it is unclear (i) whether a back settlement liability may exist, (ii) if does how many years back this may go, and (iii) whether the liability or share of the liability would sit with KCC.

**31. Capital commitments**

	2020 £	2019 £
<b>Contracted for but not provided in these financial statements</b>		
Acquisition of tangible fixed assets	3,933,766	-

**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**32. Pension commitments**

The multi-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 East Sussex County Council, Kent County Council and London Borough of Bromley. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £276,306 were payable to the schemes at 31 August 2020 (2019 - £167,723) and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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.

The employer's pension costs paid to TPS in the year amounted to £5,725,000 (2019 - £3,420,000).

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 multi-academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The multi-academy trust has set out above the information available on the scheme.

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**32. Pension commitments (continued)****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 £2,612,000 (2019 - £2,363,000), of which employer's contributions totalled £2,014,000 (2019 - £1,829,000) and employees' contributions totalled £ 598,000 (2019 - £534,000). The agreed contribution rates for future years are 15 to 21 per cent for employers and 5.5 to 12.5 per cent for employees.

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**

East Sussex County Council:

	2020	2019
	%	%
Rate of increase in salaries	2.2	2.7
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.9
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:

	2020	2019
	Years	Years
Retiring today		
Males	21.6	21.2
Females	23.9	23.5
Retiring in 20 years		
Males	22.5	22.1
Females	25.3	24.9

Kent County Council:

	2020	2019
	%	%
Rate of increase in salaries	3.3	3.7
Rate of increase for pensions in payment/inflation	2.3	2.2
Discount rate for scheme liabilities	1.6	1.9
Inflation assumption (CPI)	2.3	2.2

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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**32. Pension commitments (continued)**

	<b>2020 Years</b>	<b>2019 Years</b>
Retiring today		
Males	21.8	22.1
Females	23.8	24.0
Retiring in 20 years		
Males	23.2	23.7
Females	25.2	25.8

**London Borough of Bromley:**

	<b>2020 %</b>	<b>2019 %</b>
Rate of increase in salaries	3.8	3.6
Rate of increase for pensions in payment/inflation	2.4	2.2
Discount rate for scheme liabilities	1.8	1.8
Inflation assumption (CPI)	2.3	2.1

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

	<b>2020 Years</b>	<b>2019 Years</b>
Retiring today		
Males	24.7	23.5
Females	27.2	26.2
Retiring in 20 years		
Males	22.8	26.2
Females	25.2	28.5

**Sensitivity analysis**

	<b>2020 £000</b>	<b>2019 £000</b>
Discount rate +0.1%	(1,482)	(1,136)
Discount rate -0.1%	1,512	1,158
CPI rate +0.1%	1,382	1,025
CPI rate -0.1%	(1,354)	(1,006)

6 of the academies in the multi-academy trust have Hymans Robertson LLP as the actuary who do not provide a comparable mortality assumption to the other actuaries. This assumption has therefore been excluded for the overall Trust's sensitivity analysis.

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**32. Pension commitments (continued)**

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

	2020 £	2019 £
Equities	21,349,000	18,044,000
Gilts	1,866,000	195,000
Corporate bonds	2,745,000	3,347,000
Property	3,083,000	2,855,000
Cash and other liquid assets	734,000	724,000
Other	1,796,000	1,612,000
<b>Total market value of assets</b>	<b>31,573,000</b>	<b>26,777,000</b>

The actual return on scheme assets could not be aggregated as this information was not available on all LGPS FRS 102 reports from the various actuaries.

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £	2019 £
Current service cost	(4,520,000)	(3,370,000)
Past service cost	(27,000)	(470,000)
Interest income	548,000	660,000
Interest cost	(927,000)	(986,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(4,926,000)</b>	<b>(4,166,000)</b>

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

	2020 £	2019 £
<b>At 1 September</b>	<b>46,533,000</b>	<b>34,297,000</b>
Conversion of academy trusts	2,709,000	1,914,000
Current service cost	4,520,000	3,370,000
Interest cost	927,000	986,000
Employee contributions	598,000	534,000
Actuarial losses	2,773,000	5,346,000
Benefits paid	(341,000)	(384,000)
Past service costs	27,000	470,000
<b>At 31 August</b>	<b>57,746,000</b>	<b>46,533,000</b>

