Company Registration Number: 07618351 (England & Wales)

# SAFFRON ACADEMY TRUST

(A Company Limited by Guarantee)

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 AUGUST 2020

THURSDAY
*AA1ØØØØ1*
A04 25/03/2021 #169
COMPANIES HOUSE

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

CONTENTS


| | Page |
|---|---|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2 - 13 |
| Governance Statement | 14 - 16 |
| Statement on Regularity, Propriety and Compliance | 17 |
| Statement of Trustees' Responsibilities | 18 |
| Independent Auditors' Report on the Financial Statements | 19 - 21 |
| Independent Reporting Accountant's Report on Regularity | 22 - 23 |
| Statement of Financial Activities Incorporating Income and Expenditure Account | 24 |
| Balance Sheet | 25 |
| Statement of Cash Flows | 26 |
| Notes to the Financial Statements | 27 - 55 |

**SAFFRON ACADEMY TRUST**
**(A Company Limited by Guarantee)**

## REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|---|---|
| **Members** | Mr G Berney<br>Mr D Bull<br>Ms R Callaghan<br>Mr M Hayes, Chair of the Academy Trust<br>Dr J Keeler |
| **Trustees** | Mr S Bancroft<br>Mr D Barrs<br>Ms C Derbyshire, CEO of the Academy Trust & Headteacher<br>Ms S Dignasse<br>Mr M Hayes, Chair of the Academy Trust<br>Dr J Keeler<br>Mr J Kerr<br>Mrs J Marshall<br>Mrs L Vincent<br>Mr P Sinnott<br>Mrs J Sweeting (resigned 27 September 2020) |
| **Company registered number** | 07618351 |
| **Company name** | Saffron Academy Trust |
| **Registered and principal office** | Audley End Road<br>Saffron Walden<br>Essex<br>CB11 4UH |
| **Company Secretary** | Mr P Wilson |
| **Chief Executive Officer** | Ms C Derbyshire |
| **Senior Management Team** | Ms C Derbyshire, CEO of the Trust &<br>Executive Headteacher of Saffron Walden County High School<br>Mr T Lawn, Headteacher of Alec Hunter Academy<br>Mrs J Puxley, Executive Headteacher of Katherine Semar Schools<br>Mrs E Vincent, Executive Headteacher of R A Butler Schools<br>Mr P Wilson, Finance Director<br>Ms P Lankester, Headteacher of Saffron Walden County High School<br>Mr J Saunders, Headteacher of Honywood School |
| **Independent Auditors** | Price Bailey LLP<br>Chartered Accountants<br>Causeway House<br>1 Dane Street<br>Bishop's Stortford<br>Hertfordshire<br>CM23 3BT |

# TRUSTEES' REPORT
# FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Saffron Academy Trust for the year ended 31 August 2020. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

Saffron Academy Trust (the Charitable Company, SAT or The Trust) currently encapsulates seven Academy Schools, three secondary and four primary academies (the Schools or the Academies) serving a catchment area in North West Essex.

## Structure, Governance and Management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company includes the following Academies:

| Academy | Converted on | Joined Trust on | Capacity | Students* |
|---|---|---|---|---|
| Saffron Walden County High School (SWC) | 1st June 2011 | 1st June 2011 | 2,050 | 2,148 |
| Alec Hunter Academy (AHA) | 1st April 2013 | 1st April 2013 | 1,142 | 910 |
| Katherine Semar Junior School (KSJ) | 1st December 2014 | 1st December 2014 | 270 | 256 |
| Katherine Semar Infant School (KSI) | 1st December 2014 | 1st December 2014 | 180 | 179 |
| R A Butler Junior School (RBJ) | 1st November 2010 | 1st September 2017 | 360 | 374 |
| R A Butler Infant School (RBI) | 1st November 2010 | 1st September 2017 | 270 | 248 |
| Honywood School (HWD) | 1st May 2011 | 1st September 2019 | 1,050 | 817 |
| **As of 31st August 2020** | | | **5,322** | **4,932** |
| Helena Romanes School (HRS) | 1st April 2012 | 1st September 2020 | 1,563 | 1,225 |
| Beckers Green School (BGS) | 1st September 2020 | 1st September 2020 | 364 | 317 |
| **From 1st September 2020** | | | **7,249** | **6,474** |

*October 2020 census

The operation of the Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance Committee. Throughout this report the Board of Trustees is referred to as the Main Governing Body (MGB). Each Academy has an appointed Local Governing Body (LGB) approved by the Trust Board, who have delegated authority from the Trust to administer their Academy within agreed budgets. Within this Report the term Trustee or Director refers to a member of the MGB and the term Governor to a member of an LGB. Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

## 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 and Officers' Indemnities**

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 12 to the accounts.

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

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term of four years, ex-officio post holders excepted. The Chief Executive Officer (CEO) is an ex officio member of the MGB as is the chair of Saffron Educational Trust (SET). Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for the Members to appoint up to nine Trustees. Additionally, the sitting Trustees may agree to co-opt such other Trustees as they see fit. The number of Trustees who are also employees is limited to one third of the total number. At the date of approval of this Report, the Directors of SET are D Barrs, C Derbyshire, M Hayes and J Keeler.

**Policies and Procedures Adopted for the Induction and Training of Trustees and Governors**

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively.

To this end, The Trust links with a number of local training providers and new Trustees and Governors are required to attend a training programme. The induction programme would involve a tour of the relevant Academy, meetings with students and staff and provision of policy and procedures documents that are appropriate to their role with particular emphasis on the committee work that they will undertake. All Trustees and Governors have access to the Trust's membership of the National Governors Association.

