

Registration number: 7353824

The Spencer Academies Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2020



The Spencer Academies Trust

Contents

Reference and Administrative Details	1 to 2
Trustees' Report	3 to 18
Governance Statement	19 to 23
Statement on Regularity, Propriety and Compliance	24
Statement of Trustees' Responsibilities	25
Independent Auditor's Report on the Financial Statements	26 to 28
Independent Reporting Accountant's Report on Regularity	29 to 30
Statement of Financial Activities incorporating Income and Expenditure Account	31
Balance Sheet	32 to 33
Statement of Cash Flows	34
Notes to the Financial Statements	35 to 65

The Spencer Academies Trust

Reference and Administrative Details

Members	A Talbot M Thompson J Dale (resigned 16 December 2019) K Vere (appointed 16 December 2019)
Trustees	M Thompson P West M Batchelor D Kinderman J Smith T Preston K Vere (resigned 16 December 2019) N Kerr-Gilbert G Weightman J Dale (appointed 16 December 2019) N Rowson (appointed 16 December 2019 and resigned 15 September 2020)
Chief Executive Officer	P West
Company Secretary	K Godfrey
Executive Leadership Team	S Mitchell, Chief Operating Officer (resigned 31 December 2019) A O'Brien, Trust Director of Primary Education F Mitchell, Trust Director of Secondary Education L Cox, Trust Director of Quality & Standards R Hudd, Director of Finance and CFO (appointed 31 December 2019) K Godfrey, Head of Compliance and Governance T Elward, Director of Derby Research School, and Spencer Alliance for Leadership and Teaching A Smith, Director of HR (appointed 31 December 2019) M Lucas, Director of Estates (appointed 31 December 2019))

The Spencer Academies Trust

Reference and Administrative Details (continued)

Principal and Registered Office	George Spencer, School Arthur Mee Road Stapleford Nottingham Nottinghamshire NG9 7EW
Company Registration Number	7353824
Auditors	Beever and Struthers Chartered Accountants and Statutory Auditors St George's House 215 - 219 Chester Road Manchester M15 4JE
Bankers	NatWest PLC 13-17 Derby Road Nottingham NG1 9HR
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020

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

The Trust currently comprises of 22 schools, - 8 secondary, 13 primary and one special primary, although at the end of the financial year under review the Trust had 20 schools - 8 secondary and 11 primary. 3 primary schools joined the Trust during the year. 2 primary schools have joined the Trust since the year end.

Primary	Date joined in year	Secondary
Ashwood Spencer		Arnold Hill Academy
Chetwynd Primary Academy		Derby Moor Academy
Fairfield Primary School		Farnborough Academy
Glenbrook Primary School		George Spencer Academy
Hilton Primary School		Heanor Gate Science College
Inkersall Primary Academy		John Port Spencer Academy
Sunnyside Spencer Academy		Long Field Academy
Wyndham Primary Academy		Rushcliffe School
Portland Spencer Academy		
The Mease Spencer Academy	Opened 01 Sept 2019	
Chellaston Fields Spencer Academy	Opened 01 Sept 2019	
St Giles Special School	01 Nov 2019	
Highfields Academy	Opened 01 Sept 2020	
Rosecliffe Spencer Academy	Opened 01 Sept 2020	

The schools have a combined pupil Capacity of 16,251 and had a roll of 15,192 in September 2019.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 7353824.

The Directors act as the trustees for the charitable activities of The Spencer Academies Trust and are also the directors of the charitable company for the purposes of company law.

Details of the Directors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Members' liability

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

Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

The number of Trustees shall be not less than three and (unless determined by ordinary resolution) shall not be more than fourteen. The articles of association set out the categories of Trustees and includes the following:

- up to 6 Trustees appointed by the members
- the Chief Executive Officer
- Parent Trustees
- any Additional Trustees appointed by the Secretary of State
- up to 2 Trustees, if appointed by the Secretary of State in accordance with the terms of any Relevant Funding Agreement.

The number of Trustees (including the Chief Executive Officer) appointed by the Members who are employees of the company may not exceed one third of the total number of Trustees.

The Trustees appoint separate committees known as Local Governing Bodies (LGB) for each Academy, which each operate according to the Scheme of Delegation. The establishment, terms of reference, constitution and membership of any committee of the Trustees or LGB's may be reviewed annually.

The Trustees listed on page 1 appoint Governors to each Academy LGB according to the Scheme of Delegation.

The term of office for any Trustees or Governor will be 4 years, except that this time limit does not apply to the CEO, Principal or Head of Academy. Any Trustees or Governor can be re-appointed or re-elected, subject to remaining eligible for the role.

Policies and procedures adopted for the induction and training of Trustees

All Trustees are expected to undertake a full induction with the Trust upon their appointment, and will be given relevant supporting documentation. This induction programme intends to provide information on the Trust, its schools, its activities, staff, achievements, and the responsibilities expected of the Trustees.

All Trustees and Governors are provided with policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role effectively, as well as training sessions provided by the Trust procured through the National Governors Association and other providers as appropriate.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Organisational structure

Trustees are responsible for strategic core governance functions, including:

- ensuring clarity of vision, ethos and strategic direction
- holding the Chief Executive Officer (CEO) and the Executive team, our Principals/Head of Schools to account for the educational performance of our schools, pupils and staff; and
- overseeing the financial performance of the Trust and our schools and ensuring that funds entrusted to SAT are spent in compliance with statutory requirements

Each Academy operates under the Scheme of Delegation, which can be viewed at www.satrust.com

Local Governing Bodies are responsible for ensuring their Academy operates within the Trust wide Scheme of Delegation.

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

The CEO of the Trust holds the position of Accounting Officer and his statement is included within this report.

The Executive Leadership team are responsible for ensuring the educational outcomes, and strategic vision of the Trust throughout the Academies.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for the remuneration of key personnel are set out in the Trust's Pay Policy which is reviewed annually and ratified by the Trustees. The Pay Policy sets out the framework for decisions on all pay including senior management staff. The policies development is in line with current employment registration and considers the recommendations of the School Teachers' Pay and conditions Document (STPCD). The pay policy sits alongside the Trust Appraisal and capability policy which, when combined determine the process for assessing the performance and development needs of employees, as well as their eligibility for performance related pay and pay awards, against agreed objectives. The remuneration of the CEO is set and performance monitored by the Board of Trustees. There are no remuneration payments to Trustees.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1

Percentage of time spent on facility time

Percentage of time

1%-50%

**Number of
employees**

2

Percentage of pay bill spent on facility time

Provide the total cost of facility time

Provide the total pay bill

2020

22,747

20,107,757

Paid trade union activities

2020

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

100

Connected organisations, including related party relationships

There are no connected organisations. Related Party Transactions are detailed in note 29.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Engagement with Employees

The Trust has throughout the year engaged with employees through a variety of methods to ensure that the needs of both the employees and Trust are best met.

Policies and guidance are readily available and circulated at points of change, starts of employment or during periods when it is considered prudent to do so, this has been demonstrated this year throughout the COVID Pandemic as updated guidance on working practice, Curriculum delivery and health and safety have been continually reviewed and circulated in response to the developing situations.

Academies within the Trust have systems in place to capture employee feedback, through the means of staff surveys and regular review meetings with individuals and groups of employees. Over the coming year the Trust is implementing a Trust wide formalised method for capturing employee morale and feedback.

The Trust has a robust performance management policy and process that ensures all employees are engaged with their own performance and how this impacts their Academy and the wider Trust.

The Trust is an equal opportunities employer of choice within the local area, and has robust recruitment and employee policies to ensure all employees are able to access employment, training, development and promotion regardless of any protected characteristics.

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

The Trust continues to act in line with its values of aspiration, partnership and responsibility when interacting with all stakeholders. By the nature of the organisation of the majority stakeholders are the pupils and their parents and carers, the Trust, and all its academies have clear policies to ensure that all pupils and their carers are recognised, and their comments and concerns and engaged with.

The Trust has continued to embed an appropriate procurement strategy to ensure that all suppliers are dealt with in an appropriate manner throughout the working relationship. Details of the Trust's terms and conditions for procurement are available on the Trust website. In addition to this during the last year the Trust has ensured that it has applied the spirit of the PPN20 notice around public procurement.

