

COMMUNITY ACADEMIES TRUST

Annual Report and Financial Statements

Year ended 31 August 2021

ONLINE at:

www.communityacademiestrust.org

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COMPANIES HOUSE

(A Company Limited by Guarantee)

Company Registration Number: 07472736 (England and Wales)



Community Academies Trust

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Community Academies Trust

Reference and Administrative Details

CAT Members

Mr. S Atkins
Mr. N Bratt
Mr. S Mason
Ms. E J Gaffney (appointed 11 November 2020)
Ms. V C Higham (appointed 10 December 2020)

CAT Trustees / Directors

Mr. S Atkins (Chair)
Mr. G Brown
Mr. S Mason
Mr. S Sibley
Mrs. S Stewart
Mr. R Vernon
Rev. S Wallis

Company Secretary

Mrs. A Bardsley

Senior Management Team

- | | |
|---|--|
| - Chief Executive Officer and Founding Trustee, Accounting Officer | Mr. P Hamilton |
| - Executive Director (Education) and Founding Trustee | Mr. E May |
| - Executive Director (Finance and Operations) | Mrs. A Bardsley |
| - Head Teacher, The Polesworth School | Mrs. M Favell |
| - Head Teacher, Birchwood Primary School | Mr. N Coleman |
| - Executive Head Teacher, Dordon Primary School & Wood End Primary School | Mrs. M Cross |
| - Head Teacher, Woodloes Primary School | Mr. A Mitchell |
| - Head Teacher, Budbrooke Primary School | Mr. C McKee |
| - Head Teacher, The Telford Langley School | Mr. S Carter |
| - Head Teacher, The Telford Park School | Mrs. H Rigby |
| - Head Teacher, The Telford Priory School | Ms. S Jordan |
| - Head Teacher, Grange Park Primary School | Mr. R Thorpe |
| - Executive Head Teacher, Stratford Primary School & Heathcote Primary School | Mrs. G Humphriss |
| - Head Teacher, The Wilnecote School | Mrs. S Hartle |
| - Head Teacher, Chadsmead Primary Academy | Ms. G Grainger |
| - Head Teacher, Windmill Primary School | Mr. M Gibbons |
| - Head Teacher, Stoneydelph Primary School | Ms. E Parsons (appointed 1 September 2020) |
| - Head Teacher, The Woodlands Community Primary School | Mr. J Baker |
| - Headteacher, Kingsway Primary School | Mrs. S Byrne |
| - Head of Teaching School | Ms. A Rickus |

Registered Office

Dimbleby House
Stoneydelph Primary School
Crowden Way
Wilnecote
Tamworth
Staffordshire
B77 4LS

Company registration number

07472736

Community Academies Trust

Reference and Administrative Details (continued)

Auditors

Mazars
58 The Ropewalk
Nottingham
NG1 5DW

Bank

Lloyds
9 Birmingham Road
Sutton Coldfield
B72 1QA

Internal Auditors

RB Chartered Accountant
Meeson House
76 Pinfold Lane
Penkridge
Staffordshire
ST19 5AP

Directory of Academies year ended 31 August 2021

Birchwood Primary School	Birchwood Avenue, Dordon, Tamworth, B78 1QU
Budbrooke Primary School	Styles Close, Hampton Magna, Warwick, CV35 8TP
Chadsmead Primary Academy	Friday Acre, Lichfield, WS13 7HJ
Dordon Community Primary School	Roman Way, Dordon, Tamworth, B78 1PJ
Grange Park Primary School	Grange Avenue, Stirchley, Telford, TF3 1ET
Heathcote Primary School	Vickers Ways, Heathcote, Warwick, Warwickshire, CV34 7AP
Kingsway Primary School	Baker Avenue, Leamington Spa, Warwickshire, CV31 3HB
The Polesworth School	Dordon Road, Dordon, Tamworth, B78 1QT
Stoneydelph Primary School	Crowden Road, Wilnecote, Tamworth, Staffordshire, B77 4LS
Stratford-upon-Avon Primary School	Broad Street, Stratford-upon-Avon, CV37 6HN
The Telford Langley School	Duce Drive, Dawley, Telford, TF4 3JS
The Telford Park School	Grange Avenue, Stirchley, Telford, TF3 1FA
The Telford Priory School	New Road, Wrockwardine Wood, Telford, TF2 7AB
The Wilnecote School	Tinkers Green Road, Wilnecote, Tamworth, Staffordshire, B77 5LF
Windmill Primary School	Beaconsfield, Brookside, Telford, TF3 1LG
Wood End Primary School	Wood Street, Wood End, Atherstone, CV9 2QL
The Woodlands Community Primary School	Canning Road, Glasgote, Tamworth, Staffordshire B77 3JX
Woodloes Primary School	Deansway, Warwick, CV34 5DF

Community Academies Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2021. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The academy trust operates 5 secondary and 13 primary schools across the midlands. It has a pupil capacity of 9,829 and a roll of 8,339 in the school census of October 2020.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Community Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Community Academies Trust.

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

Members' Liability

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

Trustees' Indemnities

The trust makes use of the Government's Risk Protection Arrangement for academies and the indemnities therein.

Method of Recruitment and Appointment or Election of Trustees

The members appoint up to 6 trustees in accordance with the provisions in the Articles of Association. Further trustees are appointed by the existing trustees following an interview with a sub-committee of the trustees and their recommendation. Trustees are appointed after taking into account the skills and knowledge they can bring to the trust. The trust has successfully used "Academy Ambassadors" to recruit trustees in previous years.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and induction is provided for new trustees and depends on their existing experience. All trustees are provided with copies of policies, procedures, minutes, budgets, risk register, plans and other documents that they will need to undertake their role. As there are normally only one or two new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

Community Academies Trust's board of trustees govern the work of the academies across the trust. They govern the full range of activity required by the trust. These include specialists in human resources, financial management and estates.

Most of our academies have a School Standards Committee (SSC) comprising up to 9 governors for a primary school and up to 13 governors for a secondary school. Where a school is in challenging circumstances, it is governed by an Education Advisory Board (EAB) consisting of main trust board representatives, local stakeholders and school improvement experts who drive through rapid change to turn around provision. This EAB is disbanded once the school is settled and a SSC instated.

Each school has a Headteacher with a Strategic Leadership Team (SLT). This SLT and other leaders ensure strong and clear lines of accountability and the easy flow of information about the quality of provision. They are responsible for the delivery of the improvement plans and contribute to their formulation and implementation.

Further information on this work is described later in this report under Objectives, Strategies and Activities.

Community Academies Trust

Trustees' Report (continued)

Arrangements for setting pay and remuneration of key management personnel

A remuneration committee of the trustees is responsible for setting the pay of the executive leaders of the trust. It does this by benchmarking against advertised rates and bearing in mind the skillsets of staff and regional marketplace. Also considered is the requirement to maintain differentials in internal structures and the weight of responsibility attached to the role. It has agreed an Executive Leaders Pay Policy.

Headteachers have their pay determined under the School Teachers' Pay and Conditions document and related to the Individual Salary Range (ISR) attached to the school, personal performance and the requirements of TUPE.

Trade Union Facility Time

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017 the trust is required to publish the following information relating to trade union officials and facility time.

Table 1

What was the total number of employees who were relevant union officials during the relevant period?	
Number of employees who were relevant union officials during the relevant period	FTE trade union representatives
12	11.2

Table 2

How many CAT employees, who were relevant Trade Union officials, during 01/04/19-31/03/20, spent a) 0% b) 1-50% c) 51-99% d) 100% of their time on facility time?	
Percentage of time	Number of employees
0 %	11
1 – 50%	1
51 – 99%	0
100%	0

Table 3

Provide the figures to determine the percentage of the CAT total pay bill spent on paying employees who were Trade Union officials, during 01/04/20-31/03/21	
The total cost of facility time	£522
The total pay bill	£36,270,695
The % of the total pay bill spent on facility time	0.001%

Table 4

As a percentage of total paid facilities time hours, how many were spent by employees who were Trade Union officials, during 01/04/20 -31/03/21 on paid trade union activities?
20%

Community Academies Trust Trustees' Report (continued)

Engagement with employees (Including disabled persons)

The trust has a Trade Union Recognition Agreement (TURA) with all the unions who represent our employees. This consultative body has met on 2 occasions in the year.

The CEO visited every school of the trust over the year to describe the strategic direction of the trust and to invite questions from employees on matters of concern to them. The CEO has also written to every employee personally to thank them for their contribution in continuing to provide education over the period of the covid-19 pandemic. The CEO has also led a trust wide virtual governor conference and provided virtual professional development sessions for all subject leaders on curriculum design and assessment.

Trustees decided that, during the period of the covid-19 lockdown, no employee would be furloughed.

All employees have been consulted with in respect of risk assessments for the safest possible further opening of schools in line with government guidance.

As the trust employs over 250 persons, it is required to have a policy in respect of applications for employment for disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons. This policy can be accessed on the trust website, www.communityacademiestrust.org.

The mechanism for the trust to consult with employees on matters affecting them is the Hub governance system. During the year a number of policies have been adopted following consultation.

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

The trust has regard to the need to foster a business relationship with suppliers and others, including Local Authorities in the area in which the trust operates.

Over the last year the trust has met its obligations in paying suppliers within 31 days, as evidenced by the submitted Payment Practices Reports and despite difficulties caused by the finance team working remotely, due to the covid-19 pandemic.