**Organisational Structure**

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The MGB, meets on at least three occasions per year with Trustees also attending its two sub committees Resources (including Finance) and Standards. In total, Trustees meet at least six times a year with some meeting nine times a year.

The MGB is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust by the use of those budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments. The Governors within their LGB's are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets, and proposing capital expenditure projects for their Academy and monitoring performance against budgets.

The Senior Leadership Teams (SLT's) control the Academies at an executive level implementing policies and reporting to their LGB. Each SLT is responsible for the day to day operation of their Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment processes.

The Senior Management Team (SMT) looks across the Trust and aligns local SLT and LGB activity with the strategic aims of the Trust as a whole. All changes to SLT structures are subject to the approval of the Trust's CEO who is also the Accounting Officer.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

Pay and remuneration of key management personnel is aligned with industry standard pay scales and nationally agreed pay awards. Each School has delegated powers at the LGB level to review their employee's remuneration via an appointed subcommittee. All amendments to central services employee's and key management's pay and remuneration are approved by the appropriate sub-committee and ratified by the MGB. In setting remuneration levels the Trust takes into account contributory factors such as experience, ability to recruit and retain and the scope and complexity of the role, all of which are in accordance with the Trust's appointment and pay policies.

| Trade union facility time | Employees |
|---|---|
| Employees who were relevant union officials | 7 |
| Full time equivalent | 6.78 |
| Percentage of time spent on facility time in the range 1%-50% | 7 |
| Total Trust pay bill | £23.5m |
| Cost of facility time | £1,296 |
| Percentage of pay bill spent on facility time | 0% |

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

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. The Trust maintains a register of such interests and there is a standing agenda item on all MGB and LGB meetings for attendees to declare any changes and furthermore, any potential conflicts with agenda items. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- The 14-19 Delivery Group is a consortium of local secondary schools and post-16 providers who work together to deliver a vocational 14-19 educational programme for young people in the Uttlesford area.
- The School Games Organiser, works with PE staff at local primary schools to increase participation in physical education and sports programmes outside the curriculum.

The Trust reports the following related parties by nature of common Directors or Trustees:

- Saffron Educational Trust (SET) owns the freehold of the SWCHS site and is effectively this Academy's landlord.
- Saffron Walden County High School Trust administers a modest trust fund whose source of income is generated from private donations. This trust makes donations for specific SWCHS projects.
- Saffron Hall Trust, manages the arts and music offering to the public. It is a separate commercial venture that works closely with SWCHS to manage the concert hall space outside of normal school hours.

Saffron Academy Trust does not have a formal sponsor.

**Engagement with Employees (Including disabled persons)**

The Trustees recognise that our employees are fundamental and core to our business and delivery of high quality education. Our success depends on attracting, retaining and motivating these employees. The Trustees factor the implications of decisions on employees and the wider workforce, where relevant and feasible. Where appropriate, the Trust consults on matters such as policy, pay, health, safety and welfare with the relevant support staff and teaching trades unions.

**Engagement with Employees (Including disabled persons) (Continued)**

The Trust provides information to employees generally by way of email, memoranda and staff meetings. Information is channelled via leadership meetings and staff briefings. Employees are encouraged to familiarise themselves with Ofsted reports, available from the Trust website and student progress and attainment statistics, when they are made available.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities. In the event of employees becoming disabled then every effort is made to retrain them in order that their employment within the Trust may continue.

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

The Trustees have implemented clear policies and procedures for dealing fairly with suppliers. Formal orders are placed and agreed payment terms always adhered to. To ensure service continuity during and after the current coronavirus outbreak the Trust has followed the guidelines of the Government Procurement Policy Note (PPN) that sets out information and guidance for public bodies on payment of their suppliers.

The Trustees consider pupils and parents to be their "customers". Whilst pupils encounter engagement on a daily basis, engagement with parents is carried out through regular newsletters and face to face meetings.

## Objectives and Activities

### Objects and Aims

The principal object and aim of the Charitable Company is the operation of a number of Academies to provide free education and care for pupils of different abilities within its local community between the ages of 5 and 19.

### Objectives, Strategies and Activities

Saffron Academy Trust seeks to develop a local family of Schools (four or five secondaries and around ten primary schools) that aspire to provide state education of exceptional quality for their communities.

The following aims arise from that vision:

- Educational provision which enables pupils and young people, aged 3-19, of all abilities to fulfil their academic potential and achieve their personal best.
- A curriculum across all key stages which promotes excellence in the arts and sciences.
- Teaching and learning which is highly engaging and geared to students making excellent progress through the key stages.
- Transition between key stages (especially key stage 2 to key stage 3) which delivers outstanding continuity of learning.
- A focus on developing all professionals to deliver the highest quality of teaching to all our learners.
- Schooling which is outward looking and allows students to interact with ideas and people from around the world.
- Educational research into factors underpinning successful schools and highly effective learning.
- Involvement with the local area in a way which promotes community cohesion and cultural excellence, especially with regard to music and the arts.