By the nature of the Trust's operation there are limited customers to the Trust, the Trust engages with these on a localised basis as needed to ensure an ongoing relationship.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Objectives and activities

Objects and aims

The Trust's Objects, as disclosed in their Articles of Association are:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools (the "Academies") offering a broad and balanced curriculum; and
- to promote for the benefit of individuals living in the East Midlands and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Objectives, strategies and activities

The Trust is focused on providing a high quality, effective education to all its students leading to improved life chances through raising aspirations and fulfilling potential of all pupils within the Trust. The Trust has continued to support and challenge its Academies to ensure that all pupils are able to fulfil their potential, and to ensure that the Trust continues to develop world-class system leaders in pupils, staff and the wider community.

Public benefit

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

Achievements and performance

In 2019-20 the Trust continued to be a leading provider of education across the East Midlands, and further cemented its position as a leading player in the sector, with a strong regional presence and a growing national reputation for excellence.

The Trust has, in response to the ongoing COVID pandemic, provided an extended period of remote learning across all phases whilst continuing to provide learning on site for vulnerable and key worker children throughout the initial lockdown period.

The changing face of the education landscape has led to a rethink and redevelopment of how the curriculum can best be delivered, whilst ensuring the safety of our 15.2K pupils and 2.5K staff. This has been managed through the collaborative collegiate approach across all schools, leveraging technology to provide live online lessons, meet ups and hang outs to allow all students to feel as connected as possible to both their teachers and peers.

Throughout this period the Trust has continued to improve the life choices of its students through continued good progress and attainment across all phases. With robust processes around centre assessed grade, ensuring that pupils are not unfairly disadvantaged by the cancellation of examinations.

During the year one of the Trust Schools has been inspected by OFSTED, achieving an Outstanding grade, one of the first under the new framework, maintaining Trust academies as Good or better with the exception of Inkersall Primary Academy.

The Trust continues to be at the forefront of collaborative and progressive education practices, with the School Centred Initial Teacher Training, the George Spencer Teaching Schools Alliance, East Midlands West Maths Hub, Derby Opportunity Area Research School and Expansion of the licence held for Nationals Professional Qualifications to include Middle and Senior Leaders, Principals and Executive Leaders.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

OFSTED Ratings

Name of school	Date joined Trust	Latest OFSTED inspection
George Spencer Academy	Sep-11	Outstanding - May 2015
Chetwynd Primary Academy	Apr-12	Good - July 2018/Outstanding – November 2019
Fairfield Primary Academy	Sep-13	Good - August 2016
Portland Spencer Academy	Feb-14	Good, outstanding for leadership & behaviour - January 2017
Glenbrook Primary School	Apr-14	Good - February 2017
Sunnyside Spencer Academy	May-14	Good, outstanding for leadership and behaviour - July 2017
Heanor Gate Science College	Sep-14	Good - March 2017
Wyndham Primary Academy	Sep-14	Outstanding - May 2014
Long Field Academy	Jun-15	Good - February 2018
Inkersall Primary School	Sep-15	Requires Improvement, Good for Leadership - April 2018
Derby Moor Academy	Jan-18	Not yet inspected
John Port Spencer Academy	Feb-18	Not yet inspected
Arnold Hill Academy	Oct-18	Not yet inspected
Farnborough Academy	Oct-18	Not yet inspected
Hilton Primary School	Oct-18	Not yet inspected
Rushcliffe School	Oct-18	Outstanding - February 2014
Ashwood Spencer Academy	Nov-18	Not yet inspected
Chellaston Fields Spencer Academy	Sept-19	Not yet inspected. Opened September 2019
The Mease Hilton Spencer Academy	Sept-19	Not yet inspected. Opened September 2019
St Giles Special School	Nov-19	Outstanding – December 2016
Highfields Spencer Academy	Sept-20	Not yet inspected. Opened September 2020
Rosecliffe Spencer Academy	Sept-20	Not yet inspected. Opened September 2020

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

Primary Progress and Attainment

KS2 Writing	2019	2020 TA	National *	FFT20	FFT5
Ashwood	67%	62%	76%	81%	86%
Chetwynd	93%	90%	76%	90%	93%
Fairfield	83%	81%	76%	84%	88%
Glenbrook	81%	77%	76%	84%	88%
Hilton	85%	86%	76%	85%	89%
Inkersall	81%	69%	76%	88%	92%
Portland	82%	74%	76%	83%	88%
Sunnyside	79%	75%	76%	87%	91%
Wyndham	84%	72%	76%	88%	92%

KS2 Maths	2019	2020 TA	National *	FFT20	FFT5
Ashwood	51%	60%	78%	86%	90%
Chetwynd	95%	86%	78%	92%	95%
Fairfield	83%	81%	78%	88%	92%
Glenbrook	70%	81%	78%	87%	91%
Hilton	85%	91%	78%	89%	93%
Inkersall	74%	72%	78%	90%	93%
Portland	85%	81%	78%	86%	90%
Sunnyside	79%	82%	78%	90%	94%
Wyndham	86%	86%	78%	93%	96%

KS2 Reading	2019	2020 TA	National *	FFT20	FFT5
Ashwood	48%	56%	79%	77%	83%
Chetwynd	92%	90%	79%	86%	91%
Fairfield	68%	88%	79%	82%	87%
Glenbrook	70%	79%	79%	81%	87%
Hilton	76%	88%	79%	82%	87%
Inkersall	56%	74%	79%	85%	90%
Portland	74%	78%	79%	80%	86%
Sunnyside	63%	82%	79%	83%	89%
Wyndham	74%	78%	79%	86%	91%

KS2 RWM	2019	2020 TA	National *	FFT20	FFT5
Ashwood	34%	53%	70%	71%	79%
Chetwynd	85%	83%	70%	82%	88%
Fairfield	67%	78%	70%	76%	83%
Glenbrook	63%	73%	70%	75%	82%
Hilton	70%	84%	70%	77%	84%
Inkersall	50%	65%	70%	80%	86%
Portland	69%	74%	70%	74%	81%
Sunnyside	63%	75%	70%	79%	85%
Wyndham	72%	71%	70%	81%	87%

Students assessed

	Ashwood	Chetwynd	Fairfield	Glenbrook	Hilton	Inkersall	Portland	Sunnyside	Wyndham
Whole Cohort	87	58	98	48	111	53	58	28	58
FSM6	49	3	17	28	14	26	36	14	36
No FSM6 %	56.3%	5.2%	17.3%	58.3%	12.6%	49.1%	62.1%	50.0%	62.1%

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

Secondary Progress and Attainment

	NOR 2019	NOR 2020	GCSE Grade 4+ Eng and Ma 2019	GCSE Grade 4+ Eng and Ma 2020	GCSE Grade 5+ Eng and Ma 2019	GCSE Grade 5+ Eng and Ma 2020	Progress Score 2019	Progress Score 2020 (FFT Est.)
Arnold Hill	222	234	67%	72%	42%	54%	0.14	0.10
Derby Moor	245	265	67%	72%	47%	50%	0.26	0.32
Farnborough	133	129	39%	56%	20%	32%	-0.81	-0.79
George Spencer	247	246	74%	80%	49%	58%	0.13	0.09
Heanor Gate	230	206	67%	76%	44%	60%	-0.13	0.11
John Port	305	294	78%	81%	55%	61%	0.03	0.06
Long Field	105	125	61%	71%	41%	53%	-0.01	0.02
Rushcliffe	234	252	85%	92%	65%	79%	0.55	0.62
Trust Overall	1721	1751	70%	77%	47%	58%	0.08	0.13
National 2019 & 2020 (FFT Est.)			65%	73%	43%	51%	0.00	0.00

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

Key non-financial performance indicators

The Trust Board adopts a holistic view to measuring performance of the Trust and its Academies ensuring that they are not measured on financial performance alone. All Academies within the Trust are tracked across the following metrics: OFSTED grading, academic attainment and progress of the cohorts, number on roll versus capacity, attendance, pupil and staff turnover, and financial stability and sustainability.