The trust also considered its responsibilities to suppliers under Procurement Practices Note 02/20 and 04/20 – supplier relief due to covid-19. Payments were again made to support suppliers during the period of lockdown, notably to secure the viability of catering and cleaning services.

The trust has a good relationship with the Local Authorities in the area in which it operates and works with them across a range of initiatives, particularly to do with school improvement and finance.

Community Academies Trust

Trustees' Report (continued)

Objectives and Activities



The academy trust's objectives are specifically restricted to the advancing for the public benefit education in the UK, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum and to promote for the benefit of the inhabitants of the United Kingdom the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interest of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectives and Aims

In accordance with the articles of association, the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education. The Scheme of Governance specifies, amongst other things, the basis for admitting students to the Academies, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Everything we do is orientated around ensuring excellent community education for children and young adults aged 3 to 18.

Our approach is based on a fundamental belief that all young people have talent and the potential to achieve more than they ever thought possible.

Achievement is in three main areas:

- **Academic:** Excellent standards and outstanding progress are a prerequisite for success in life equipping young people with the skills and knowledge they will need to be successful, happy and productive citizens.
- **Social:** Excellent relationships for learning are a prerequisite for all other achievements. Relationships that engender mutual respect between young people, and all other members of our academies' communities will ensure learning can be fun in a disciplined and caring environment where the highest expectations are the norm.
- **Personal:** All young people achieve things they can be proud of every day in addition to academic success and outside our school's planned curriculum. We have a vital role in ensuring individuals develop their own talents and interests and have a responsibility to instill in them a sense of pride in who they are and what they achieve.

Community Academies Trust

Trustees' Report (continued)

Our Community

We serve a diverse range of communities in Warwickshire including Polesworth, Warwick, Leamington Spa, Stratford upon Avon and nearby Warwickshire villages. We also serve communities in Telford, Tamworth and Lichfield. Our Academies in the year under review, in order of size by pupil numbers:

The Polesworth School (11-18), The Telford Langley School (11-16), The Telford Priory School (11-16), The Wilnecote School (11-16), The Telford Park School (11-18), Birchwood Primary School (4-11), Grange Park Primary School (3-11), Woodloes Primary School (3-11), Windmill Primary School (3-11), Heathcote Primary School (4-11), The Woodlands Community Primary School (4-11), Stoneydelph Primary School (4-11), Chadsmead Primary Academy (3-11), Stratford upon Avon Primary School (4-11), Budbrooke Primary School (4-11), Dordon Community Primary School (4-11), Kingsway Primary School (4-11) and Wood End Primary School (3-11).

Objectives, Strategies and Activities



We are a well established academy trust, rated highly by the DfE for our successful work in school improvement.

Ofsted has virtually visited four of our schools during the year. Three (The Polesworth School, Grange Park School and Heathcote Primary School) fed into Ofsted national reporting so that insights could be shared with government and the education sector during the COVID pandemic. One (The Telford Park School) was a section 8 virtual monitoring visit and included a more detailed evaluation involving leaders and pupils across the school.

Telford Park School: *"Leaders and those responsible for governance are taking effective action to provide education in the current circumstances" OFSTED, 31st March 2021.* The lead inspector noted *"the trust provides effective support in the current circumstances..... this support is helping curriculum leaders to continue to improve the quality of education."*

Our trust now has a national profile and we continue to respond to DfE approaches requesting support for other organisations.

- Membership of national and regional roundtables
- Our CEO sits on the Warwickshire and Telford & Wrekin strategic educational boards and is active in local and national CEO networks and collaborations. Our CEO also supports and mentors new and more experienced trusts, and is a National Leader of Education who contributes to the wider national school improvement offer.
- Our Executive Director (Education) is a National Leader of Education who contributes to the wider national school improvement offer
- Our Chair is an Academy Ambassador
- Our Executive Director (Finance and Operations) has supported other trusts
- Our trust led two teaching schools until December 2020. Since then our Trust has continued to provide teacher training and school improvement support beyond its boundaries.
- Our trust is a member of the Confederation of School Trusts and The Queen Street Group.

Community Academies Trust

Trustees' Report (continued)

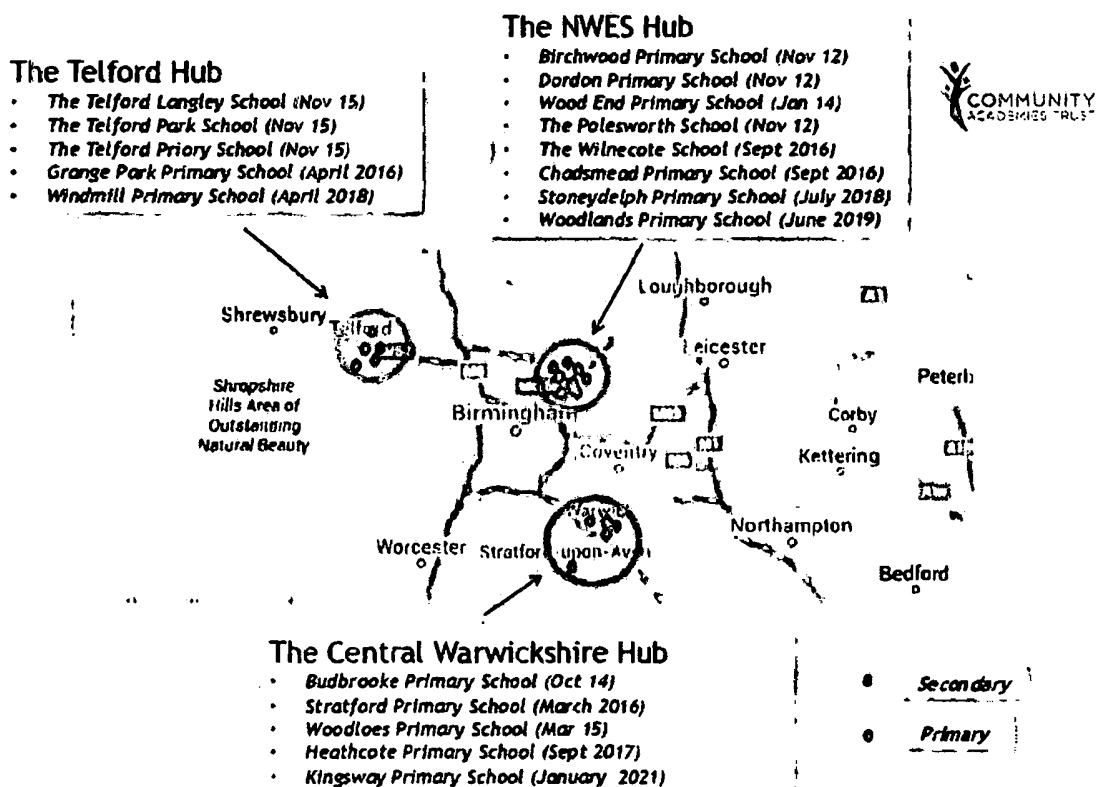
Our trust is financially secure and well placed to continue to fulfill the trust's objectives of school improvement in the interests of excellent community education.

With this in mind, the activities planned this coming year include:

- Utilise further the capacity of the schools in the trust to provide significant and bespoke professional development for its staff.
- Implement a new innovative approach to appraisal and professional growth for all staff in the trust.
- Build leadership and school improvement capacity to ensure cutting edge resources and the latest research and thought influences day to day practice in our schools.
- Explore further growth opportunities for the trust including Free School bids, new sponsored and converter academies
- Continue to provide support for other trusts and schools as part of the national school improvement offer.

Organisational Structure

Our vision is that our academies are led, managed and governed in groups that we call hubs. The following picture describes the schools in the Trust.



Our ethos is to ensure the best local leaders lead local education provision (refer to www.communityacademiestrust.org). On this basis we have evolved our governance structure to put it as close to provision as possible.

Community Academies Trust Trustees' Report (continued)

Governors in our schools are different from traditional governors in that we consider them 'Guardians of Standards'. They are members of School Standards Committees (SSCs) and our trust enables them to be free to focus entirely on holding the academies to account for the standards they achieve in Education, behaviour, leadership and personal development, as well as ensuring that the hubs fulfill their goals as engines of school improvement.

Academies in our trust sign up to some core principles. They are academies that are:

- Focused on achieving outstanding academic, personal and social outcomes for the children in their care and this is the main priority.
- Committed to the moral imperative of community school improvement and shared system leadership.
- Mutually supportive, not in competition with each other and are fiercely loyal to each other.
- Equal partners with all other schools irrespective of their phase, size or successes. School size does not matter, no one school is more important than another, and resources are shared for the common good of the group.
- Multi academy trust minded – our schools celebrate the success of others as well as themselves and we feel a shared accountability and understand where ultimate responsibilities rest.
- Financially disciplined and committed to our agreed financial principles.
- Committed to fulfilling their delegated responsibilities to the best of their abilities.