During the year the Trust has worked towards these aims by:

- Continuing to provide Directors of School Improvement covering both Secondary and Primary Schools;
- Improved the mathematics curriculum and teaching across the Trust via White Rose Maths;
- Appointed two curriculum specialist leaders in Modern Foreign Languages and Science to improve curriculum delivery and teaching throughout the Trust;
- Commissioned the provision of Specialist Leaders in Education to provide CPD to teachers across a number of subjects in Schools within the Trust;
- The Trust was appointed a Teaching School Hub during the year;
- The Saffron Walden County High School was appointed a Computer Hub during the year;
- Continuing to change the culture of Schools so that they focus on the progress of all children and not just on attainment outcomes;
- Continuing to put greater emphasis on student progress in targets set, intervention and monitoring;
- Continuing to improve teaching, assessment and leadership at all levels throughout the Trust; and
- Replacing ageing and potentially ineffective fire doors across all sites

Our success in fulfilling our aims can be measured by:

- Improved Progress 8 score at SWCHS, HWD and AHA;
- Successful integration of Beckers Green Primary School and Helena Romanes Secondary School into the Trust on 1st September 2020; and
- Physical installation of fire doors

### Public Benefit

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

## Strategic Report

### Achievements and Performance

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their Academy. Specific achievements were as follows:

During lockdown, SAT Schools provided children with a good quality remote learning experience. The children of Key Workers assessed in-school provision. Some children returned to School for some lessons in June and July. Our children did not sit formal exams, but their achievements were measured through teacher assessment and, in the case of GCSE and A level, the best of a Centre Assessed Grade or an exam board generated grade. In 2020 it is not possible to measure pupil progress against other schools because these results are not published.

1. SWCHS students enjoyed strong results at every level in 2020. At A level, 100% of students achieved A*-E grades, 96% achieved grade A*-C and 45% of all grades were A*/A. At GCSE, attainment was strong. 89% of students achieved both English and Maths at Grade 4 or above and 69% achieved a Grade 5 in both English and Maths.
2. AHA had a very positive year. In July 2017 it was graded as a 'Good' school by HMI Ofsted for the first time in its history and outcomes have been maintained in 2020. Pupil numbers at the School continue to rise as a consequence of the public perception that this is now the best school in Braintree. At GCSE, 67% of students achieved both English and Maths at Grade 4 or above and 42% achieved a Grade 5 (a strong pass) in both of those subjects.
3. Honywood School joined Saffron Academy Trust in September 2019 and has enjoyed rapid improvement since it has worked with SAT. 76% of students achieved Grade 4 or above and 52% achieved a strong pass (Grade 5) in both of those subjects in 2020. This compares very favourably with Grade 4 EM at 61% and Grade 5 EM at 34% in 2019.

**Achievements and Performance (Continued)**

4. R A Butler's Infant School achieved an Ofsted grading of 'Good' in 2019. At Key Stage 1, the percentage of children meeting age related expectations in Reading, Writing and Maths, according to teacher assessment in March was 64%. 15% of children achieved this at the higher level. At Key Stage 2, 77% achieved the expected standard in Reading, Writing and Maths and 24% achieved this at the higher standard.
5. At Katherine Semar Infants, the percentage of children reaching the expected standard in Reading, Writing and Maths at the end of Key Stage 1 was 85%. The percentage achieving this at the higher standard was 19%. At Katherine Semar Juniors, the Key Stage 2 results reveal that 87% met the expected standard and 34% met the higher standard.

In January 2020, Saffron Academy Trust became one of the first trusts nationally to run one of the new Teaching School Hubs. The Trust was joined in September 2020 by Becker's Green Primary School and Helena Romanes School and Sixth Form. It has been a very successful year for SAT in challenging circumstances.

**Key Performance Indicators**

The Trustees receive regular management reports at each committee meeting to enable them to monitor the performance of the Trust compared to its aims, strategies, cashflows and financial budgets. Regular management information reports differentiate between the principle activity of the Trust, that of delivering education to students and other ancillary, or non-principle, activity such as capital projects, after school clubs and school trips etc.

Funding is based on pupil numbers collated from the annual October census, for 2020-21 and 2021-22 the relevant student numbers driving funding at the various key stages are as follows.

| SAT | 2013/14 Student # | 2014/15 Student # | 2015/16 Student # | 2016/17 Student # | 2017/18 Student # | 2018/19* Student # | 2019/20 Student # | 2020/21** Student # | 2021/22 Student # |
|---|---|---|---|---|---|---|---|---|---|
| Key Stage 1&2 | 0 | 0 | 435 | 433 | 432 | 1,056 | 1,041 | 1,063 | 1,057 |
| Key Stage 3 | 1,525 | 1,473 | 1,413 | 1,386 | 1,358 | 1,342 | 1,344 | 1,935 | 1,961 |
| Key Stage 4 | 1,031 | 998 | 987 | 996 | 960 | 891 | 906 | 1,292 | 1,244 |
| Key Stage 5 | 562 | 597 | 557 | 557 | 625 | 636 | 651 | 638 | 670 |
| Total | 3,118 | 3,068 | 3,392 | 3,372 | 3,375 | 3,925 | 3,942 | 4,928 | 4,932 |

Note that 2021/22 excludes Beckers Green and Helena Romanes

*RA Butler joined the Trust in 2017/18 **Honywood joined the Trust in 2019/20

Trustees have closely monitored the fall in student numbers at key stage 3 / key stage 4 over previous years and were aware that this related mainly to Alec Hunter Academy. However, they are delighted to report that the student roll has increased for the third successive year.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2019/20 this averaged out at 80.9% (2018/19 – 79.2%) for the Trust excluding income in respect of Academies transferring into the Trust which indicates that staff costs are rising slightly faster than income. The Trustees are confident that staffing levels are both closely monitored and linked to the delivery of the curriculum at a local school level. Furthermore, all staffing structures have been approved by the MGB during the annual budget setting process.

**Key Performance Indicators (Continued)**

The Resources Committee also monitors the costs for occupancy, administration and curriculum delivery in relation to GAG and other income at both LGB and MGB meetings. Additionally the MGB Resources Committee receive a range of KPIs based upon student numbers, staff numbers, GAG income and staff costs across all Schools and in aggregation. These reports and the detailed budget staff cost schedules are the cornerstones of the Trust's Integrated Curriculum Financial Planning process.