Over the 2019/20 Academic year the Trust has continued to nurture an ethos of collaborative working within phases, allowing Academies and Trust Executive Leadership Team to improve benchmarking and Quality Assurance to better improve the provision of education in all Academies. The Trust has an increased focus on pastoral support, in light of the current pandemic and the ever developing challenges faced by both staff and students. The Trust continues to expand the collaborative approach to better understand the impact of transition on both Primary and Secondary pupils and improve the experience by all of its cohorts as they progress.

Going concern

After making appropriate enquiries, the Board of Directors 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 Accounting Policies.

Promoting the Success of the Trust

The Trustees have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, stakeholders and the matters set out in section 172(1) of the Companies Act 2006. The Charities Commission has issued guidance which explains that charitable companies should take "promoting the success of the company" to mean "promoting the success of the charity to achieve its charitable purposes."

The Spencer Academies Trust is governed by its charitable objects. These charitable objects set out the purpose of the Charity. The consequences of all decisions and activities of the charity are assessed by how they drive the Trust towards achieving that long-term purpose, including by reference to the Charity's strategy, vision and values. As an educational charity, the Trust is accountable to the wider community as well as our pupils and funders.

The Trust continues to act in line with its values of aspiration, partnership and responsibility when interacting with all stakeholders, and these stakeholders, by engaging with the Trust, continue to challenge us to improve as well as supporting the Trust. It is the focus on these stakeholders that ensures the Trust focus the decisions made as a charity, from the local academy level through to the Board, are for their wider benefit. Well-established involvement in local academy and Trust practice and the mechanism of linking Trustees with individual academies and governing boards, ensure that decisions made by the Trustees are informed by the needs of the Organisation's stakeholders.

Long-term consequences of any decision

Trustees consider the long term consequences of any strategic decision as part of their ongoing assessment prior to, and throughout the enacting of. The Trust operates financial metrics to safeguard the overall sustainability, however this is balanced against the needs of the pupils, employees and other stakeholders to ensure that we are appropriately spending government funding in line with our objects.

The interests of the Trust's employees

Details of how the Trustees give consideration to the interests of the Organisation's employees can be found in the section Engagement with employees within this Report.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

The need to foster the Trust's business relationships with suppliers, customers and others

Details of how the Trustees give consideration to the interests of the organisation's other stakeholders can be found in the section Engagement with suppliers, customers and others in a business relationship with the Trust

The impact of the Trust's operations on the community and the environment

Details of how the Trustees give consideration to the impact on the community can be found in the section Engagement with suppliers, customers and others in a business relationship with the Trust. Further information is also given in the section on Public Benefit.

The desirability of the Trust maintaining a reputation for high standards of business conduct

The Trust aims to conduct all its relationships with integrity and courtesy, and to honour every business agreement. The Trustees and employees adhere to the seven principals of public life and conduct themselves in line with these. In order to facilitate this behaviour The Trust has approved a number of policies that help maintain these high standards of business conduct; these include the Anti Fraud policy, Whistleblowing Policy, and Gifts and Hospitality Policy.

The need to act fairly as between members of the Trust.

All members of the Trust are treated fairly and equally, with the same access to information, the ability to directly contact trustees or the executive leadership, and being invited to participate in training or relevant strategic events.

All matters reserved for decision by the Trustees are presented at Board or Committee meetings as appropriate. Trustees are briefed on any identified potential risks for our stakeholders and how they are to be managed. The Trustees take these factors into account before making a final decision which together they believe is in the best interests of the Trust and its stakeholders.

Financial review

This set of accounts lays out the financial performance for the Trust for the year ended to 31 August 2020. Funding is primarily received through the Funding Agreements that the Trust has with the Secretary of State for each Academy within the Trust. This funding is based upon the number of students on each Academy's roll, and is restricted for expenditure solely for the purposes of meeting the terms of the Funding Agreement. Funding is lagged for 12 months.

Revenue expenditure during the period has been overseen by the Executive Leadership of the Trust, along with the Principals of the Academies. Capital expenditure, funded by the Multi Academy Trust School Condition Allocation has been overseen and directed by the Trust Executive Leadership Team in line with the strategic forward plan for the Trust as a whole. The Board of Directors has oversight of financial reports, and holds the view that expenditure has been effectively managed in line with the Trust's financial policies and procedures, and has been of a prudent, fair and reasonable nature.

The majority of revenue expenditure has been in relation to staffing costs, both teaching and support, as is reasonably expected within academies.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

The Trust has received £3,347k (2019: £3,563k) in Capital grants through the Multi-Academy Trust School Condition Allocation of which £1,175k (2019:£1,461k) is restricted to be spent on fixed assets.

Cash balances for the Trust were £10,252k at year end (2019: £11,617k).

At 31 August 2020 the Trust had a net deficit of £4,726k (2019: Surplus of £51,412k), however this includes an actuarial loss on the LGPS scheme of £6,130k as well as donated assets of £4,250k (2019: £72,785k for 5 schools joining the Trust) for buildings at St Giles' School.

Pension Liabilities have increased in the year, following addition of new academies and pension assessments by the respective Local Authorities, to £48,808k (2019: £36,951k) overall.

The Balance Sheet as at 31 August 2020 has a positive position with net assets, excluding pension liability, amounting to £228,858k (2019: £221,728k).

Reserves policy

It is the responsibility of the Directors to ensure that the Trust is able to continue to operate on a going concern basis, and its constituent Academies.

The Directors have established a policy to monitor reserves, by individual Academy, and as a whole, to ensure they are maintained at an appropriate level. The Trust aims to hold 10% of in year income in reserves at both Academy and consolidated level. Where the Directors feel that additional support is required to improve an individual reserve this is provided by the Executive Leadership Team in collaboration with the Directors and Academy Executive Leadership.

Where there is a known capital requirement in the future the Trust may opt to increase the reserves held at either Local Academy or Trust level to ensure that the project can be undertaken without unnecessary risk to the day to day operations and educational outcomes. Where Academies or the Central Trust function hold more than 10% reserves, that are not earmarked, or ring fenced for ongoing or future projects, the needs of the Academy as assessed alongside the projected financial position, and a plan for the appropriate use of the funds at the relevant point in time to maximise impact is developed.

At all times the Directors consider the benefit of utilising reserves for long term investment in the Trust Activities whilst minimising the risk to cash flow. The accumulation of healthy reserves allows the Trust to be reactive to the changing landscape and invest where necessary, in changes to curriculum delivery and facilities development without impact on the current year budget.

As at 31 August 2020 the Trust held total funds of £180,050k, which includes; £8,589k restricted funds (excluding pension reserves) not available for general purposes of the Trust; £2,772k of free unrestricted reserves available for general use; and £217,497k of fixed asset restricted reserves which can only be realised on the disposal of tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £11,361k.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

Investment policy

Due to the nature of the funding cycle, the Trust, may at times, hold large cash balances which may not be required for immediate use. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates.

Principal risks and uncertainties

The Trustees have considered the major risks to which the Trust is exposed over the coming period and have reviewed the risks accordingly.

The Trustees have established an Audit and Risk Committee to review the risks to the Trust and propose actions to mitigate these risks.

The principal risks to the Trust as identified to date are:

- COVID impact and ongoing management of the Global Pandemic

The Trust continues to reforecast the current, and long term, budgets to include the impact of the increased costs, and reduced income, associated with operating within the current climate. The long term position of the Trust is uncertain due to the ever changing nature of the global position and the Trust is continually reviewing developments to ensure the long term financial sustainability of the Trust.

- Impact in real terms of proposed changes to the Funding Formulae.

The Trust continues to reforecast the current, and long term, budgets in line with published changes to funding across, General Annual Grant, Pupil Premium, LA funding and additional funding grants (Teachers' Pension and Teachers' Pay Grants) and Continues to review the projections. This allows for reallocation of funds as required to maintain financial sustainability and Educational Progress.

- Failure to deliver positive outcomes

The Trust monitors current progress and attainment throughout the year, benchmarking against known comparators, and working in collaboration both within and without, to ensure that educational outcomes are positive and all pupils achieve their potential.

- Reduction in student numbers across the Trust.

The Trust wide approach to educational outcomes, as well as the whole child approach, ensures that our Academies remain a desirable option for parents, minimising the risk of the falling roles across the Academies.