Strategic Report

School buildings in our trust were partially closed following the UK government's decision to implement a national lockdown in response to the covid-19 pandemic in the spring term. This had the following organisational consequences:

- Only vulnerable and disadvantaged pupils alongside the children of key workers were allowed to enter the school buildings during the spring lockdown
- A number of staff were deployed in the schools to manage the provision and to employ every means possible to encourage those pupils to attend school.
- Other staff were asked to work from home and all other pupils were asked to learn from home
- Our schools rapidly deployed a model for remote learning that suited their cohorts, and parents were asked to provide an environment conducive to study online and in some cases via paper based work packs. This met all DfE expectations and the Continuity Direction to ensure continuity of education during government restrictions.
- Rapid changes to HR, Health and Safety, governance and strategic planning, policy and practice were made in response to government guidance, which trustees decided to follow in detail and to the letter.
- On return to greater attendance in schools, government guidance was followed in full, including the use of "bubbles" and provision of lateral flow testing for consenting pupils and staff.
- Secondary school staff were asked to estimate GCSE and A Level grades for their Y11, and Y13 pupils following the cancellation of the GCSE exams for a second year running.
- Primary school SATs and other tests were cancelled.

For the year as a whole:

- Attendance fell to well below the national averages seen in previous years, however remained above national averages reported during the year both during lockdown and not.
- Exclusions data remained stable when compared to last year.
- Grades awarded to pupils by teachers at GCSE and A level were confirmed during the national moderation processes, and the level of appeal following the issue of grades has been extremely low.
- The profile of standards was marginally up on last year. However, no pupil sat an examination. As last year, these results will not be published in the national performance tables and they are not to be used for any other accountability purpose. (eg by OFSTED)
- Some children of Key Workers' attended our schools every day including during the spring lockdown.
- Attendance was higher in primary schools than secondary schools
- All expectations were met with regard to onsite covid testing and schools partially closing and fully opening.
- All Risk Assessments were signed off by Trustees and consulted upon with staff.
- All publishing requirements including remote learning plans and catch-up plans were met.

Community Academies Trust

Trustees' Report (continued)

The local governance of standards continued throughout the year with half termly SSC meetings scrutinizing reports analyzing the quality of provision, and termly scrutiny of trust wide standards from trustees.

Public Benefit

In the context described above, the trustees of Community Academies Trust have complied with their duty to provide high quality education. Trustees have made reference to the Charity Commission guidance.

Going Concern

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

Promoting the success of the company

In accordance with s.172 of the Companies Act 2006 the duty to promote the success of the trust was complied with by our board of trustees through developing the trust Strategic Plan and in the following ways:

- All our community schools remained open throughout the year despite the covid-19 pandemic.
- Trust schools provided education to pupils that were not able to be in school, using remote learning, for all periods of partial closure and self-isolation.
- All our schools have ensured that families entitled to free school meals in our communities have been provided with either a meal or supermarket vouchers, either by ourselves directly or as a facilitator of the national free school meals voucher scheme.
- Trustees have reviewed and agreed the risk assessments of further re-opening and full re-opening for every school in our trust in line with the substantial guidance provided by the DfE to ensure the Health and Safety of our employees, pupils and wider community.
- Our central administrative team have predominately worked from home during the course of the year, utilising technology to maintain productivity and the control of key risks remotely.
- Our headteachers both give and receive professional coaching. This has proved extremely valuable during the pandemic with leaders stating it has supported their resilience and made the role less "lonely" in the face of a relentlessly evolving situation.
- The trust supports the professional development of all employees through our Developing People Programme, led by our Teaching School.
- The trust has committed to environmental sustainability through our Estate Strategy and has continued with building improvements throughout lockdown with the goal of keeping our estate safe, warm and dry.
- Kingsway primary school joined us on 1 January 2021, integrating well into our trust at a time where colleagues could not physically meet.
- The trust's long-term objective is the provision of free education in our communities. Our board of trustees ensure this is at the heart of their governance of trust decisions.
- All of the above activity is in pursuit of our charitable purpose and trustees are profoundly grateful to our employees and governors for their dedication to our pupils and communities over this difficult time.

Community Academies Trust

Trustees' Report (continued)

Financial Review

Most of the trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The trust also receives grants for tangible fixed assets and fixed asset donations. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), such grants or donations are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2021, total expenditure of £54.7 million (2020: £50.4 million) was covered by recurrent grant funding from the ESFA together with other incoming resources resulting in total incoming resources of £68.4 million (2020: £47.6 million). Excluding transactions involving fixed assets and pension liabilities the excess of income over expenditure for the year was £0.8m surplus (2020: £1.1m surplus). This included reserves inherited from schools joining the Trust of £7k (2020: nil).

At 31 August 2021 the net book value of tangible fixed assets was £120.9 million (2020: £105.0 million) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used for providing education and the associated support services to the pupils of the academy trust and for the provision of leisure facilities to the community in accordance with the trust's Articles of Association.

At 31 August 2021 the LGPS pension liability was £35.0m (2020: £28.6m). This change was mainly due to an operating charge of £2.2m (net of employer contributions), £0.4m deficit inherited on conversion of Kingsway Primary School and to £3.8m loss due to changes in actuarial assumptions. Full details are shown in note 28. Trustees intend to continue to follow the actuaries' advice as regards future contributions in order that the scheme is in a position to pay pensions as they become due.

Impact of the covid-19 pandemic on the financial performance of the trust

The academy trust received £637k of funding for catch-up premium and costs incurred in respect of this funding totaled £567k in 2020/21, with the remaining £70k to be spent in 2021/22. About 40% of this grant was spent on direct instruction, 40% on targeted support and the remainder on ICT equipment, other resources and wider support.

The academy trust received a further £354k of funding related to the covid-19 pandemic. This was spent on the provision of free school meals to pupils at home (£129k), on the provision of summer schools at 3 of our secondary schools (£81k) and on costs related to the mass testing of secondary aged pupils (£144k).

The covid-19 pandemic has impacted adversely in the areas of the provision of leisure activities and childcare, leading to a loss of income estimated at £0.3m. During this time all employees in these areas were retained on full pay and re-deployed to other duties where possible. Traded income before the pandemic was of the order of £1.5m per annum and this has decreased to about £0.5m per annum over the last two years, although this has been mitigated by reduced expenditure.

As external examinations were not held for year 11 and year 13 pupils due to covid-19, the trust received about £160k refund against the exam fees budgeted for.

Financial and Risk Management Objectives and Policies

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the teaching, provision of facilities and other operational areas of the academy trust, and its finances. The trustees have implemented a number of systems to assess risks that the trust faces, especially in the operational areas (e.g. in relation to teaching and learning and health and safety). They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Community Academies Trust

Trustees' Report (continued)

Reserves Policy

The trustees review the reserve levels of the trust termly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Reserves are also held to support the trust's growth. Trustees currently target that the level of general reserves held should be sufficient to cover both 1 month's salary costs plus any known commitments. Current reserves are slightly above this target and investments of £3m are held to cover this (note 14). Note 18 analyses the reserves of the trust between the constituent academies and the central services.

At 31 August 2021, reserves held by the trust were as follows:

Restricted Fixed Assets	£121.5m
Restricted general excluding Pensions	£5.0 m
Restricted pension	(£35.0 m) (deficit)
Unrestricted	£0.9 m
Total	£92.4 m

The balance held on restricted fixed assets included £0.7m of School Condition Allocation and other capital grants received, earmarked for specific projects, the majority of which it is expected will be spent within the next financial year. The remainder of the restricted fixed assets fund (£120.8m) can only be realised by disposing of tangible fixed assets.

Restricted general funds (excluding pensions) includes £232k of earmarked grants and donations, which it is anticipated will be spent within the next 24 months. The rest of the balance on both restricted general funds and unrestricted funds will be used for educational purposes in accordance with the objects of the trust and the reserves policy approved by trustees.

As with many members of the LGPS, the pension schemes are in deficit. Trustees intend to continue to follow the actuaries' advice as regards future contributions in order that the scheme is in a position to pay pensions as they become due. It is anticipated that employer contributions into the fund will rise in future years.

Investment Policy

Trustees believe that low risk bank deposit accounts are the most appropriate place to invest surplus cashflow. Advice is taken from the trust's bankers and funds invested as follows:

Working capital is invested in a bank current account or equivalent. It is recognised that a small amount of interest is payable on this balance but our bankers offer academies free banking which results in this lower interest rate.

Surplus cash is invested in a mixture of notice accounts with a UK based banking provider to earn higher interest rates than on the current account but to stagger easy access to funds over the year to meet cashflow requirements.

Any interest earned is paid into the trust central budget to benefit all schools within our trust.

Balances invested are reported to trustees on a termly basis.

Trustees do not intend to invest reserves in stocks and shares or other volatile investments as they do not feel these represent an acceptable level of risk to the trust.

Community Academies Trust Trustees' Report (continued)

Principal Risks and Uncertainties

To achieve our vision we need to be aware of the principal risks that affect our work. The trustees have assessed the major risks to which the trust is exposed by reviewing and interrogating a risk register. The risks we face in a rapidly changing education landscape continue to evolve over time, but we summarise them under 10 strategic risks:

- The risk that we do not meet our governance obligations
- The risk we cannot use our school premises to deliver education
- The risk that our school premises are not safe
- The risk that we are not a good employer
- The risk that we are financially unsustainable
- The risk that we do not comply with financial requirements
- The risk that growth is not in line with trust objectives
- The risk that schools do not obtain excellent outcomes for learners
- The risk a child in our care is not safe
- The risk that our reputation prevents us from achieving our goals

The board of trustees reviews the risk register annually. The audit committee of the trust has the monitoring and mitigation of risk at the centre of its remit and carries out an in depth review of selected strategic risks on a cyclical basis. The executive leadership of the trust also review all risks annually and mitigation of risk is incorporated into the trust's strategic plan and the performance objectives of individual staff members.