**Going Concern**

After making appropriate enquiries and despite authorising a £0.1m deficit budget for 2020-21 (£0.2m 2019-20) and encouraged by uplifts in per pupil funding the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

The Trust continually reviews its staff cost base and non-staff related costs, whilst centralising core resources such as finance and IT support to drive efficiencies. These strategies enabled all Schools except Alec Hunter Academy to set balanced budgets for 2020-21. During the year Trustees monitored the recovery plans put in place at Alec Hunter Academy and have been encouraged by the continuing cost control efforts of the LGB and senior team. The MGB were delighted to note that the repayable loan of £250,000 authorised for the 2019-20 year was underutilised by £100,000 and that student numbers have continued to climb. In an effort not to compromise the excellent progress made to date the MGB have again authorised a deficit budget to allow the local senior team to balance the rise in student numbers with appropriate staffing levels. The MGB acknowledge that budgets in all Schools are extremely challenging and are committed to monitoring developments as they arise. For this reason the MGB 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 Charitable Company**

The Trustees have an obligation to act in a way most likely to promote the success of the Charitable Company. Details regarding engagement with employees, suppliers, parents, pupils and other connected parties have been covered in separate notes within the Trustees' Report. The obligation to assess the likely consequences of decisions in the longer term is noted within the reserves policy below as Trustees balance the needs of current and future cohorts.

The Trustees have identified reputational and ethical areas as key risks and their actions in these areas are covered within Principal risks and uncertainties later within this Strategic Report.

**Financial Review**

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2020 the Trust received £38,604,152 of GAG and other income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust incurred expenditure of £32,140,622. The Trust brought forward from 2018-19, £NIL restricted funds and £1,472,369 unrestricted funding. The carry forward for 2019-20 is £494,990 restricted funding and £1,377,573 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £18,773,000 (2019: £12,078,000). This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

The results for the Trust for the year are displayed in the table below:

| | Restricted General Funds | Unrestricted Funds | Fixed Asset Fund | Pension Reserve | Total |
|---|---|---|---|---|---|
| Donation on transfer | 138,184 | 21,555 | 11,601,988 | (3,518,000) | 8,243,727 |
| Incoming Resources | 26,829,468 | 2,037,440 | 1,493,517 | - | 30,360,425 |
| Resources Expended | (26,472,662) | (2,153,791) | (916,488) | | (29,542,941) |
| LGPS Charge | | | | (2,426,000) | (2,426,000) |
| Depreciation | | | (1,326,681) | | (1,326,681) |
| Employer contributions paid | | | | 1,155,000 | 1,155,000 |
| Total Resources Expended | (26,472,662) | (2,153,791) | (2,243,169) | (1,271,000) | (32,140,622) |
| Actuarial Gains | | | | (1,906,000) | (1,906,000) |
| Surplus / (Deficit) for the year | 494,990 | (94,796) | 10,852,336 | (6,695,000) | 4,557,530 |
| Balance at 1 September 2019 | - | 1,472,369 | 28,745,700 | (12,078,000) | 18,140,069 |
| Balance at 31 August 2020 | 494,990 | 1,377,573 | 39,598,036 | (18,773,000) | 22,697,599 |

**Reserves Policy**

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor projected year-end carry forward figures via the monthly reports from central finance. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £4,543,436. After the effect of liabilities and other current assets, the Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,377,573. This has been built up from a mixture of locally raised income and balances transferred from the predecessor Schools.

The Trustees monitor cash flow as part of the monthly finance reports and in line with the Reserves Policy they attempt to hold a liquidity buffer to cover short term cash flow variances. As part of the budget process the Trustees are informed as to the cash impacts of the budgets they authorise and the LGB committees all receive regular cash flow forecasts for their individual Schools. The Trustees remain intent upon exercising direct control over Reserves by the gradual centralisation of the Trust's free reserves and have integrated both the SCA policy and the Capital Expenditure policy whilst withdrawing the capacity of LGBs to transfer free reserves into capital; this remains the sole prerogative of the Trustee Board.

**Outlook**

By far the biggest impact upon the Trust and its stakeholders this year was that of Covid-19. However, all the Trusts' Schools were able to maintain and deliver a high standard of teaching and learning provision throughout the pandemic. The Trustees are cognisant of the extra strain this may have placed upon the wellbeing of employees and would like to express their sincere gratitude to all staff for the superb efforts made in delivering that provision during the year. The financial impacts of covid-19 have been many and varied, ranging from a cessation of catering and lettings income and increased costs for cleaning materials; with compensating offsets from some additional funding, cost reductions in catering supplies and exam costs plus the deferment of replacing staff leavers.

The cost uncertainty of Covid-19 and a no trade deal EU exit together with the prospect of rising staff and other costs all result in Trustees acknowledging that Trust finances are likely to continue to tighten and/or be less

predictable in forthcoming years. The Trustees in executing their obligation to maintain the Trust's building infrastructure are aware that future maintenance and refurbishment requires planned adequate funding. Notwithstanding the fact that the Trust now receives an annual School Condition Allocation (SCA), in light of these anticipated on-going costs and unpredictable revenues the Trustees have again declined to deplete historical cash reserves and have chosen instead to retain as much as possible to support future expenditure. This has been achieved without compromising the quality of the education offering to the Trust's students.

**Investment Policy**

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The Trustees do not consider the investment of surplus funds as a primary activity but rather, as good stewardship and as and when circumstances allow. The central finance function coordinates this activity with all the Schools in the Trust.

**Principal Risks and Uncertainties**

The Trust works with the LGB's in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks.