The Trustees have identified specific actions with regard to each of these areas, and they are reviewed alongside the general risks at Audit and Risk Committee meetings and form part of the Risk Register.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 01 September 2019 to 31 August 2020

	2020
Energy consumption used to calculate emissions (kWh)	17,773,941
Scope 1 emissions in metric tonnes CO2e	
Owned transport - mini-buses	23.83
Gas consumption	2134.20
Total scope 1	2158.03
Scope 2 emissions in metric tonnes CO2e	
Purchased electricity	1388.93
Scope 3 emissions in metric tonnes CO2e	
Business travel in employee owned vehicles	27.72
Total gross emissions in metric tonnes CO2e	3574.68
Intensity ratio	
Tonnes CO2e per pupil	0.23

Quantification and Reporting Methodology:

The Trust has 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

The Trust has appointed a broker to provide the best options for gas and electricity across all Trust sites, as part of that the Trust purchases green electricity as standard. The Trust has rolled out video conferencing systems to limit the need for business miles, all utility meters have been fitted with half hourly reading to ensure accurate bills and the Trust has engaged with the DFE SEEF and Salix programmes to allow for improvements to energy efficient lighting systems, heating systems and insulations.

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

Plans for future periods

The future plans for the Trust strongly lean towards consolidating the existing estate of Academies along with attracting converter and sponsored academies in line with modest growth ambitions.

This will include engaging with opportunities to deliver and operate new free schools at both primary and secondary and, should policy allow, for alternative provision. Underpinning this consolidation is an unwavering focus on ensuring quality of experience, with respect to care, curriculum, and teaching and learning for students, and the continued high level engagement of students and employees.

Opportunities to develop the Trust Teaching School strategy, the work of the Derby Research School, and other broader charitable initiatives which serve the educational and social benefit of the Trust communities will be considered. In line with this the Trust aims to develop in the coming years a wrap around strategy for an 'ecosystem' of support across the estate of academies which will further strengthen the emotional, social, wellbeing, and safeguarding elements of how we work with our students and their families, particularly those that are disadvantaged, have additional or special needs or face personal barriers to engagement.

The collective work undertaken by the Trustees and the Executive Leadership Team to ensure that the Trust operates under a sustainable financial model and retains an appropriate level of reserves to ensure investment in infrastructure, and personnel where required, has been embedded at the centre of commercial thinking. The organisational learning from this process has enabled the development and implementation of systems and processes that are operationally effective with strong oversight and relatively efficient in their labour. The continued pursuit of effectiveness with efficiency and the maximisation of all resources in a sustainable and environmentally responsible way will underpin the trust direction of travel.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- 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.

This Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on and signed on its behalf by:



D Kinderman
Trustee

The Spencer Academies Trust

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 01 September 2019 to 31 August 2020

	2020
Energy consumption used to calculate emissions (kWh)	17,773,941
Scope 1 emissions in metric tonnes CO₂e	
Owned transport - mini-buses	23.83
Gas consumption	2134.20
Total scope 1	2158.03
Scope 2 emissions in metric tonnes CO₂e	
Purchased electricity	1388.93
Scope 3 emissions in metric tonnes CO₂e	
Business travel in employee owned vehicles	27.72
Total gross emissions in metric tonnes CO₂e	3574.68
Intensity ratio	
Tonnes CO ₂ e per pupil	0.23

Quantification and Reporting Methodology:

The Trust has 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

The Trust has appointed a broker to provide the best options for gas and electricity across all Trust sites, as part of that the Trust purchases green electricity as standard. The Trust has rolled out video conferencing systems to limit the need for business miles, all utility meters have been fitted with half hourly reading to ensure accurate bills and the Trust has engaged with the DFE SEEF and Salix programmes to allow for improvements to energy efficient lighting systems, heating systems and insulations.

The Spencer Academies Trust

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to P West, 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 The Spencer 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 6 times during the year.

Attendance during the year at meetings of the Board of Trustees and constituent sub committees, was as follows:

Trustee	Meetings attended	Out of a possible
D Kinderman	6	6
M Batchelor	6	6
G Weightman	5	6
J Smith	6	6
J Dale	5	6
K Vere	1	2
M Thompson	5	6
N Kerr-Gilbert	1	2
N Rowlson	5	5
P West	6	6
T Preston	4	6

There have been five sub-committees of the Board of Trustees for the year ended 31 August 2020, Resources (Finance and Personnel), Audit and Risk, Quality & Standards, Estates and Health and Safety, and Remuneration.

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure appropriate action is taken to secure ongoing financial viability at Trust Level, through providing strategic guidance, support and challenge around all areas of Trust resources, including, but not limited to, financial procedures and process, effective management and deployment of government grants, capital maintenance programs, staffing structures, budget setting, ratification and review. Attendance at meetings during the year was as follows:

The Spencer Academies Trust
Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
D Kinderman	3	3
T Preston	3	3
J Smith	3	3
M Thompson	2	3
K Vere	0	3
G Weightman	1	3
P West	3	3
M Batchelor	3	3

The Quality and Standards Committee is also a sub-committee of the main Board of Trustees. Its purpose is Monitor and evaluate the Trust's school improvement model, and ensure that standards or progress and attainment are maintained and improved across the Trust academies.

Attendance at the Quality and Standards committee in the year was as follows:

Trustees	Meetings attended	Out of a possible
M Bachelor	3	3
N-J Kerr-Gilbert	1	3
D Kinderman	3	3
P West	3	3

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to review the financial and other statutory returns of the Trust, and to hold the Executive to account for compliance with the regulations of the Academies Financial Handbook, and other requirements. Attendance at the Audit Committee in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Batchelor	3	3
J Smith	3	3
T Preston	3	3
P West	3	3

The Spencer Academies Trust

Governance Statement (continued)

The Estates Committee is a subcommittee of the Board of Directors. Its purpose is to review and monitor the maintenance and development of the Trust's estate and to hold the Executive to account on matters relating to the Estates and Health and Safety It met four times during the year, with attendance as follows:

Trustees	Meetings attended	Out of a possible
M Bachelor	3	3
D Kinderman	3	3
G Weightman	3	3
P West	3	3
J Smith	2	3

The Remuneration Committee has the delegated powers to review remuneration for the CEO and other senior staff with remuneration above the levels set out in the Scheme of Delegation. It met once during the year, with attendance as follows:

Trustees	Meetings attended	Out of a possible
M Bachelor	1	1
M Thompson	1	1
D Kinderman	1	1

Review of value for money

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

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

The Trust is committed to raising attainment and progress and for continuously improving the education received by all it's pupils.

The Trust has implemented a dedicated central team to deliver in house centralised business function support to allow for consistent low cost finance, HR, payroll and recruitment functions allowing the Academies to focus on Teaching and Learning objectives.

The Spencer Academies Trust

Governance Statement (continued)

Centralised procurement is enabled through the Trust Central Team, allowing for economies of scale, ensuring best value and cost savings are realised within the Academies.

The Trust takes a deliberate and focussed approach to collaboration across the Trust; sharing best practice across all phases. Trust-wide Continuous Professional Development and implementations of multi academy processes for reviewing, monitoring and implementing impacts of intervention to maximise benefit to students helps to ensure the maximum realisation of potential across all pupils.

The financial performance of the Trust has been sound over the year, against a backdrop of tightening funding and increased operational costs, and the Trust's reserves remain healthy. The Board is committed to ensuring that the students across the Trust are advantaged by being part of the Trust and therefore ensure that the reserves are deployed into appropriate projects to benefit our students, whilst being mindful of the need to maintain a healthy reserves position to ensure financial stability.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 The Spencer Academies Trust for the year ended 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 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 each Academy of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- to appoint Haines Watts Chartered Accountants as internal auditor from 2018/19.

The Spencer Academies Trust

Governance Statement (continued)

In the Year 2019/20 Haines Watts have undertaken a review of the financial regulations in place, and have drawn up an internal audit schedule to cover the principal risks to the Trust, a schedule of reviews are in place for Risk and Financial Controls, with Payroll and ICT strategy undertaken in Summer, with Health and Safety Management due to be started during Autumn 2020.