At present areas which the board consider to be high risk include:

- Pupil and staff well-being in the context of the ongoing covid-19 pandemic.
- Pupil achievement in the context of the covid-19 pandemic.
- Pupil safeguarding in the context of the covid-19 pandemic.
- The attendance of our most vulnerable pupils
- Education funding nationally, including the extreme pressure on the high needs budget in each Local Authority.
- Future unfunded cost pressures and uncertainty, including the likelihood of a period of inflation in energy and building materials.
- The relationship between equal pay and TUPE when accepting schools into the trust from previous organisations which operated on a number of different pay and grading schemes.

Over the year numerous actions have been taken to mitigate risk and improve consistency including:

- A standardised risk assessment process for all schools operating in line with DfE covid-19 guidance
- Planned series of internal audit and other checking procedures including annual safeguarding reviews, safer recruitment, financial probity, school census completion, health & safety and consistent school condition reports.
- Development of reporting on health and safety checks, risk assessment and staff training across the trust.
- Development of a single professional development programme for all our employees utilising a coaching model.

Fundraising

The academy trust carries out a limited amount of fundraising at a local level, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in each school in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the trust's complaints procedure.

Due to the covid-19 pandemic, fundraising has been curtailed as people are unable to gather for normal school fundraising activities.

Community Academies Trust Trustees' Report (continued)

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period	1 September 2020 to 31 August 2021	1 September 2019 to 31 August 2020
Energy consumption use to calculate emissions (kWh)	12,601,703	12,761,869
Scope 1 emissions in metric tonnes CO ₂ e		
Gas consumption	1634.99	1792.99
Owned transport – mini-buses	2.23	2.21
Total scope 1	1637.22	1795.20
Scope 2 emissions in metric tonnes CO ₂ e		
Purchased electricity	844.785	688.30
Scope 3 emissions in metric tonnes CO ₂ e		
Business travel in employee owned vehicles	5.37	19.21
Total gross emissions in metric tonnes CO ₂ e	2487.35	2502.71
Intensity ratio		
Tonnes CO ₂ e per pupil	0.296	0.311

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

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

Measures taken to improve energy efficiency

We have converted lighting in all our schools to low energy where practical. We also continue in a program to increase insulation and modernise boilers to improve efficiency in the heating of our schools. We have applied for grants to replace gas fired boilers with heat pump technology, but so far have been unsuccessful. The covid-19 pandemic has increased the use of video conferencing and reduced the need for travel between sites, but the increased ventilation requirement has also increased heating costs.

Plans for Future Periods

The trust is implementing "Growing Great People" which ensures that all our employees have access to coaching and support to allow them to grow professionally within our organisation without this being linked to pay. This will be fully operational in the 2021/22 financial year.

Our revised school improvement model seeks to further harness the skills and expertise of our employees to meet our charitable aims. Expert groups, trust networks and development projects are underway and will encourage a collaborative way of working across our trust.

The trust's growth model is based around the governance of school improvement hubs as described earlier in this report. We have decided that an optimum size for a hub is 6 academies and therefore the hub in North Warwickshire is over capacity and it is likely that a further hub will be formed in the future. The two other hubs do have space for further academies to join them if they are in the same geographical vicinity. The hub model can also be replicated and growth decisions going forward will be based on groups of academies forming new hubs rather than growth via isolated single academies.

The trustees have also identified this growth as a further means of developing capacity and would envisage any new hub joining our organisation would bring with it sufficient capacity to fulfill the expectation of a self improving group of academies. By growing in this way within a single multi academy trust, the trust feels that it will be better placed to meet the challenges posed by changes to school funding arrangements, levels of income and changes likely to affect our fixed costs, which continue to rise in line with pay rises, incremental drift in staff salaries and inflation.

Community Academies Trust Trustees' Report (continued)

Funds Held as Custodian Trustee on behalf of others

The trust distributes 16-19 bursary funds to students as an agent for the ESFA. Financial information is provided in note 30 to the accounts.

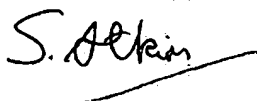
Auditor

During the year the trust carried out a competitive procurement process and Mazars were appointed as auditors to the trust for the 2020/21 financial year. Our previous auditors, RSM, formally resigned, but completed some outstanding work in the year including auditing the Teachers' Pension Return and completion of a corporation tax return for 2019/20. Mazars have indicated their willingness to continue in office.

Statement as to disclosure of information to auditors

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 8 December 2021 and signed on its behalf by:



Mr. S Atkins

Chair of Trustees

8 December 2021

Community Academies Trust

Governance Statement

Scope of Responsibility

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

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Community Academies Trust and the Secretary of State for Education. The Chief Executive Officer is 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 main board of trustees met 6 times during the year. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr. S Atkins (Chair)	6	6
Mr. G Brown	6	6
Mr. S Mason	5	6
Mr. S Sibley	6	6
Mrs. S Stewart	6	6
Mr. R Vernon	6	6
Rev. S Wallis	6	6

Governance reviews

New members have also been actively sought, using Academy Ambassadors, and additional members were appointed by the existing members on 11 November 2020 and 10 December 2020.

All meetings of the trustees and their sub-committees, including the school standard committees, have been carried out virtually.

Audit Committee

The audit committee is a sub committee of the main board of trustees. The purpose of the audit committee is to advise the board on matters relating to the trust's audit arrangements, risk and systems of internal control and to aid the board's responsibility to ensure sound management of the trust's finances and resources. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr G Brown (Chair)	3	3
Mr. S Atkins	2	3
Mr. S Mason	3	3
Mr. S Sibley	2	3

Community Academies Trust

Governance Statement (continued)

Remuneration Committee

The remuneration committee is a sub committee of the main board of trustees. The purpose of the remuneration committee is to advise the board on matters relating to executive pay. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr. S Mason (chair)	2	2
Mr. S Atkins	2	2
Mrs. S Stewart	1	2
Mr. R Vernon	2	2

Review of Value for Money

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

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

- Continuing to invest in the fabric of our buildings to ensure they remain safe, warm and dry
- Continuing to carry out competitive procurement processes in line with our policies, despite the restrictions placed on us by the covid-19 pandemic.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Community Academies Trust for the year to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the year to 31 August 2021 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 Audit Committee considers risk at every meeting.

Trustees are aware of their responsibilities and have directed a number of reviews to carry out regular scrutiny of financial and other data. The system of internal control aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly.

Community Academies Trust Governance Statement (continued)

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Regular reviews by the board of trustees 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 including the comparison of key performance indicators;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint RB Chartered Accountant to act as internal auditor as directed by the audit committee. The appointment of RB Chartered Accountant is in line with the FRC Ethical Standard for auditors as the internal auditor remains independent of the external auditor.

The internal auditor performed a range of checks on the academy trust's financial systems. A sample of schools has been visited over the course of the year and a targeted review undertaken of controls in the schools. The audit committee received a number of reports on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During the year September 2020 to August 2021, themed financial risk reviews were carried out by RB Chartered Accountants concerning the following:

- Testing of purchase systems

On a termly basis the internal auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year of year progress.

The schedule of work as planned by the audit committee has been delivered. The impact of the lockdown due to the covid-19 pandemic has meant that work was carried out remotely. Any control issues highlighted have been or are being resolved.

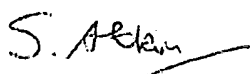
Review of Effectiveness

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

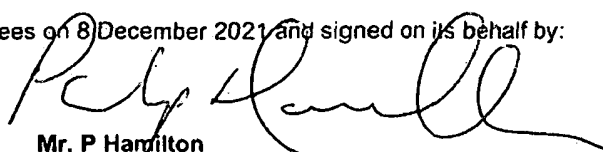
- The work of the themed risk reviews
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the Executive Director (Finance and Operations) and finance team who have responsibility for the development and maintenance of the internal control 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 if relevant and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 8 December 2021 and signed on its behalf by:



Mr. S Atkins
Chair of Trustees



Mr. P Hamilton
Accounting Officer

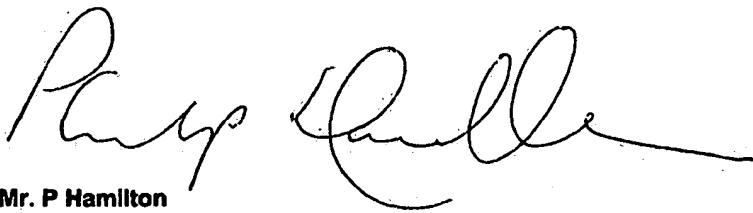
Community Academies Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Community Academies Trust I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Community Academies Trust board of trustees are able to identify any material irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the trust's funding agreement and the Academies Financial Handbook 2020.

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

A handwritten signature in black ink, appearing to read 'P. Hamilton', written in a cursive style.

Mr. P Hamilton
Accounting Officer

8 December 2021

Community Academies Trust

Statement of Trustees' Responsibilities

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

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

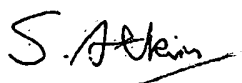
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 8 December 2021 and signed on its behalf by:



Mr. S Atkins

Chair of Trustees

Community Academies Trust

Independent Auditor's Report to the Members of Community Academies Trust

Year Ending 31 August 2021

Opinion

We have audited the financial statements of Community Academies Trust ("the 'Academy Trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities (including income and expenditure account), the Balance Sheet, the 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, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities; Statement of Recommended Practice applicable to Charities (Charities SORP 2019) and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

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 company 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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.