This register is approved and monitored by the MGB via the Finance Sub-Committee and a more independent review by the Audit Committee typically undertaken on an annual basis, although this year Covid-19 has interrupted the latter. The internal control systems and the exposure to identified risks are monitored on behalf of the Trustees at each Audit Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

The Trustees recognise that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed. To address this, the Audit Committee had appointed Price Bailey LLP to carry out a rolling program of reviews on governance controls, processes and procedures. This year independent internal audit reviews took place on the payroll process and the latest guidance from the ESFA, specifically the additional requirements an academy trust must abide by. There were no improvement points noted for the payroll process and the Trust was deemed to be fully compliant with the latest ESFA requirements. The Trustees are aware that Price Bailey LLP will no longer be eligible to perform the internal audit function as they remain the Trusts external auditors.

The Trust takes advantage of the managed offering from Essex Local Authority on GDPR matters and Trustees are pleased to report that all schools have been audited, assessed and awarded the highest rating.

As a group of academy schools, the level of financial risk is relatively low. In normal circumstances cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- Nationally agreed increases in teachers' pay and significant increases in teacher pension scheme (TPS) contribution rates will add to the Trust's single largest cost group. Whilst short term funding has been implemented by the ESFA for teachers pay, the lack of surety over the longer term funding solution for this and the TPS are a huge cause for concern. In the opinion of the Trustees the current high standard of the Trust's education offering is in all probability unsustainable in the long term unless funding levels match inflationary increases;
- Governance: failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place

to mitigate these risks;

- Reputational: the continuing success of the individual Academies is dependent on continuing to attract student applications in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- Safeguarding and child protection: the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- Staffing: the success of the Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- Fraud and mismanagement of funds: At the request of the Audit Committee the Trust has appointed Price Bailey LLP to carry out independent and external checks on financial systems and processes as required by the Academy Financial Handbook. Price Bailey LLP are unable to fulfil this role going forward and the Audit Committee will appoint an alternate provider. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- Investments: financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low;
- Pensions: defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy continue to strengthen the risk management process throughout the year by improving those processes and ensuring staff awareness.

**Fundraising**

The Trust only held small fundraising events during the year organised at individual Schools including non-uniform days, Christmas shows, theatrical productions, film nights, cake sales and quiz nights. Understandably Covid-19 adversely impacted this activity. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year, no complaints or issues have arisen as a result of the fundraising events.

## Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020

| | |
|---|---|
| Total energy consumption (kWh) | 7,609,577 |
| Scope 1 emissions in metric tonnes CO2e | |
| Gas consumption | 817.67 |
| Owned transport – mini-buses | 0.23 |
| Total scope 1. | 817.90 |
| Scope 2 emissions in metric tonnes CO2e | |
| Electricity | 732.63 |
| Scope 3 emissions in metric tonnes CO2e | |
| Business travel in employee owned vehicles | 9.84 |
| Total gross emissions in metric tonnes CO2e | 1,560 |
| **Tonnes CO2e per pupil** | **0.32** |

### Quantification and Reporting Methodology

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

### Intensity measurement

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

### Measures taken to improve energy efficiency

- The Trust has installed smart meters across all sites;
- Centralised energy procurement allowing for the collection of data to assist in energy reduction initiatives;
- The Trust is engaging with recently announced de-carbonisation funding initiatives;
- LED lighting has been installed throughout one School in order to test the energy reduction impact;
- Increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

### Plans for Future Periods

The Trust will continue striving to improve the levels of performance of its students at all levels and will attempt to maintain its recent progress in ensuring the number of students on roll properly reflects the demand for places. The Trustees intend to enhance and expand facilities in pursuance of the Trusts' commitment to ensure that all students achieve their potential.

The Trustees recognise that students with differing abilities and aptitudes will have differing curriculum requirements and that a greater diversity of learning environments will be required to deliver these. The Trust continues to seek further opportunities to engage with local schools, primarily within North West Essex, with the ultimate aim of expanding its family of schools of exceptional quality and are therefore delighted to announce that Helena Romanes Secondary School and Beckers Green Primary School both joined the Trust on 1st

September 2020.

**Funds Held as Custodian Trustee on Behalf of Others**

The Trust acts as an agent in distributing 16-19 Bursary Funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account, as the Trust does not have control over the charitable application of the funds. For further details please refer to Note 26 to the financial statements.

**Auditor**

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any elevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees, on 07 Dec 2020 and signed on its behalf by:

M P Hayes

Mark Hayes (Dec 18, 2020, 1:17pm)

**Mr M Hayes**
Chair of Trustees

## GOVERNANCE STATEMENT

### Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Saffron Academy 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. We note that the Trusts compliance with the Handbook has been independently assessed by a review of the schedule of requirements (the 'musts') via internal audit.

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 Saffron Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. The Board met fewer than six times during the year. The Board is satisfied that through the use of sub-committees it maintains effective oversight of funds. There are two sub committees with responsibilities for Resources (including finance) and Standards; meeting materials for both sub committees are issued to all Trustees, all of whom are welcome to attend any meeting.

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

| Trustee | Meetings attended | Out of a possible |
|---|---|---|
| Mr S Bancroft | 3 | 3 |
| Mr D Barrs | 3 | 3 |
| Ms C Derbyshire, CEO of the Academy Trust & Headteacher | 3 | 3 |
| Ms S Dignasse | 3 | 3 |
| Mr M Hayes, Chair of the Academy Trust | 3 | 3 |
| Dr J Keeler | 3 | 3 |
| Mr J Kerr | 3 | 3 |
| Mrs J Marshall | 3 | 3 |
| Mrs L Vincent | 3 | 3 |
| Mr P Sinnott | 3 | 3 |
| Mrs J Sweeting | 3 | 3 |

During the year there were no changes in the number of Trustees. After the year end, on the 27th September 2020, 1 Trustee stepped down.