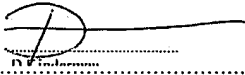
Review of Effectiveness

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

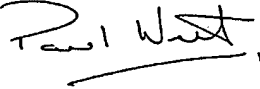
- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trustees 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 on and signed on its behalf by:



.....
D Kinderman
Trustee



.....
P West
Chief Executive Officer

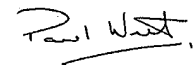
The Spencer Academies Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Spencer Academies Trust I have considered my responsibility to notify the 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



.....
P West
Accounting Officer

Date:.....02/12/2020.....

The Spencer Academies Trust

Statement of Trustees' Responsibilities

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:

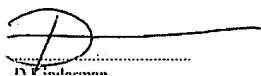
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 on ...02/12/2020 and signed on its behalf by:



D Kinderman
Trustee

The Spencer Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of The Spencer Academies Trust

Opinion

We have audited the financial statements of The Spencer Academies Trust (the 'Academy Trust') for the year ended 31 August 2020, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2020 and of its results 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)

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

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.

The Spencer Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of The Spencer Academies Trust (continued)

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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 Statement of Trustees' Responsibilities set out on page 25, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

The Spencer Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of The Spencer Academies Trust (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy Trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy Trust audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Beever and Struthers

Sue Hutchinson FCCA (Senior Statutory Auditor)
For and on behalf of Beever and Struthers, Statutory Auditor

Chartered Accountants and Statutory Auditors
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Date: 17 December 2020

The Spencer Academies Trust

Independent Reporting Accountant's Report on Regularity to The Spencer Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 22 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Spencer Academies Trust during the period 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 The Spencer Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to The Spencer Academies Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Spencer Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of Trustees' funding agreement with the Secretary of State for Education 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 from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review and testing of financial systems of internal control;
- Sample testing of transactions;
- Discussions with management.

The Spencer Academies Trust

Independent Reporting Accountant's Report on Regularity to The Spencer Academies Trust and the Education and Skills Funding Agency (continued)

Conclusion

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

Beever and Struthers

Sue Hutchinson FCCA
For and on behalf of Beever and Struthers, Chartered Accountants

Chartered Accountants and Statutory Auditors
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Date 17 December 2020

The Spencer Academies Trust

Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
Income and endowments from:						
Voluntary income						
Donations and capital grants	2	-	2,879	1,175	4,055	3,744
Transfers on conversion	32	404	(1,183)	4,250	3,472	65,467
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	1,635	86,115	-	87,750	76,194
Teaching schools		-	1,637	-	1,637	1,569
Other trading activities	4	383	857	-	1,240	2,519
Investments	5	30	-	-	30	32
Total		<u>2,452</u>	<u>90,306</u>	<u>5,426</u>	<u>98,184</u>	<u>149,525</u>
Expenditure on:						
Raising funds	6	52	1,437	-	1,490	2,499
<i>Charitable activities:</i>						
Academy trust educational operations	7	3,059	85,793	4,760	93,612	84,358
Teaching schools	31	-	1,679	-	1,679	1,597
Total		<u>3,111</u>	<u>88,909</u>	<u>4,760</u>	<u>96,780</u>	<u>88,454</u>
Net (expenditure)/income		(659)	1,397	666	1,404	61,071
Transfers between funds		-	(3,281)	3,281	-	-
Other recognised gains and losses						
Actuarial gains/(loss) on defined benefit pension schemes	28	-	(6,130)	-	(6,130)	(9,659)
Net movement in (deficit)/funds		(659)	(8,014)	3,947	(4,726)	51,412
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2019		<u>3,432</u>	<u>(32,206)</u>	<u>213,550</u>	<u>184,776</u>	<u>133,365</u>
Total funds/(deficit) carried forward at 31 August 2020		<u>2,772</u>	<u>(40,219)</u>	<u>217,497</u>	<u>180,050</u>	<u>184,777</u>

The Spencer Academies Trust
(Registration number: 7353824)
Balance Sheet as at 31 August 2020

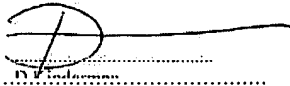
	Note	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	12	22	44
Tangible assets	13	<u>217,934</u>	<u>213,966</u>
		<u>217,956</u>	<u>214,010</u>
Current assets			
Debtors	14	7,641	3,489
Cash at bank and in hand		<u>10,252</u>	<u>11,617</u>
		17,893	15,107
Creditors: Amounts falling due within one year	15	<u>(6,628)</u>	<u>(6,930)</u>
Net current assets		<u>11,265</u>	<u>8,176</u>
Total assets less current liabilities		229,221	222,186
Creditors: Amounts falling due after more than one year	16	<u>(364)</u>	<u>(459)</u>
Net assets excluding pension liability		228,858	221,728
Pension scheme liability	28	<u>(48,808)</u>	<u>(36,951)</u>
Net assets including pension liability		<u>180,050</u>	<u>184,777</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund	17	8,589	4,746
Restricted fixed asset fund	17	217,497	213,550
Restricted pension fund	17	<u>(48,808)</u>	<u>(36,951)</u>
		177,278	181,345
Unrestricted funds			
Unrestricted general fund	17	<u>2,772</u>	<u>3,432</u>
Total funds		<u>180,050</u>	<u>184,777</u>

The Spencer Academies Trust

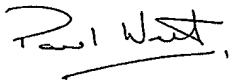
(Registration number: 7353824)

Balance Sheet as at 31 August 2020 (continued)

The financial statements on pages 31 to 65 were approved by the Trustees, and authorised for issue on ..2nd December 2020 and signed on their behalf by:



D Kinderman
Trustee



P West
Chief Executive Officer

The Spencer Academies Trust

Statement of Cash Flows for the Year Ended 31 August 2020

	Note	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	1,984	1,881
Cash flows from investing activities	23	(3,252)	1,745
Cash flows from financing activities	22	<u>(97)</u>	<u>169</u>
Change in cash and cash equivalents in the year		(1,365)	3,95
Cash and cash equivalents at 1 September		<u>11,617</u>	<u>7,822</u>
Cash and cash equivalents at 31 August	24	<u>10,252</u>	<u>11,617</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

1 Accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 period 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 spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Transfer on conversion

Where assets and liabilities are received by the 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 academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

Transfer of existing academies into the trust

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net 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 academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets acquired.

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

Expenditure on raising funds

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

Charitable activities

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

Intangible fixed assets

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

Asset class	Amortisation method and rate
Computer software	3 years straight line

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

Asset class	Depreciation method and rate
Leasehold Land	125 years in line with terms of lease
Freehold property	50 years straight line
Long-term Leasehold property	10-75 years straight line
Motor vehicles	4 years straight line
Furniture and Fixtures	8 years straight line
Computer equipment	3 years straight line

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

Liabilities

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

Provisions

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

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

Leased assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

Agency accounting

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 funds received and paid and any balances held are disclosed in note 30.

2 Donations and capital grants

	Restricted funds £ 000	Restricted fixed asset funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
Other voluntary income				
Capital grants	2,626	1,175	3,801	3,563
Other donations	254	-	254	182
	<u>2,879</u>	<u>1,175</u>	<u>4,055</u>	<u>3,744</u>

The income from donations and capital grants was £4,054,579 (2019: £3,744,317) of which £Nil was unrestricted (2019: £Nil), £2,879,172 restricted (2019: £2,283,405) and £1,175,407 restricted fixed assets (2019: £1,460,912).

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
DfE/ESFA revenue grants				
General Annual Grant	-	71,587	71,587	64,956
Other DfE/ESFA grants	-	9,080	9,080	6,426
	-	80,667	80,667	71,382
Other government grants				
SCITT	-	11	11	5
Local authority grants	-	3,479	3,479	2,556
Special educational projects	-	63	63	2
	-	3,553	3,553	2,563
Exceptional government funding				
Coronavirus funding	-	204	204	-
Non-government grants and other income				
Other income from the Academy Trust's educational operations	1,635	1,691	3,326	2,249
Total grants	1,635	86,115	87,750	76,194

The funding for educational operations was £87,749,855 (2019: £76,193,834) of which £1,634,901 was unrestricted (2019: £2,191,005), £86,114,954 restricted (2019: £74,002,829) and £Nil restricted fixed assets (2019: £Nil).