Community Academies Trust

Independent Auditor's Report to the Members of Community Academies Trust

Year Ending 31 August 2021 (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 20, 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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Academy Trust and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the funding agreement with the Department of Education, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to

Community Academies Trust
Independent Auditor's Report to the Members of Community Academies Trust
Year Ending 31 August 2021 (continued)

posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

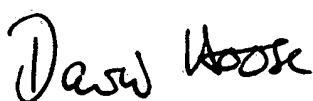
- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the Academy Trust's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an 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 the Academy Trust's members as a body for our audit work, for this report, or for the opinions we have formed.



David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

18 December 2021

Community Academies Trust

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

In accordance with the terms of our engagement letter dated 5 October 2021 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Community Academies Trust during the period 1 September 2020 to 31 August 2021 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 Community Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Community Academies Trust and the ESFA those matters we are required to state to it 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 Community Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Community Academies Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Community Academies Trust's funding agreement with the Secretary of State for Education dated 10 December 2013 and the Academies Financial Handbook, extant from 1 September 2020, 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 extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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:
- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluding on procedures carried out.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

Mazars LLP
Chartered Accountants and Statutory auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW
13 December 2021

Community Academies Trust
Statement of Financial Activities for the Year Ended 31 August 2021
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2021 £000	Total 2020 (Restated) £000
Income and endowments from:						
Donations and capital grants	2	10	7	14,106	14,123	1,869
Transfer from local authority on conversion	31	7	(360)	4,150	3,797	-
Charitable activities						
Funding for the Academy Trust's educational operations	3	594	49,149	-	49,743	44,807
Teaching School	32	-	273	-	273	260
Other trading activities	4	488	-	-	488	610
Investments	5	14	-	-	14	48
Total		1,113	49,069	18,256	68,438	47,594
Expenditure on:						
Raising funds	6	(568)	-	-	(568)	(469)
Charitable activities:						
Academy Trust educational operations	7	(721)	(49,609)	(3,264)	(53,594)	(49,677)
Teaching School	32	-	(504)	-	(504)	(260)
Total		(1,289)	(50,113)	(3,264)	(54,666)	(50,406)
Net income / (expenditure)		(176)	(1,044)	14,992	13,772	(2,812)
Transfers between funds	18	-	(544)	544	-	-
Other recognised gains / (losses)						
Re-measurement of net defined benefit obligation	28	-	(3,766)	-	(3,766)	(1,470)
Net movement in funds		(176)	(5,354)	15,536	10,006	(4,282)
Reconciliation of funds						
Total funds brought forward (as previously stated)	18	1,093	(24,602)	105,916	82,407	72,390
Prior year adjustment	33	-	-	-	-	14,299
Total funds carried forward		917	(29,956)	121,452	92,413	82,407

Community Academies Trust
Company Number 07472736
Balance Sheet as at 31 August 2021

	Notes	2021 £000	2020 (Restated) £000
Fixed assets			
Intangible assets	12	57	75
Tangible assets	13	120,891	104,972
Other Investments	14	3,000	3,750
Current assets			
Debtors	15	1,775	2,097
Cash at bank and in hand	25	6,422	4,062
		<u>8,197</u>	<u>6,159</u>
Current liabilities			
Creditors: Amounts falling due within one year	16	(4,552)	(3,661)
Net current assets		<u>3,645</u>	<u>2,498</u>
Total assets less current liabilities		<u>127,593</u>	<u>111,295</u>
Creditors: Amounts falling due after more than one year	17	(210)	(274)
Net assets excluding pension liability		<u>127,383</u>	<u>111,021</u>
Defined benefit pension scheme liability	28	(34,970)	(28,614)
Total net assets		<u>92,413</u>	<u>82,407</u>
Funds of the Academy Trust:			
Restricted income funds			
Fixed asset fund	18	121,452	105,916
General fund	18	5,014	4,012
Pension reserve	18	(34,970)	(28,614)
Total restricted funds		<u>91,496</u>	<u>81,314</u>
Unrestricted income funds			
General fund	18	917	1,093
Total unrestricted funds		<u>917</u>	<u>1,093</u>
Total funds		<u>92,413</u>	<u>82,407</u>

The financial statements on pages 26 to 55 were approved by the trustees, and authorised for issue on 8 December 2021 and are signed on their behalf by:


Mr. S Atkins
Chair of Trustees

Community Academies Trust
Statement of Cash Flows for the Year Ended 31 August 2021

	Notes	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	22	2,408	954
Cash flows from investing activities	23	6	608
Cash flows from financing activities	24	(54)	212
Change in cash and cash equivalents in the reporting period		2,360	1,774
Cash and cash equivalents at 1 September		4,062	2,288
Cash and cash equivalents at 31 August	25	6,422	4,062

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

Community Academies Trust is a charitable company incorporated in the UK. The address of its principal place of business is given on page 1 and the nature of its operations is set out in the Trustees' Report.

1. Statement of accounting policies

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

Basis of accounting

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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £'000, except where otherwise stated.

Going Concern

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

Income

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

Grants

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

General Annual Grant is recognised in the Statement of Financial Activities in full 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. Any unspent amount is reflected as a balance in the restricted general fund.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1. Statement of Accounting Policies (continued)

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

The academy trust is benefiting from the ESFA's Priority Schools Building Programme. The funding for the programme is not recognised as a capital grant until there is an unconditional entitlement from costs being incurred, and the development occurring on a site where the academy trust controls (through lease) the site where the development is occurring. The expenditure is capitalised once the assets are under the control of the trust.

▪ 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.

▪ Transfers into the Trust

The transfer of schools into the academy trust, involves the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The net assets transferred to the academy trust are valued at their fair values. The fair values are derived based on that of equivalent items. The amounts are recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

▪ Donated fixed assets

Fixed assets donated to the trust are 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.

▪ Interest

Interest is included in the Statement of Financial Activities on a receivable basis and is stated inclusive of related tax credits.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1. Statement of Accounting Policies (continued)

Expenditure

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

▪ Expenditure on Raising Funds

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

▪ Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £25,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. This is a change from the previous accounting policy, which was to capitalise assets costing £5,000 or more. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	20% (5 years)
-----------------------------	---------------

Tangible Fixed Assets

Assets costing £25,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. This is a change from the previous accounting policy, which was to capitalise assets costing £5,000 or more.

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1. Statement of Accounting Policies (continued)

Leasehold land is capitalised at estimated cost, net of depreciation and any provision for impairment. This is a change from the previous accounting policy, which was to not capitalise leasehold land.

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

Freehold buildings	2% (50 years)
Long leasehold buildings	2% (50 years)
Long Leasehold Land	Period of lease (normally 125 years)
Building improvements	7% (15 years)
Furniture and equipment	10-15% (6-10 years)
Computer equipment	33.3% (3 years)
Motor Vehicles	25% (4 years)

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.

Fixed Asset Investments

Cash held in deposit accounts with a notice period greater than one year are classified as fixed asset investments. They are measured at cost less impairment.

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.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1. Statement of Accounting Policies (continued)

Financial Instruments

The academy trust holds only basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately as other comprehensive income.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1. Statement of Accounting Policies (continued)

Fund Accounting

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

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

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

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation toward its own administration costs and this is recognised in the statement of financial activities. The funds received are paid and any balances held are disclosed in note 30.

Short-term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the academy trust. The cost of any unused holiday entitlement the academy trust expects to pay in future periods is recognised in the period the employees' services are rendered where material.

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.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2020 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Where school premises are held on a licence to occupy pending a full legal transfer, they are treated as a donation at the time the school joins the trust and valued in accordance with the substance of the transaction. The premises at The Telford Langley school are therefore held as a freehold and the premises at Kingsway Community Primary school as leasehold despite the legal title at the year end being that they are held under a licence to occupy.

Investments held in 1 year savings accounts are treated as fixed assets as the intention is to reinvest these. They are held in accordance with the trust Reserves policy.

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1. Statement of Accounting Policies (continued)

Impairment of assets

Where indicators of impairment are identified, management will carry out an impairment review at the period end, to establish whether the carrying value of the affected asset or asset group remains appropriate. This involves the exercise of judgement by management.

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Capital grants	-	1,537	1,537	1,732
Donated fixed assets	-	12,569	12,569	95
Other donations	10	7	17	42
Total 2021	10	14,113	14,123	
Total 2020	10	1,859		1,869

3. Funding for the academy trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	40,322	40,322	36,894
Other DfE/ESFA grants				
UIFSM	-	425	425	437
Pupil Premium	-	2,734	2,734	2,511
Teacher Pension and Pay Grants	-	1,893	1,893	1,823
Others	-	907	907	774
Other DfE Group Grants	-	69	69	-
	-	46,350	46,350	42,439
Other Government grants				
Local Authority grants	-	1,635	1,635	1,135
Covid-19 additional funding (DfE/ ESFA)				
Catch-up premium	-	637	637	-
Other DfE/ ESFA covid-19 funding	-	354	354	79
	-	2,626	2,626	1,214
Other income from the academy trust's educational operations				
School trips	66	-	66	337
Catering income	261	-	261	288
Other income	267	173	440	529
	594	173	767	1,154
Total 2021	594	49,149	49,743	
Total 2020	1,015	43,792		44,807

The academy trust received £637k of funding for catch-up premium and costs incurred in respect of this funding totaled £567k, with the remaining £70k to be spent in 2021/22.