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**32. Pension commitments (continued)**

Changes in the fair value of the multi-academy trust's share of scheme assets were as follows:

	2020 £	2019 £
<b>At 1 September</b>	26,777,000	22,166,000
Conversion of academy trusts	1,781,000	1,367,000
Interest income	548,000	660,000
Actuarial gains	210,000	617,000
Employer contributions	2,014,000	1,829,000
Employee contributions	598,000	534,000
Benefits paid	(341,000)	(384,000)
Administration expense	(14,000)	(12,000)
<b>At 31 August</b>	<u>31,573,000</u>	<u>26,777,000</u>

**33. Operating lease commitments**

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

	2020 £	2019 £
Not later than 1 year	162,092	107,127
Later than 1 year and not later than 5 years	186,885	150,174
Later than 5 years	3,526	-
	<u>352,503</u>	<u>257,301</u>

**34. Members' liability**

Each member of the academy trust 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.

**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**35. Related party transactions**

Owing to the nature of the multi-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 multi-academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the financial year:

Employment relationships

During the year:

- S. Clifton, daughter of G.Clifton, a member, was employed as a teacher; and
- B. Wood, son of C. Wood, part of the Trust's Key Management, was employed as a pastoral member of staff.

Each employee was paid a salary under an employment contract for their role. G.Clifton and C. Wood had no involvement in their close family appointments. The Board of Trustees are comfortable that their salaries provides value for money and are not at a preferential rates.

**36. Post balance sheet events**

On 1 September 2020 Causeway School joined the multi-academy trust on their conversion to academy status. Swale Academies Trust assumed responsibility for the management and operation from 1 September 2020, and on this date all net assets and liabilities were transferred into the multi-academy trust.

**37. Agency arrangements**

The multi-academy trust distributes 16-19 bursary funds to the students as an agent for the ESFA. During the year the trust received £46,026, charged a 5% administration fee of £2,301 and distributed £14,494 from the fund. Undistributed funds, including provisions for fund to be repaid of £58,420, are included in other creditors.

The academy trust distributes student bus passes to the students as an agent for Kent County Council. During the year ended the trust collected £nil and distributed £640 of bus pass income. There were no undistributed funds at the year end.

**38. Controlling party**

The multi-academy trust is run by the senior management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.

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**Swale Academies Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2020**

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**39. Schools converting to academy status joining the trust**

On 1 September 2019 Peacehaven Community School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Swale Academies Trust from East Sussex Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
<b>Tangible fixed assets</b>				
Leasehold land and buildings	-	-	9,400,000	9,400,000
<b>Current assets</b>				
Cash - representing budget surplus on LA funds	174,886	-	65,882	240,768
Cash - representing budget surplus on other school funds	38,849	-	-	38,849
<b>Current liabilities</b>				
Deferred income	(15,363)	-	-	(15,363)
<b>Non-current liabilities</b>				
Local Government Pension Scheme deficit	-	(928,000)	-	(928,000)
<b>Net assets/(liabilities)</b>	<u>198,372</u>	<u>(928,000)</u>	<u>9,465,882</u>	<u>8,736,254</u>

Peacehaven Community School occupies its premises managed under a private finance initiative (PFI) contract held by the local authority. Peacehaven Community School operates its premises under a 125 year lease with the local authority with all assets and liabilities transferring to Swale Academies Trust on conversion to an academy trust.

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**40. Teaching school trading account**

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>				
<b>Direct income</b>				
DfE grant funding	46,500		46,000	
School direct funding	207,659		173,455	
	<hr/>		<hr/>	
<b>Total income</b>		254,159		219,455
<b>Expenditure</b>				
<b>Direct expenditure</b>				
Direct staff costs	210,310		219,455	
<b>Other expenditure</b>				
Course fees and facilities	55,928		-	
	<hr/>		<hr/>	
<b>Total expenditure</b>		266,238		219,455
<b>Transfers between funds excluding depreciation</b>		(12,375)		-
		<hr/>		<hr/>
<b>(Deficit)/surplus from all sources</b>		(24,454)		-
<b>Teaching school balances at 1 September 2019</b>		24,454		24,454
		<hr/>		<hr/>
<b>Teaching school balances at 31 August 2020</b>		-		24,454
		<hr/> <hr/>		<hr/> <hr/>