The Trust's Governance structure has been independently reviewed in December 2014 and June 2017, the latter being a review against the schedule of requirements within the Governance Handbook; with a follow up this year to encompass latest additions to that schedule. In the intervening years Trustees have regularly reviewed the Governance structure to ensure compliance with ESFA guidance and sought appropriate legal advice on the subject as Schools have joined the trust.

The Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to independently review risk pertaining to the Trust's operational and compliance environments and report findings to the Board. During the year, due to changes in circumstances for some members this committee did not meet its quoracy thresholds and responsibilities temporarily passed to the Resources Committee. Replacement members have since been identified and the committee will be relaunched. During the year, the Resources Committee commissioned two internal audit reviews.

**Governance (continued)**

Finance matters are addressed by the Resources Committee, a sub committee of the MGB, with delegated authority to act on its behalf. However, all meeting materials are distributed to all Trustees and meeting minutes are presented to the MGB at full Board meetings.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|---|---|
| Mr M Hayes | 3 | 3 |
| Ms C Derbyshire | 3 | 3 |
| Mr J Kerr | 2 | 3 |
| Mr P Sinnott - stepped down March 2019 | 0 | 0 |
| Ms L Vincent | 3 | 3 |
| Mrs J Sweeting | 2 | 3 |
| Mr S Bancroft | 3 | 3 |

**Review of value for money**

As Accounting Officer, the Chief Executive Officer 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 appropriate. The Accounting Officer has delivered improved value for money during the year by:

- Secured funding to improve the mathematics curriculum and teaching across the Trust via White Rose Maths
- Secured funding to appoint two curriculum specialist leaders in Modern Foreign Languages and Science to improve curriculum delivery and teaching throughout the Trust
- Was pivotal in arranging for two further Schools to join the Trust in 2020-21 which will improve the range of services on offer and help reduce costs accordingly

**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 Saffron Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and financial statements.

**Capacity to handle risk**

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

## 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 Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines; and
- identification and management of risks.

The Board of Trustees had decided to employ Price Bailey LLP as Internal Auditor.

### Internal Scrutiny/Audit

The revised FRC Ethical Standard for Auditors states that a firm providing external audit to an entity shall not also provide internal audit services to it, subject to transitional arrangements which permit existing audit engagements to conclude. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current period included:

- The payroll process
- Latest additions to the schedule of requirements within the Governance Handbook

The Internal Auditor reports to the Board of Trustees through the Resources Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of theirl auditor's work.

### 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 in question the review has been informed by:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 07 Dec 2020 and signed on their behalf by:

M Hayes
Mark Hayes (Dec 18, 2020, 1:17pm)
Chair of Trustees

Caroline Derbyshire
Ms C Derbyshire (Dec 18, 2020,
Accounting Officer

**SAFFRON ACADEMY TRUST**
**(A Company Limited by Guarantee)**

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all 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 2019.

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

Caroline Derbyshire

Caroline Derbyshire (Dec 18, 2020, 1:24pm)

**Ms C Derbyshire**
Accounting Officer
Date:
18 Dec 2020

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

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

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

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

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

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

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

Approved by the Board of Trustees on 07 Dec 2020 and signed on its behalf by:

M P Hayes

Mr M Hayes 18, 2020, 1:17pm)
*Chair of Trustees*

## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAFFRON ACADEMY TRUST

### Opinion

We have audited the financial statements of Saffron Academy Trust (the 'Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAFFRON ACADEMY TRUST (CONTINUED)

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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

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

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

## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAFFRON ACADEMY TRUST (CONTINUED)

### Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the 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 Trust or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

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

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

### Use of our Report

This Report is made solely to the 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 Trust's Members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

**Mr Gary Miller (Senior Statutory Auditor)**
for and on behalf of
**Price Bailey LLP**
Chartered Accountants
Causeway House

1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Date: 18 December 2020

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SAFFRON ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

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

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

### Respective responsibilities of Saffron Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Saffron Academy Trust's funding agreement with the Secretary of State for Education dated 28 April 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### Approach

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

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

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

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

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SAFFRON ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

### Conclusion

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

Reporting Accountant
**Price Bailey LLP**
Chartered Accountants

Date: 18 December 2020

**SAFFRON ACADEMY TRUST**

**(A Company Limited by Guarantee)**

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

| | Note | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|---|---|---|---|---|---|
| **Income from:** | | | | | | |
| Donations and capital grants: | 2 | | | | | |
| Transfer of Academies | | 138,184 | (3,496,445) | 11,601,988 | 8,243,727 | - |
| Other | | 37,144 | 1,163,907 | 1,493,517 | 2,694,568 | 2,355,984 |
| Charitable activities | 3 | 852,361 | 25,720,190 | - | 26,572,551 | 19,692,019 |
| Teaching schools | 27 | - | 62,000 | - | 62,000 | 75,000 |
| Other trading activities | 4 | 1,020,694 | - | - | 1,020,694 | 989,908 |
| Investments | 5 | 10,612 | - | - | 10,612 | 18,367 |
| **Total income** | | 2,058,995 | 23,449,652 | 13,095,505 | 38,604,152 | 23,131,278 |
| **Expenditure on:** | | | | | | |
| Charitable activities | 6 | 2,153,791 | 27,681,662 | 2,243,169 | 32,078,622 | 25,612,497 |
| Teaching schools | 27 | - | 62,000 | - | 62,000 | 75,000 |
| Other expenditure | | - | - | - | - | - |
| **Total expenditure** | | 2,153,791 | 27,743,662 | 2,243,169 | 32,140,622 | 25,687,497 |
| **Net movement in funds before other recognised gains/(losses)** | | (94,796) | (4,294,010) | 10,852,336 | 6,463,530 | (2,556,219) |
| **Other recognised gains/(losses):** | | | | | | |
| Actuarial losses on defined benefit pension schemes | 23 | - | (1,906,000) | - | (1,906,000) | (1,607,000) |
| **Net movement in funds** | | (94,796) | (6,200,010) | 10,852,336 | 4,557,530 | (4,163,219) |
| **Reconciliation of funds:** | | | | | | |
| Total funds brought forward | | 1,472,369 | (12,078,000) | 28,745,700 | 18,140,069 | 22,303,288 |
| Net movement in funds | | (94,796) | (6,200,010) | 10,852,336 | 4,557,530 | (4,163,219) |
| **Total funds carried forward** | | 1,377,573 | (18,278,010) | 39,598,036 | 22,697,599 | 18,140,069 |