The academy trust received £354k of funding for the provision of free school meals to pupils at home, for the provision of summer schools at our secondary schools and for mass testing of secondary aged pupils. These costs are included in notes 6 and 7 below as appropriate.

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for Universal Infant Free School Meals (UIFSM), Pupil Premium and Teacher Pension and Pay grants is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ ESFA grants heading. The prior year numbers have been reclassified.

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Hire of facilities	142	-	142	157
Catering income	7	-	7	8
Other income	339	-	339	445
Total 2021	488	-	488	
Total 2020	451	159		610

5. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Short term deposits	14	-	14	48
Total 2021	14	-	14	
Total 2020	48	-		48

6. Expenditure

	Staff Costs £000	Premises £000	Non Pay Expenditure Other Costs £000	Total 2021 £000	Total 2020 Restated £000
Expenditure on raising funds	158	102	308	568	469
Academy Trust educational operations					
▪ Direct costs	35,563	3,113	4,902	43,578	39,827
▪ Allocated support costs	5,512	1,586	2,918	10,016	9,850
Teaching School	392	-	112	504	260
Total 2021	41,625	4,801	8,240	54,666	
Total 2020 (Restated)	37,702	5,277	7,427		50,406

The expenditure on raising funds, teaching school and educational operations was £54,666,000 (2020: £50,406,000) of which £1,289,000 was unrestricted (2020: £1,574,000), £50,113,000 restricted (2020: £44,907,000) and £3,264,000 restricted fixed assets (2020: £3,925,000).

Net income/(expenditure) for the period includes:

	2021 £000	2020 Restated £000
Operating lease rentals	79	99
Depreciation	3,095	2,761
Impairment	-	1,164
Amortisation of intangible fixed assets	18	15
Net interest on defined benefit pension liability	506	462
Fees payable to auditor for		
- Statutory audit	34	39
- other assurance services	4	3

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

7. Charitable activities – academy trust educational operations

	Total 2021 £000	Total 2020 Restated £000
Direct costs – educational operations	43,578	39,827
Support costs – educational operations	10,016	9,850
	53,594	49,677

Analysis of support costs

	Total 2021 £000	Total 2020 £000
Support staff costs	5,512	4,478
Technology costs	259	82
Premises costs	1,586	1,307
Legal costs-conversion	14	-
Legal costs-other	29	90
Other support costs	2,551	3,674
Governance costs	65	219
	10,016	9,850

8. Staff numbers and costs

a. Staff costs

	2021 £000	2020 £000
Wages and salaries	28,957	26,497
Social security costs	2,727	2,458
Operating costs of defined benefit pension schemes	8,752	7,896
Apprenticeship Levy	129	119
Total Staff costs	40,565	36,970

Other Costs

Supply teacher costs	1,010	697
Staff restructuring costs	50	35
Total	41,625	37,702

Staff restructuring costs comprise:

Severance payments	19	35
Other restructuring costs	31	-
	50	35

No specific funding was received or receivable to support the restructuring payments in respect of the current or prior year.

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/ non-contractual severance payments totalling £14,000 (2020: £17,844). Individually the payments were £14,000.

c. Staff numbers

The average number of persons employed by the Academy Trust during the period expressed by headcount was as follows:

	2021 Number	2020 Number
Teachers	462	442
Administration and support	729	749
Management	36	33
	1,227	1,224

The average number of persons employed by the Academy Trust during the period expressed as full-time equivalents was as follows:

	2021 Number	2020 Number
Teachers	430	392
Administration and support	411	406
Management	33	33
	874	831

d. Higher paid staff

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

	2021 Number	2020 Number
£60,001 - £70,000	14	13
£70,001 - £80,000	10	11
£80,001 - £90,000	6	4
£90,001 - £100,000	1	1
£100,001 - £110,000	2	3
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£160,001 - £170,000	1	1
	36	34

One of the above employees participates in the Local Government Pension Scheme and all of the other above employees participate in the Teachers' Pension Scheme. Both schemes are defined benefit schemes.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

e. Key management personnel

The key management personnel of the Academy Trust comprise the Chief Executive Officer, Executive Director (Education), Executive Director (Finance and Operations) and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer NI) received by key management personnel for their services to the Academy Trust was £2,335,294 (2020: £2,253,264).

9. Related Party Transactions – Trustees' Remuneration & Expenses

No trustees were paid remuneration or received other benefits from an employment with the academy trust.

During the year ended 31 August 2021, travel and subsistence expenses totalling £nil (2020: £1,136) were reimbursed to trustees (2020: 5 trustees). This expense predominately related to mileage claims.

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

10. Central services

The academy trust has carried the following central services during the year on behalf of all its schools:

- School Improvement
- Financial services (including finance and budget management software)
- Payroll management (including payroll software)
- Human Resources
- Trade union facilities time
- Asset management
- Health & Safety (including compliance software)
- Staff development
- Risk management
- Treasury management
- Statutory reporting

The trust delegates 98% of GAG, sixth form and nursery funding received to the school for which it is allocated by the ESFA/ Local Authority. The remaining 4% is retained by the trust to provide the central services as listed above.

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

10. Central Services (continued)

The actual amounts retained by the trust during the year were as follows:

	2021 £000	2020 £000
Birchwood Primary School	65	60
Budbrooke Primary School	33	35
Chadsmead Primary Academy	43	43
Dordon Primary School	36	34
Grange Park Primary School	81	76
Heathcote Primary School	36	25
Kingsway Primary School	22	-
The Polesworth School	298	286
Stoneydelph Primary School	51	52
Stratford-upon-Avon Primary School	33	30
The Telford Langley School	207	176
The Telford Park School	138	123
The Telford Priory School	209	197
Wilnecote High School	157	142
Windmill Primary School	72	70
Wood End Primary School	24	23
The Woodlands Community Primary School	46	44
Woodloes Primary School	63	61
	1,614	1,477

11. Trustees and officers' Insurance

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

12. Intangible Fixed Assets

	Computer Software £000	Total 2020/21 £000
Cost		
At 1 September 2020	90	90
Additions	-	-
At 31 August 2021	90	90
Amortisation		
At 1 September 2020	15	15
Charged in period	18	
At 31 August 2021	33	15
Carrying amount		
At 31 August 2020	75	75
At 31 August 2021	57	57

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

13. Tangible Fixed Assets

	Freehold Land & Buildings	Long Leasehold Land & Buildings	Leasehold Improvements	Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 September 2020 (Restated)	60,090	48,562	7,194	2,836	2,702	13	121,397
Reclassification	(838)	(205)	1,044	(21)	19	1	-
Transfer on conversion	-	4,150	-	-	-	-	4,150
Additions	3,949	8,667	1,615	32	601	-	14,864
Disposals	-	(1,440)	-	-	(59)	(5)	(1,504)
At 31 August 2021	63,201	59,734	9,853	2,847	3,263	9	138,907
Depreciation							
At 1 September 2020 (restated)	4,539	5,919	1,376	2,277	2,301	13	16,425
Reclassification	(43)	105	(62)	(1)	-	1	-
Charged in period	992	753	734	337	279	-	3,095
Disposals	-	(1,440)	-	-	(59)	(5)	(1,504)
At 31 August 2021	5,488	5,337	2,048	2,613	2,521	9	18,016
Net book values							
At 31 August 2021	57,713	54,397	7,805	234	742	-	120,891
At 31 August 2020	55,551	42,643	5,818	559	401	-	104,972

The trust's transactions relating to land and buildings included:

A substantial leasehold new block at The Polesworth School which was donated by the Department for Education through their PSBP2 programme at a value of £5.624m. This block replaced 3 other blocks at the school which were disposed of during the year, having been fully impaired in the previous year.

A substantial leasehold extension at Heathcote Primary School which was donated to the trust by Warwickshire County Council to expand the school from 210 capacity to 420 at a value of £2.694m.

A substantial freehold new block at The Telford Langley School which was donated to the trust by Telford & Wrekin Council to expand the school by 300 pupil places at a value of £3.949m.

The acquisition of the leasehold at Kingsway Primary School which was donated to the trust by Warwickshire County Council on conversion at a value of £4.150m.

A prior year adjustment due to a change of accounting policy to capitalise and depreciate leasehold land.

The reclassification of historic asset purchases to ensure they are correctly classified as leasehold improvements.

14. Other Investments

	2021 £000	2020 £000
One year deposits with Lloyds bank	3,000	3,750
	<u>3,000</u>	<u>3,750</u>

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

15. Debtors

	2021	2020
	£000	£000
Trade debtors	237	139
VAT recoverable	382	236
Prepayments and accrued income	1,156	1,722
	1,775	2,097

16. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	1,276	598
Taxation and social security	683	599
Loans	63	60
Other creditors	838	794
Accruals and deferred income	1,692	1,610
	4,552	3,661

	2021	2020
	£000	£000
Deferred income		
Deferred income at 1 September	624	644
Released from previous year	(624)	(644)
Resources deferred in the year	466	624
Deferred income at 31 August	466	624

At the balance sheet date the academy trust was holding funds received in advance for grants including £251k for UIFSM, £145k for rates and £70k for other grants.

17. Creditors: Amounts falling due after more than one year

	2021	2020
	£000	£000
Loans	210	274
	210	274

The trust holds "Salix" and "SEEF" loans from the Government. The total amount owed as at 31 August 2021 is £273k of which £63k is repayable in the next financial year, £205k payable within 5 years and £5k payable after 5 years.