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
Hire of facilities	181	-	181	304
Academy trips	-	575	575	1,862
Other sales	202	201	404	185
Income from other charitable activities	-	81	81	168
	383	857	1,240	2,519

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

4 Other trading activities (continued)

The income from other trading activities was £1,240,240 (2019: £2,519,121) of which £382,799 was unrestricted (2019: £321,454), £857,441 restricted (2019: £2,197,666) and £Nil restricted fixed assets (2019: £Nil).

5 Investment income

	Unrestricted funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
Interest Received	30	30	32

The income from investments was £30,338 (2019: £32,161) of which £30,338 was unrestricted (2019: £32,161), £Nil restricted (2019: £Nil) and £Nil restricted fixed assets (2019: £Nil).

6 Expenditure

	Non Pay Expenditure			2019/20 Total £ 000	2018/19 Total £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Expenditure on raising funds					
Direct costs	-	-	50	50	41
Allocated support costs	-	-	1,440	1,440	2,458
Academy's educational operations					
Direct costs	59,586	3,712	4,168	67,467	57,997
Allocated support costs	13,528	6,053	6,564	26,145	26,361
Teaching School	860	-	819	1,679	1,597
	<u>73,975</u>	<u>9,766</u>	<u>13,040</u>	<u>96,780</u>	<u>88,454</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

6 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2019/20	2018/19
	£ 000	£ 000
Operating lease rentals	139	149
Depreciation	4,738	4,307
Amortisation of intangible fixed assets	21	22
Fees payable to auditor - audit	37	37
- other audit services	7	8
	<u>7</u>	<u>8</u>

7 Charitable activities

	2019/20	2018/19
	£ 000	£ 000
Direct costs - educational operations	67,467	57,997
Support costs - educational operations	26,145	26,361
	<u>93,612</u>	<u>84,358</u>

	Educational operations £ 000	2019/20 Total £ 000	2018/19 Total £ 000
Analysis of support costs			
Support staff costs	13,528	13,528	10,981
Depreciation	1,048	1,048	2,517
Technology costs	1,962	1,962	1,788
Premises costs	5,006	5,006	5,641
Other support costs	4,510	4,510	5,423
Governance costs	92	92	10
Total support costs	<u>26,145</u>	<u>26,145</u>	<u>26,361</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

8 Staff

Staff costs

	2019/20 £ 000	2018/19 £ 000
Staff costs during the year were:		
Wages and salaries	52,056	47,036
Social security costs	5,099	4,577
Operating costs of defined benefit pension schemes	11,224	10,666
	<u>68,379</u>	<u>62,278</u>
Supply staff costs	1,028	1,184
Staff restructuring costs	23	95
	<u>69,430</u>	<u>63,557</u>
	2020 £ 000	2019 £ 000

Staff restructuring costs comprise:

Redundancy payments	6	44
Severance payments	15	48
Other restructuring costs	2	3
	<u>23</u>	<u>95</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,000 (2019: £48,000). Individually, the payments were:

Non-contractual payments £15,000

Staff numbers

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

	2019/20 No	2018/19 No
Charitable Activities		
Teachers	965	915
Administration and support	1,490	1,064
Management	22	25
	<u>2,477</u>	<u>2,004</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

8 Staff (continued)

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2020	2019
	No	No
£60,001 - £70,000	20	14
£70,001 - £80,000	10	7
£80,001 - £90,000	1	2
£90,001 - £100,000	5	3
£100,001 - £110,000	1	2
£110,001 - £120,000	1	1
£120,001 - £130,000	1	-
£210,001 - £220,000	-	1
£220,001 - £230,000	1	-

Key management personnel

The key management personnel of the academy trust comprise the Trustees and the Executive Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,036,856 (2019: £903,186).

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

9 Central services

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

- Human resources
- Financial Services
- Legal services
- Educational support services
- Estates / H & S
- Others as arising

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

The schools are charged a fixed percentage of GAG of 5%.

The actual amounts charged during the year were as follows:

	2020 £ 000
George Spencer Academy	381
Wyndham Primary Academy	93
Chetwynd Primary Academy	74
Fairfield Primary Academy	105
Portland Spencer Academy	83
Glenbrook Primary School	85
Sunnyside Spencer Academy	43
Heanor Gate Science College	319
Long Field Academy	157
Inkersall Primary Academy	69
Derby Moor Academy	388
John Port Spencer Academy	443
Ashwood Spencer Academy	131
Hilton Primary School	138
Arnold Hill Academy	352
Rushcliffe School	398
Farnborough Academy	219
St Giles School	49
The Mease at Hilton	10
Chellaston Fields	14
	<hr/>
	3,551

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

10 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The CEO 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, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

P West (Chief Executive Officer)

Remuneration: £230,000 - £235,000 (2019: £215,000 - £220,000)

Employer's pension contributions: £50,000 - £55,000 (2019: £35,000 - £40,000)

During the year ended 31 August 2020, travel and subsistence expenses totalling £449 (2019 - £1,044) were reimbursed or paid directly to 2 trustee (2019 - 1).

Other related party transactions involving the Trustees are set out in note 29.

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2020 was £13,051 (2019 - £12,461).

The cost of this insurance is included in the total insurance cost.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

12 Intangible fixed assets

	Computer software £ 000	Total £ 000
Cost		
At 1 September 2019	<u>65</u>	<u>65</u>
At 31 August 2020	<u>65</u>	<u>65</u>
Amortisation		
At 1 September 2019	22	22
Charge for the year	<u>22</u>	<u>22</u>
At 31 August 2020	<u>43</u>	<u>43</u>
Net book value		
At 31 August 2020	<u>22</u>	<u>22</u>
At 31 August 2019	<u>44</u>	<u>44</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

13 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Plant and equipment £ 000	Assets under construction £ 000	Total £ 000
Cost						
At 1 September 2019	172,038	47,827	4,656	2,948	264	227,733
Additions	921	217	1,807	299	1,226	4,469
Transfer of assets	-	4,250	-	-	-	4,250
Disposals	-	-	-	(12)	-	(12)
At 31 August 2020	<u>172,959</u>	<u>52,294</u>	<u>6,462</u>	<u>3,235</u>	<u>1,489</u>	<u>236,440</u>
Depreciation						
At 1 September 2019	6,074	3,654	1,728	2,311	-	13,767
Charge for the year	<u>2,732</u>	<u>980</u>	<u>587</u>	<u>439</u>	<u>-</u>	<u>4,738</u>
At 31 August 2020	<u>8,806</u>	<u>4,635</u>	<u>2,315</u>	<u>2,750</u>	<u>-</u>	<u>18,506</u>
Net book value						
At 31 August 2020	<u>164,153</u>	<u>47,659</u>	<u>4,147</u>	<u>485</u>	<u>1,489</u>	<u>217,934</u>
At 31 August 2019	<u>165,965</u>	<u>44,173</u>	<u>2,928</u>	<u>637</u>	<u>264</u>	<u>213,966</u>

14 Debtors

	2020 £ 000	2019 £ 000
Trade debtors	735	272
VAT recoverable	1,941	763
Other debtors	32	5
Prepayments	1,084	382
Accrued grant and other income	<u>3,850</u>	<u>2,068</u>
	<u>7,641</u>	<u>3,489</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

15 Creditors: amounts falling due within one year

	2020 £ 000	2019 £ 000
Trade creditors	1,445	1,883
Other taxation and social security	1,277	1,215
Loans	96	97
Other creditors	323	197
Accruals	1,529	1,044
Deferred income	624	1,431
Pension scheme creditor	1,334	1,064
	<u>6,628</u>	<u>6,930</u>

For details of loans see Note 16.

	2020 £ 000	2019 £ 000
Deferred income		
Deferred income at 1 September 2019	1,431	893
Resources deferred in the period	624	1,431
Amounts released from previous periods	<u>(1,431)</u>	<u>(893)</u>
Deferred income at 31 August 2020	<u>624</u>	<u>1,431</u>

The sources of income deferred are universal infant free school meals, PE / Sports grant, Rates Relief, SEN, and trips income monies collected in advance of future academic years.

16 Creditors: amounts falling due after one year

	2020 £ 000	2019 £ 000
Loans	<u>364</u>	<u>459</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

16 Creditors: amounts falling due after one year (continued)

Loans comprise low interest, unsecured Government funding specifically dedicated to support energy efficiency projects for the public sector and were considered the most economically advantageous way to fund the energy projects for the academy trust:

Salix Loans

The loans relate to Salix loans received from Nottinghamshire County Council. The loans are being repaid by annual instalments. The balance of Salix loans is £141k (2019: £158k).