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

The notes on pages 27 to 55 form part of these financial statements.

**SAFFRON ACADEMY TRUST**
**(A Company Limited by Guarantee)**
**REGISTERED NUMBER: 07618351**

## BALANCE SHEET
## AS AT 31 AUGUST 2020

| | Note | | 2020 £ | | 2019 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 13 | | 38,717,526 | | 28,393,272 |
| **Current assets** | | | | | |
| Debtors | 14 | 1,020,007 | | 605,016 | |
| Cash at bank and in hand | | 4,543,436 | | 3,220,063 | |
| | | 5,563,443 | | 3,825,079 | |
| Creditors: amounts falling due within one year | 15 | (2,645,757) | | (1,912,740) | |
| **Net current assets** | | | 2,917,686 | | 1,912,339 |
| **Total assets less current liabilities** | | | 41,635,212 | | 30,305,611 |
| Creditors: amounts falling due after more than one year | 16 | | (164,613) | | (87,542) |
| **Net assets excluding pension liability** | | | 41,470,599 | | 30,218,069 |
| Defined benefit pension scheme liability | 23 | | (18,773,000) | | (12,078,000) |
| **Total net assets** | | | 22,697,599 | | 18,140,069 |
| **Funds of the Trust** | | | | | |
| **Restricted funds:** | | | | | |
| Fixed asset funds | 17 | 39,598,036 | | 28,745,700 | |
| Restricted income funds | 17 | 494,990 | | - | |
| Restricted funds excluding pension liability | 17 | 40,093,026 | | 28,745,700 | |
| Pension reserve | 17 | (18,773,000) | | (12,078,000) | |
| **Total restricted funds** | 17 | | 21,320,026 | | 16,667,700 |
| **Unrestricted income funds** | 17 | | 1,377,573 | | 1,472,369 |
| **Total funds** | | | 22,697,599 | | 18,140,069 |

The financial statements on pages 24 to 55 were approved by the Trustees, and authorised for issue on 07 Dec 2020 and are signed on their behalf, by:

M P Hayes

Mr M Hayes (Dec 18, 2020, 1:17pm)
Chair of Trustees

The notes on pages 27 to 55 form part of these financial statements.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net cash provided by/(used in) operating activities | 19 | 76,350 | (1,399,842) |
| **Cash flows from investing activities** | 20 | 1,247,023 | 870,491 |
| **Change in cash and cash equivalents in the year** | | 1,323,373 | (529,351) |
| Cash and cash equivalents at the beginning of the year | | 3,220,063 | 3,749,414 |
| **Cash and cash equivalents at the end of the year** | 21, 22 | 4,543,436 | 3,220,063 |

The notes on pages 27 to 55 form part of these financial statements

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

### 1. Accounting policies

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

The Trust is a company limited by guarantee. The Members are noted on page 1. In the event of the Trust being wound up in respect of the guarantee is limited to £10 per Member. The registered office is Audley End Road, Saffron Walden, Essex, CB11 4UH.

#### 1.1 Basis of preparation of financial statements

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

Saffron Academy Trust meets the definition of a public benefit entity under FRS 102.

The Trust's Functional and presentational currency is Pounds Sterling.

#### 1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

Following the year end the Trust has been affected to a limited extent by restrictions imposed by the UK Government in response to the COVID-19 pandemic.

The Trust derives the majority of its income from local and national government grant funding which is secured for a number of years, under the terms of the Academy Funding Agreement with the Secretary of State for Education. This will ensure that the Trust can continue operating for a period of at least 12 months following the date of this report. The financial statements do not contain any adjustments that would be required if the Trust were not able to continue as a going concern.

## 1. Accounting policies (continued)

### 1.3 Income

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

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

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

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

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

- **Transfer of existing Academies into the Trust**
  Where assets and liabilities are received on the transfer of an existing Academy into the Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised for the transfer of an existing Academy into the Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

### 1.4 Expenditure

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

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

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

## 1. Accounting policies (continued)

### 1.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

### 1.5 Interest receivable

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

### 1.6 Taxation

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

### 1.7 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

| | |
|---|---|
| Freehold property | - 21 years straight line |
| Leasehold land | - 125 years straight line / 50 years straight line to residual value of £10,000,000. |
| Long term leasehold property and premises improvements | - 15/30 years straight line |
| Plant and machinery | - 10 years straight line |
| Computer equipment | - 3-10 years straight line |
| Assets under construction | - Not depreciated |

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

## 1. Accounting policies (continued)

### 1.8 Debtors

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

### 1.9 Cash at bank and in hand

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

### 1.10 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 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.

### 1.11 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

### 1.12 Operating leases

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

## 1. Accounting policies (continued)

### 1.13 Pensions

The Trust operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Trust to the fund in respect of the year.