These loans are provided to support energy efficient capital investment, are unsecured and no interest is charged.

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

18. Funds

	At 1 September 2020 Restated £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	At 31 August 2021 £000
Restricted general funds					
General Annual Grant (GAG)	3,009	40,322	(38,303)	(544)	4,484
UIFSM	-	425	(425)	-	-
Pupil Premium	-	2,734	(2,734)	-	-
Catch-up premium	-	637	(581)	-	56
Other DfE/ ESFA Covid 19 funding	-	354	(354)	-	-
Pension reserve	(28,614)	(360)	(2,230)	(3,766)	(34,970)
Other grants	1,003	4,957	(5,486)	-	474
	(24,602)	49,069	(50,113)	(4,310)	(29,956)
Restricted fixed asset funds					
DfE/ESFA capital grants	7,144	1,537	(244)	-	8,437
Transfer on conversion	42,413	4,150	(1,095)	-	45,468
Transfer on business combination	48,281	-	(1,649)	-	46,632
Asset donations	6,803	12,569	(232)	-	19,140
Capital Expenditure from GAG	1,249	-	(43)	544	1,750
Private capital sponsorship	26	-	(1)	-	25
	105,916	18,256	(3,264)	544	121,452
Total restricted funds	81,314	67,325	(53,377)	(3,766)	91,496
Total unrestricted funds	1,093	1,113	(1,289)	-	917
Total funds	82,407	68,438	(54,666)	(3,766)	92,413

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

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

Restricted general funds

The balance of £5,014,000 on the restricted general funds (excluding pension reserve) includes £231,000 of grants which are earmarked for specific ongoing expenditure. These, along with the remaining balance on this fund will be used for educational purposes in accordance with the restrictions attached to the funding, as will the balance of £917,000 held on unrestricted funds.

The pension reserve of (£34,970,000) (overdrawn) represents the academy trust's share of the deficits in the LGPS funds in Warwickshire, Staffordshire & Shropshire. The liability has increased by £2,230,000 (net of employer contributions) due to operating and finance charges in the year and by £360,000 inherited on the conversion of Kingsway Primary School. There has also been an actuarial loss of £3,766,000 in the year as detailed in note 28.

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

18. Funds (continued)

Restricted fixed asset funds

The restricted fixed assets funds relate predominantly to the assets acquired when schools join the academy trust on conversion or by business combination or by donation. These are disclosed further in note 13. A School Condition Allocation grant of £1,346,000 was received in the year and £598,000 of the fixed assets fund relates to unspent School Condition Allocation grant which it is planned to spend in the new financial year. £90,000 of the fixed asset fund relates to unspent Devolved Formula Capital grant which it is planned to spend in the new financial year. £49,000 of the fixed asset fund relates to a sinking fund for the replacement of leisure facilities. The transfer of £544,000 from GAG funds to the fixed asset reserve represents the use of GAG income on fixed assets.

Comparative restated information in respect of the previous period is as follows:

	At 1 September 2019 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	At 31 August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	1,594	38,236	(36,552)	(269)	3,009
Pupil Premium	-	2,511	(2,511)	-	-
Pension reserve	(25,064)	-	(2,080)	(1,470)	(28,614)
Other grants	1,271	3,496	(3,764)	-	1,003
	<u>(22,199)</u>	<u>44,243</u>	<u>(44,907)</u>	<u>(1,739)</u>	<u>(24,602)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	5,569	1,732	(157)	-	7,144
Transfer on conversion	44,549	-	(2,136)	-	42,413
Transfer on business combination	49,688	-	(1,407)	-	48,281
Asset donations	6,903	95	(195)	-	6,803
Capital Expenditure from GAG	1,009	-	(29)	269	1,249
Private capital sponsorship	27	-	(1)	-	26
	<u>107,745</u>	<u>1,827</u>	<u>(3,925)</u>	<u>269</u>	<u>105,916</u>
Total restricted funds	85,546	46,070	(48,832)	(1,470)	81,314
Total unrestricted funds	1,143	1,524	(1,574)	-	1,093
Total funds	86,689	47,594	(50,406)	(1,470)	82,407

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

18. Funds (continued)

Total funds analysis by school

Fund balances at 31 August 2021 were allocated as follows:

	Total 2021	Total 2020
	£000	Restated £000
Birchwood Primary School	302	258
Budbrooke Primary School	137	125
Chadsmead Primary Academy	381	401
Dordon Primary School	534	463
Grange Park Primary School	188	128
Heathcote Primary School	278	221
Kingsway Primary School	71	-
Stoneydelph Primary School	72	103
Stratford-upon-Avon Primary School	75	120
The Telford Langley School	261	185
The Telford Park School	327	140
The Telford Priory School	345	544
The Polesworth School	1,355	1,280
The Wilnecote School	(161)	(319)
Windmill Primary School	187	186
Wood End Primary School	132	132
The Woodlands Community Primary School	417	372
Woodloes Primary School	243	179
CAT Teaching School	-	231
Community Academies Trust (Central Services)	787	356
Total before fixed assets and pension reserve	5,931	5,105
Restricted fixed asset fund	121,452	105,916
Pension reserve	(34,970)	(28,614)
Total	92,413	82,407

The Wilnecote School was in deficit at 31 August 2021 as shown above. This is a planned position as a result of lagged funding in respect of pupil growth, supported by the reserves of the trust overall. The school has prepared a recovery plan and this has been approved by the board of trustees. Governors anticipate that it will take until August 2024 for the school to be out of deficit and progress against this plan is being formally monitored on a termly basis.

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

18. Funds (continued)

Total cost analysis by Academy

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 (excl. Dep) £000	Total 2021 £000	Total 2020 £000
Birchwood Primary School	1,330	170	131	282	1,913	1,721
Budbrooke Primary School	654	121	57	190	1,022	1,065
Chadsmead Primary Academy	923	143	96	163	1,325	1,304
Dordon Primary School	720	61	91	132	1,004	996
Grange Park Primary School	1,617	435	162	243	2,457	2,342
Heathcote Primary School	848	95	101	179	1,223	840
Kingsway Primary School	483	51	46	70	650	-
Stoneydelph Primary School	1,133	129	179	132	1,573	1,505
Stratford-upon-Avon Primary	742	139	98	80	1,059	909
The Telford Langley School	3,884	542	361	836	5,623	4,678
The Telford Park School	2,755	412	327	567	4,061	3,433
The Telford Priory School	4,358	696	757	651	6,462	5,806
The Polesworth School	5,833	1,142	325	1,061	8,361	7,827
The Wilnecote School	2,892	566	276	621	4,355	4,187
Windmill Primary School	1,293	508	66	432	2,299	2,102
Wood End Primary School	542	52	64	108	766	728
The Woodlands Community Primary School	946	92	104	174	1,316	1,273
Woodloes Primary School	1,444	197	134	158	1,933	1,865
CAT Teaching School	111	282	7	104	504	260
Community Academies Trust (Central Services)	523	531	7	356	1,417	1,560
Pension FRS102 adjustment				2,230	2,230	2,080
	33,031	6,364	3,389	8,769	51,553	46,481

Total expenditure, excluding depreciation, in 2021 is £51,553,000 (2020:£46,481,000) of which £33,031,000 is for teaching and educational support staff costs (2020:£29,606,000), £6,364,000 for other support staff costs (2020:£5,590,000), £3,389,000 for educational supplies (2020:£2,899,000) and £8,769,000 for other costs (2020:£8,386,000).

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

19. Analysis of Net Assets between Funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2021 £000
Intangible fixed assets	-	-	57	57
Tangible fixed assets	-	-	120,891	120,891
Other investments	-	3,000	-	3,000
Current assets	917	6,776	504	8,197
Current liabilities	-	(4,552)	-	(4,552)
Non-current liabilities	-	(210)	-	(210)
Pension scheme liability	-	(34,970)	-	(34,970)
Total net assets at 31 August 2021	917	(29,956)	121,452	92,413

Comparative restated information in respect of the previous period is as follows:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2020 £000
Intangible fixed assets	-	-	75	75
Tangible fixed assets	-	-	104,972	104,972
Other investments	-	3,750	-	3,750
Current assets	1,093	4,197	869	6,159
Current liabilities	-	(3,661)	-	(3,661)
Non-current liabilities	-	(274)	-	(274)
Pension scheme liability	-	(28,614)	-	(28,614)
Total net assets at 31 August 2020	1,093	(24,602)	105,916	82,407

20. Capital Commitments

	2021 £000	2020 £000
Contracted for, but not provided in the financial statements	315	122

Commitments at the year end represent planned school capital projects, funded from the balance on the School Condition Allocation.