(MAT) Pilot Loan Programme

The (MAT) Pilot Loan Programme is received from the Secretary of State for Education. The amount outstanding at the year end is £319k (2019: £398k).

17 Funds

	Balance at 1 September 2019 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2020 £ 000
Restricted general funds					
General Annual Grant (GAG)	4,734	71,587	(64,421)	(3,353)	8,547
Pupil Premium	-	3,826	(3,826)	-	-
Other grants and restricted income	-	14,439	(14,439)	-	-
Transfers on conversion	(72)	-	-	72	-
Teaching schools	84	1,637	(1,679)	-	42
	4,746	91,489	(84,365)	(3,281)	8,589
Restricted fixed asset funds					
Restricted fixed asset fund	213,550	5,426	(4,760)	3,281	217,497
Restricted pension funds					
Pension reserve	(36,951)	(1,183)	(4,544)	(6,130)	(48,808)
Total restricted funds	181,345	95,732	(93,669)	(6,130)	177,278
Unrestricted funds					
Unrestricted general funds	3,432	2,452	(3,112)	-	2,772
Total funds	184,777	98,184	(96,781)	(6,130)	180,050

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

17 Funds (continued)

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

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted general funds					
General Annual Grant (GAG)	1,819	64,956	(61,931)	(110)	4,734
Pupil Premium	-	3,607	(3,607)	-	-
Other grants and restricted income	227	9,921	(10,148)	-	-
Transfers on conversion	584	(656)	-	-	(72)
Teaching schools	112	1,569	(1,597)	-	84
	<u>2,742</u>	<u>79,397</u>	<u>(77,283)</u>	<u>(110)</u>	<u>4,746</u>
Restricted fixed asset funds					
Restricted fixed asset fund	143,683	74,246	(4,489)	110	213,550
Restricted pension funds					
Pension reserve	<u>(15,167)</u>	<u>(8,572)</u>	<u>(3,553)</u>	<u>(9,659)</u>	<u>(36,951)</u>
Total restricted funds	131,258	145,071	(85,325)	(9,659)	181,345
Unrestricted funds					
Unrestricted general funds	<u>2,107</u>	<u>4,455</u>	<u>(3,130)</u>	<u>-</u>	<u>3,432</u>
Total funds	<u>133,365</u>	<u>149,526</u>	<u>(88,455)</u>	<u>(9,659)</u>	<u>184,777</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

17 Funds (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2020 £ 000	Total 2019 £ 000
George Spencer Academy	6,118	946	510	1,014	8,588	8,437
Wyndham Primary Academy	1,495	216	190	350	2,251	2,263
Chetwynd Primary Academy	1,286	212	76	220	1,794	1,643
Fairfield Primary Academy	1,703	218	164	298	2,383	2,170
Portland Spencer Academy	1,533	138	132	441	2,244	2,150
Glenbrook Primary School	1,423	305	131	286	2,145	1,856
Sunnyside Spencer Academy	720	115	60	119	1,014	996
Heanor Gate Science College	5,409	717	425	790	7,341	7,387
Long Field Academy	2,405	450	405	453	3,713	3,343
Inkersall Primary Academy	1,205	157	90	306	1,758	1,789
Derby Moor Academy	5,681	848	412	1,052	7,993	7,885
John Port Spencer Academy	6,645	1,328	427	1,199	9,599	9,308
Ashwood Spencer Academy	2,067	483	117	353	3,020	2,518
Hilton Primary School	2,335	305	160	529	3,329	2,824
Arnold Hill Academy	5,533	1,122	440	1,419	8,514	7,206
Rushcliffe School	6,363	1,114	580	1,083	9,140	8,563
Farnborough Academy	2,992	376	307	1,259	4,934	4,440
St Giles School	1,732	186	82	161	2,161	-
Chellaston Fields	222	44	50	78	394	-
The Mease at Hilton	157	38	12	81	288	-
Central services	2,075	2,184	841	931	6,031	6,572

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

17 Funds (continued)

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2020 £ 000	Total 2019 £ 000
Academy Trust	<u>59,099</u>	<u>11,502</u>	<u>5,611</u>	<u>12,422</u>	<u>88,634</u>	<u>81,350</u>

Analysis of academies by fund balance

Fund balances at 31 August 2020 were allocated as follows:

	2020 £ 000	2019 £ 000
George Spencer Academy	657	563
Wyndham Primary Academy	1,371	1,223
Chetwynd Primary Academy	(225)	(226)
Fairfield Primary Academy	596	680
Portland Spencer Academy	192	241
Glenbrook Primary School	700	721
Sunnyside Spencer Academy	(11)	(165)
Heanor Gate Science College	539	622
Long Field Academy	33	63
Inkersall Primary Academy	(55)	(145)
Derby Moor Academy	2,254	1,561
John Port Spencer Academy	879	779
Hilton Primary School	421	257
Arnold Hill Academy	840	993
Farnborough Academy	(228)	(223)
Rushcliffe School	(390)	(411)
Ashwood Spencer Academy	1,034	781
St Giles School	384	-
Chellaston Fields	4	-
The Mease at Hilton	15	-
Central services	<u>2,351</u>	<u>864</u>
Total before fixed assets and pension reserve	11,361	8,178
Fixed asset fund	217,497	213,550
Pension reserve	<u>(48,808)</u>	<u>(36,951)</u>
Total	<u>180,050</u>	<u>184,777</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

17 Funds (continued)

Chetwynd Primary Academy is carrying a net deficit of £225,000 on these funds because:

The deficit is a result of new classrooms being constructed. This has been financed partly by SCA monies and also an intra-trust loan of £250,000 and it is the latter that has led to the deficit in general funds. The school returned an in year surplus in line with predictions in both 2017/18 and 2018/19, however the impact of the COVID-19 pandemic in 19/20 has reduced the Academy's position in 19/20 to a balanced one. Currently the Academy predicts a small surplus for 20/21 with this increasing once the ongoing impact of the pandemic can be mitigated sufficiently. This is being continually reviewed, along with other academies, to assess the likelihood as the situation develops. In the meantime the Trust as a whole has the resources to support the Academy during this phase.

Sunnyside Spencer Academy is carrying a net deficit of £11,000 on these funds because:

Student numbers have risen substantially since the school joined the trust. However due to lagged funding this has created a situation whereby the number of students for which we are receiving income has always been fewer than the number we are actually having to teach. We are now moving into a situation where the funding in year is synchronised with the number of students on the roll. The school returned an in year surplus in line with predictions in both 2017/18, 2018/19 and now 2019/20 and projects a surplus for the subsequent 3 years. In the meantime the Trust as a whole has the resources to support the Academy during this phase.

Inkersall Primary Academy is carrying a net deficit of £55,000 on these funds because:

We inherited a school that required significant investment and structural changes in the way it was staffed. The school returned an in year surplus in line with predictions in 2017/18, 2018/19 and 2019/20 and continues to project a surplus for the subsequent 3 years. The Trust as a whole has sufficient resources to support the Academy throughout this process.

Farnborough Academy is carrying a net deficit of £228,000 on these funds because:

At the point of being sponsored by the Trust, Farnborough Academy was carrying a net deficit due to inefficiencies, a reduced roll and an inability to vary the estates management costs due to the existing PFI contract. During 2019/20 Farnborough returned a balanced position, showing improvements in financial management throughout the period. The Trust will continue to support Farnborough Academy whilst it improves its educational outcomes, making it a more desirable school and improving its falling roll. Whilst doing this the Trust has sufficient scale to leverage buying power and minimise costs of resources and supplies wherever possible. The Trust is able to continue to support the Academy whilst it continues to improve its financial viability.