21. Commitments under operating leases

Operating Leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non- cancellable operating leases was:

	2021 £000	2020 £000
Amounts due within one year	88	81
Amounts due between one and five years	121	124
	209	205

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

22. Reconciliation of net income to net cash flow from operating activities

	2021	2020
	£000	Restated £000
Net (expenditure)/income for the reporting period	13,772	(2,812)
Adjusted for:		
Amortisation	18	15
Depreciation (note 13)	3,095	2,761
Impairment (note 13)	-	1,164
Capital grants from DfE and other capital income	(1,537)	(1,732)
Capital donations from DfE	(5,926)	(95)
Capital donations from Local Authority	(6,643)	-
Interest receivable (note 5)	(14)	(48)
Defined benefit pension scheme cost less contributions payable (note 28)	1724	1,618
Defined benefit pension scheme finance cost (note 28)	506	462
Decrease/(increase) in debtors	322	(153)
Increase/(decrease) in creditors	888	(226)
Transfer from local authority	(3797)	-
Net cash provided by operating activities	2,408	954

23. Cash flows from investing activities

	2021	2020
	£000	£000
Dividends, interest and rents from investments	14	48
Purchase of intangible fixed assets	-	(53)
Purchase of tangible fixed assets	(2,295)	(1,869)
Capital Grants from DfE/ ESFA/ LA	1,537	1,732
Cash divested in year	750	750
Net cash provided by investing activities	6	608

24. Cash flows from financing activities

	2021	2020
	£000	£000
Repayments of borrowing	(60)	(14)
Cash inflows from new borrowings	6	226
Net cash provided by financing activities	(54)	212

25. Analysis of cash and cash equivalents

	At 31 August 2021 £000	At 31 August 2020 £000
Cash in hand and at bank	4,172	3,312
Notice deposits (less than 3 months)	2,251	750
Total cash and cash equivalents	6,422	4,062

26. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	Other non- cash changes £000	At 31 August 2021 £000
Cash	4,062	2,360	-	6,422
Loans falling due with one year	(60)	(3)	-	(63)
Loans falling due after more than one year	(274)	64	-	(210)
Total	3,728	2,421	-	6,149

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (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 Warwickshire County Council, Staffordshire County Council or Shropshire County Council depending on the location of the school. All are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2020.

Contributions amounting to £731,000 (2020: £638,000) were payable to the schemes at 31 August 2021 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary – these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published on 5 March 2019. The key results of the valuation and subsequent consultation are:

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

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

28. Pension and Similar Obligations (continued)

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2020 onwards. DfE agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019/20 and 2020/21 academic years.

The employer's pension costs paid to TPS in the period amounted to £4,479,000 (2020: £4,064,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2021 was £2,548,000 (2020: £2,178,000), of which employer's contributions totalled £2,040,000 (2020: £1,732,000) and employees' contributions totalled £508,000 (2020: £446,000). The agreed contribution rates for future years are:

	Employer's	Employee's
Warwickshire	22.8%	Between 5.5% and 12.5%
Shropshire	16.7%	Between 5.5% and 12.5%
Staffordshire	24.2%	Between 5.5% and 12.5%

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

The Shropshire Pension Fund is in deficit and additional contributions are being made of £251,500 p.a. over 21 years increasing by 3.9% pa. The Warwickshire and Staffordshire Pension Funds are also in deficit which is currently being recovered through higher contribution rates.

Principal actuarial assumptions

	Rate of increase for pensions in payment/ CPI Inflation	Rate of increase in salaries	Discount rate for scheme liabilities
2021 assumptions			
Warwickshire Pension Fund	2.9%	3.7%	1.7%
Shropshire Pension Fund	2.8%	4.0%	1.7%
Staffordshire Pension Fund	2.9%	3.3%	1.7%
2020 assumptions			
Warwickshire Pension Fund	2.2%	3.0%	1.7%
Shropshire Pension Fund	2.5%	3.7%	1.8%
Staffordshire Pension Fund	2.2%	2.6%	1.7%

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

28. Pension and Similar Obligations (continued)

Sensitivity analysis

Change in assumptions at 31 August 2021	0.1% decrease in Real Discount Rate	0.1% Increase in the Salary Increase Rate	0.1% increase in the Pension Increase Rate
Approximate % Increase to defined benefit obligation			
Warwickshire Pension Fund	2%	0%	2%
Shropshire Pension Fund	3%	0%	3%
Staffordshire Pension Fund	3%	0%	2%
Approximate monetary amount (£'000)			
Warwickshire Pension Fund	696	68	618
Shropshire Pension Fund	548	70	548
Staffordshire Pension Fund	326	39	282

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

	Retiring today		Retiring in 20 years	
	Males	Females	Males	Females
2021 assumptions				
Warwickshire Pension Fund	21.8	24.2	23.0	26.1
Shropshire Pension Fund	23.0	25.1	24.3	26.7
Staffordshire Pension Fund	21.4	24.0	22.5	25.7
2020 assumptions				
Warwickshire Pension Fund	21.6	23.8	22.5	25.4
Shropshire Pension Fund	22.9	25.0	24.2	26.6
Staffordshire Pension Fund	21.2	23.6	22.1	25.0

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

28. Pension and Similar Obligations (continued)

The trust's share of the assets and liabilities in each of the pension fund schemes was:

	Warwickshire		Shropshire		Staffordshire	
	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000
Equities	9,724	6,884	5,220	3,922	4,216	3,116
Bonds	3,764	2,868	2,020	1,795	1,128	916
Property	1,725	1,491	359	343	416	366
Cash	471	229	174	139	178	183
Other	-	-	2,482	1,958	-	-
Total fair value of assets	15,684	11,472	10,255	8,157	5,938	4,581
Present value of scheme liabilities - funded	(28,383)	(20,923)	(25,940)	(22,436)	(12,524)	(9,465)
Deficit in the scheme	(12,699)	(9,451)	(15,685)	(14,279)	(6,586)	(4,884)

The actual return on scheme assets in each fund was:

	2021 £'000	2020 £'000
Warwickshire Pension Fund	3,008	704
Shropshire Pension Fund	1,286	88
Staffordshire Pension Fund	974	(101)

Combined LGPS Pension Funds

Amounts recognised in the statement of financial activities

	2021 £000	2020 £000
Current service cost (net of employer contributions)	1,724	1,590
Past service cost	-	28
Net interest cost	506	462
Total operating charge	2,230	2,080

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

	2021 £000	2020 £000
At 1 September	52,824	46,749
Upon conversion	632	-
Current service cost	3,764	3,322
Interest cost	947	884
Employee contributions	508	446
Actuarial loss/ (gain)	8,571	1,720
Benefits paid	(399)	(325)
Past service cost	-	28
At 31 August	66,847	52,824

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

28. Pension and Similar Obligations (continued)

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

	2021 £000	2020 £000
At 1 September	24,210	21,685
Upon conversion	272	-
Interest income	441	422
Return on plan assets (excluding net interest on the net defined pension liability)	4,805	250
Employer contributions	2,040	1,732
Employee contributions	508	446
Benefits paid	(399)	(325)
At 31 August	31,877	24,210

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 the local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the Academies Financial Handbook and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the financial period:

Miss H Mason, daughter of Mr S Mason, a trustee, is employed by the academy trust as a teacher. Miss H Mason's appointment was made in open competition and Mr S Mason was not involved in the decision making process regarding appointment. Miss H Mason is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

Mrs S Atkins, spouse of Mr S Atkins, a trustee, is employed by the academy trust as a casual exam invigilator. Mrs S Atkins' appointment was made in open competition and Mr S Atkins was not involved in the decision making process regarding appointment. Mrs S Atkins is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

30. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2021 the trust received £23,777 (2020 £22,972) and disbursed £23,669 (2020 £19,893) from the fund. An amount of £11,444 (2020 £11,336) is carried forward to be disbursed in 2021/22 and is included in other creditors.

The academy trust previously held and distributed funds as an agent for Telford & Wrekin Primary Schools PE Association. In the accounting period ending 31 August 2021 the trust received £nil (2020 £2,202) from contributing schools and disbursed £nil (2020 £2,597). The balance as at 31 August 2020 of £11,129 has been transferred to another school in the Association which now acts as fundholder.

Community Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

31. Conversions to the academy trust

On 1 January 2021 Kingsway Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the trust from Warwickshire County Council for £nil consideration.

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

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities:

Kingsway Primary School

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Leasehold land & buildings	-	-	4,150	4,150
Cash – representing budget surplus on other school funds	7	-	-	7
LGPS pension deficit	-	(360)	-	(360)
Net assets/(liabilities)	7	(360)	4,150	3,797

32. Teaching School trading account

	2021 £000	2020 £000
Direct Income		
Other Government Grants	189	226
Other Income		
Trading Income	84	34
Total Income	273	260
Direct Costs		
Direct staff costs	118	94
Other direct costs	99	100
Total direct costs	(217)	(194)
Other Costs		
Support staff costs	282	52
Advertising & recruitment	2	-
Technology	-	8
Other support costs	2	5
Audit	1	1
Total other costs	(287)	(66)
Total expenditure	(504)	(260)
Surplus from all sources	(231)	-
Teaching School balance at 1 September	231	231
Teaching school balance at 31 August	0	231

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

33. Prior Year Adjustment

There has been a change in accounting policy in the year to recognise the value of land on long leaseholds acquired by the trust. The impact of this has been to increase the cost of long leasehold land and buildings by £15.029m and the accumulated depreciation by £0.607m as at 1 September 2019. Overall this increases the net book value of fixed assets by £14.422m at 1 September 2019 compared to the amount previously stated with a corresponding increase in the Restricted Fixed Asset Fund.

The change in accounting policy also depreciates long leasehold land over the remaining period of the lease, which is normally originally 125 years in the academy sector. Depreciation for the year ended 31 August 2020 has been increased by £123k in this respect. The net book value of long leasehold land and buildings in fixed assets has been reduced by £123k in the year ended 31 August 2020 and the restricted fixed asset fund has incurred an additional expense related to the academy trust educational operations of £123k.

As a result of the above the net book value of fixed assets has been restated by £14.299m increase as at 31 August 2020 with a corresponding increase in the Restricted Fixed Asset Fund.