Rushcliffe School is carrying a net deficit of £390,000 on these funds because:

At the point of joining the Trust, Rushcliffe School was in a net deficit position, due to inefficiencies, an increasing roll and significant investment in estates and facilities to accommodate the increased numbers. Rushcliffe and the Trust are working with the Local Authority to ensure that appropriate funding is received to accommodate additional pupils going forward. In addition to this the introduction of curriculum led financial planning tools used at Rushcliffe have allowed for a more efficient staffing model, and close monitoring of the budget means that a surplus in year is projected for the next 3 years. During 2019/20 Rushcliffe returned a small surplus, the projected impact reduced in part due to the impact of the COVID-19 pandemic. The Academy has set a surplus budget for 2020/21 going forward. The Trust as a whole has sufficient resources to support the Academy throughout this process.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

18 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	22	22
Tangible fixed assets	-	-	217,934	217,934
Current assets	2,772	15,121	-	17,893
Current liabilities	-	(6,531)	(97)	(6,628)
Creditors over 1 year	-	-	(364)	(364)
Pension scheme liability	-	(48,808)	-	(48,808)
Total net assets	<u>2,772</u>	<u>(40,218)</u>	<u>217,495</u>	<u>180,050</u>

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	43	43
Tangible fixed assets	-	-	213,966	213,966
Current assets	3,432	11,676	-	15,108
Current liabilities	-	(6,930)	-	(6,930)
Creditors over 1 year	-	-	(459)	(459)
Pension scheme liability	-	(36,951)	-	(36,951)
Total net assets	<u>3,432</u>	<u>(32,205)</u>	<u>213,550</u>	<u>184,777</u>

19 Capital commitments

	2020 £ 000	2019 £ 000
Contracted for, but not provided in the financial statements	<u>-</u>	<u>157</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

20 Commitments under operating leases

Operating leases

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £ 000	2019 £ 000
Amounts due within one year	895	373
Amounts due between one and five years	1,816	942
Amounts due after five years	790	863
	3,501	2,177

21 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2019/20 £ 000	2018/19 £ 000
Net income	1,404	61,071
Amortisation	22	22
Depreciation	4,738	4,285
Capital grants from DfE and other capital income	(1,175)	(3,563)
Interest receivable	(30)	(32)
Defined benefit pension scheme liability inherited on conversion	1,183	(64,206)
Defined benefit pension scheme cost less contributions payable	3,830	2,913
Defined benefit pension scheme finance cost	716	640
Increase in debtors	(4,152)	(1,863)
(Decrease)/increase in creditors	(302)	2,614
Balances inherited on conversion	1,183	(64,206)
Net cash (used in)/provided by Operating Activities	1,984	1,881

22 Cash flows from financing activities

	2019/20 £ 000	2018/19 £ 000
Repayments of borrowing	(97)	(51)
Cash inflows from new borrowing		220
Net cash provided by financing activities	(97)	169

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

23 Cash flows from investing activities

	2019/20 £ 000	2018/19 £ 000
Interest received	30	32
Purchase of tangible fixed assets	(4,469)	(1,850)
Proceeds from sale of tangible fixed assets	12	-
Capital funding received from sponsors and others	1,175	3,563
Net cash (used in)/provided by investing activities	(3,252)	1,745

24 Analysis of cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank and in hand	10,252	11,617
Total cash and cash equivalents	10,252	11,617

25 Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash	11,617	(1,365)	10,252
Loans falling due within one year	(97)	1	(96)
Loans falling due after more than one year	(459)	95	(364)
Total	11,061	(1,269)	9,792

26 Contingent liabilities

The Trust is being prosecuted in relation to health and safety failings at one of its schools. This will probably lead to a fine and the payment of costs at some future point but expert evidence is being sought. No plea has been entered at this point. If a guilty plea is entered it will not be possible (and it is not now possible) to reliably estimate or measure the extent of the obligation that could arise. This is because there are a large number of variables which would have to be determined by the Court before the extent of the obligation will be clear. The content of an expert report could impact on some of these variables but it is not possible to measure that impact.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

27 Members' liability

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

28 Pension and similar obligations

The academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by . Both are multi-employer defined benefit schemes.

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

Contributions amounting to £1,334k (2019: £1,064k) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

28 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Charges

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £8,140,190 (2019: £6,688,578).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £3,924,000 (2019 - £3,441,000), of which employer's contributions totalled £3,024,000 (2019 - £2,626,000) and employees' contributions totalled £900,000 (2019 - £815,000).

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

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

28 Pension and similar obligations (continued)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.30	3.30
Rate of increase for pensions in payment/inflation	2.80	2.30
Discount rate for scheme liabilities	<u>1.90</u>	<u>1.90</u>

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

	2020	2019
Retiring today		
Males retiring today	21.60	21.60
Females retiring today	23.50	24.10
Retiring in 20 years		
Males retiring in 20 years	23.20	23.10
Females retiring in 20 years	<u>25.70</u>	<u>25.80</u>

The academy trust's share of the assets in the scheme were:

	2020	2019
	£ 000	£ 000
Equities	23,906	21,647
Gilts	843	660
Other bonds	5,919	5,452
Property	4,266	3,864
Cash and other liquid assets	2,087	1,562
Other	<u>2,319</u>	<u>1,934</u>
Total market value of assets	<u>39,340</u>	<u>35,119</u>

The actual return on scheme assets was £739,000 (2019 - £655,000).

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

28 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2019/20 £ 000	2018/19 £ 000
Current service cost	(3,828)	(4,897)
Past service cost	-	(642)
Interest income	699	853
Interest cost	(1,415)	(1,490)
Total amount recognised in the SOFA	<u>(4,544)</u>	<u>(6,176)</u>

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

	2019/20 £ 000	2018/19 £ 000
At start of period	72,070	34,150
Conversion of academy trusts	2,321	19,637
Current service cost	6,845	4,897
Interest cost	1,415	1,490
Employee contributions	900	815
Actuarial (gain)/loss	5,443	10,496
Benefits paid	(846)	(57)
Past service cost	-	642
At 31 August	<u>88,148</u>	<u>72,070</u>

Changes in the fair value of academy's share of scheme assets:

	2019/20 £ 000	2018/19 £ 000
At start of period	35,119	18,983
Conversion of academy trusts	1,138	11,065
Interest income	699	855
Actuarial gain/(loss)	(495)	837
Employer contributions	3,024	2,626
Employee contributions	900	815
Benefits paid	(846)	(57)
Effect of non-routine settlements	(199)	(5)
At 31 August	<u>39,340</u>	<u>35,119</u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

29 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 10.

30 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the academy trust received £131,313 and disbursed £113,786 from the fund. An amount of £157,474 is included in other creditors relating to undistributed funds that is repayable to ESFA.

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

31 Teaching school trading account

	2019/20 £ 000	2018/19 £ 000
Income		
Direct Income		
Other income	1,039	1,166
Other Income		
Fundraising and other trading activities	598	403
Total Income	<u>1,637</u>	<u>1,569</u>
Expenditure		
Direct costs		
Direct staff costs	664	892
Staff development	25	20
Other direct costs	780	476
Total direct costs	<u>1,469</u>	<u>1,388</u>
Other costs		
Support staff costs	196	111
Recruitment and support	-	30
Other support costs	10	64
Share of governance costs	4	4
Total other costs	<u>210</u>	<u>209</u>
Total Expenditure	<u>(1,679)</u>	<u>(1,597)</u>
Deficit from all sources	(42)	(28)
Teaching school balances at 1 September 2019	<u>84</u>	<u>112</u>
Teaching school balances at 31 August 2020	<u><u>42</u></u>	<u><u>84</u></u>

The Spencer Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

32 Conversion to an academy trust

On 1 November 2019 St Giles School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Spencer Academies Trust from the Derbyshire Local Authority for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as Donations - transfer from local authority on conversion. The fair value of tangible fixed assets at transfer is based on a RICS valuation.

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

	Unrestricted fund £ 000	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets				
Leasehold land and buildings	-	-	4,250	4,250
LGPS pension deficit	-	(1,183)	-	(1,183)
Other identified assets and liabilities	404	-	-	404
Net assets/(liabilities)	<u>404</u>	<u>(1,183)</u>	<u>4,250</u>	<u>3,471</u>

The Mease Spencer Academy opened on 1 September 2019. It is a Presumptive free school through the Derbyshire Local Authority.

Chellaston Fields Spencer Academy opened on 1 September 2019. It is a Presumptive free school through the Derbyshire Local Authority.

As such, no balances were recognised for either school at the date the schools joined the Trust.