Retirement benefits to employees of the 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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

### 1.14 Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account as the Trust does not have control over the charitable application of the funds. The funds received and paid and any any balances held are disclosed in note 26.

### 1.15 Fund accounting

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

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

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

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

## 1. Accounting policies (continued)

### 1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the Actuary in valuing the pensions liability at 31 August 2019. 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.

## 2. Income from donations and capital grants

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed assets 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|---|---|---|---|---|
| Amounts received on transfer | 138,184 | (3,496,445) | 11,601,988 | 8,243,727 | - |
| Donations | 37,144 | 1,163,907 | 43,690 | 1,244,741 | 1,263,697 |
| Government grants | - | - | 1,449,827 | 1,449,827 | 1,092,287 |
| | 37,144 | 1,163,907 | 1,493,517 | 2,694,568 | 2,355,984 |
| **Total 2020** | 175,328 | (2,332,538) | 13,095,505 | 10,938,295 | 2,355,984 |
| Total 2019 | 9,795 | 1,171,433 | 1,174,756 | 2,355,984 | |

In 2019, income from donations was £1,263,697, of which £9,795 was unrestricted, £1,171,433 was restricted and £82,469 was restricted fixed assets.

In 2019, income from Government grants income was £1,092,287, all of which was in relation to restricted fixed assets.

## 3. Funding for the Trust's provision of education

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|---|---|---|---|
| **DfE/ESFA grants** | | | | |
| General Annual Grant (GAG) | - | 21,923,966 | 21,923,966 | 16,911,829 |
| Other DfE / EFA grants | - | 2,695,034 | 2,695,034 | 989,885 |
| | - | 24,619,000 | 24,619,000 | 17,901,714 |
| **Other Government grants** | | | | |
| Local Authority grants | - | 880,022 | 880,022 | 567,769 |
| Other Goverment grants | - | 121,249 | 121,249 | 121,750 |
| | - | 1,001,271 | 1,001,271 | 689,519 |
| **Other funding** | | | | |
| Catering income | 852,361 | - | 852,361 | 1,100,786 |
| Other Goverment grants | - | 99,919 | 99,919 | - |
| **Total 2020** | 852,361 | 25,720,190 | 26,572,551 | 19,692,019 |
| Total 2019 | 1,100,786 | 18,591,233 | 19,692,019 | |

In 2019, income from DfE/ESFA grants was £17,901,714, all of which was restricted.

In 2019, income from other Government grants was £689,519, all of which was restricted.

In 2019, income from other funding was £1,100,786, all of which was unrestricted.

The Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "other funding". The funding received for coronavirus exceptional support was £11,308 and £88,611 related to the Governments Coronavirus Job Retention Scheme grant.

## 4. Income from other trading activities

| | Unrestricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|---|---|---|
| Hire of facilities | 114,319 | 114,319 | 191,398 |
| Other activities | 906,375 | 906,375 | 798,510 |
| | 1,020,694 | 1,020,694 | 989,908 |
| Total 2019 | 989,908 | 989,908 | |

In 2019, income from other trading activities was £989,908, all of which was unrestricted.

## 5. Investment income

| | Unrestricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|---|---|---|
| Bank interest | 10,612 | 10,612 | 18,367 |
| Total 2019 | 18,367 | 18,367 | |

In 2019, investment income was £18,367, all of which was unrestricted.

## 6. Expenditure

| | Staff Costs 2020 £ | Premises 2020 £ | Other 2020 £ | Total 2020 £ | Total 2019 £ |
|---|---|---|---|---|---|
| Direct costs | 19,739,691 | - | 2,199,292 | 21,938,983 | 16,993,228 |
| Allocated support costs | 4,780,258 | 3,639,329 | 1,720,052 | 10,139,639 | 8,619,269 |
| Teaching school | 33,000 | - | 29,000 | 62,000 | 75,000 |
| **Total 2020** | 24,552,949 | 3,639,329 | 3,948,344 | 32,140,622 | 25,687,497 |
| Total 2019 | 18,310,860 | 3,401,185 | 3,975,452 | 25,687,497 | |

## 6. Expenditure (continued)

In 2019, of total expenditure, £2,490,114 was to unrestricted funds, £20,906,116 was to restricted funds and £2,291,267 was to restricted fixed asset funds.

In 2019, direct costs consisted of £14,559,867 staff costs and £2,433,361 other costs

In 2019, allocated support costs consisted of £3,718,993 staff costs, £3,401,185 premises costs and £1,499,091 other costs.

In 2019, teaching school expenditure consisted of £32,000 staff costs and £43,000 other costs.

## 7. Charitable activities

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Direct costs | 21,938,983 | 16,993,228 |
| Support costs | 10,139,639 | 8,619,269 |
| Teaching School | 62,000 | 75,000 |
| | 32,140,622 | 25,687,497 |

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| **Analysis of support costs** | | |
| Support staff costs | 4,780,258 | 3,718,993 |
| *Depreciation* | 1,326,681 | 893,524 |
| Technology costs | 256,976 | 159,720 |
| Premises costs (excluding depreciation) | 1,396,160 | 1,195,142 |
| Government-funded capital expenditure | 916,488 | 1,312,519 |
| Other support costs | 1,083,449 | 1,143,670 |
| Governance costs | 33,120 | 33,880 |
| Legal costs | 346,507 | 161,821 |
| | 10,139,639 | 8,619,269 |

## 8. Net (expenditure)/income

Net (expenditure)/income for the year includes:

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Operating lease rentals | 144,294 | 113,681 |
| Depreciation of tangible fixed assets | 1,326,681 | 893,524 |
| Fees paid to Auditors for: | | |
| - audit | 14,100 | 13,380 |
| - other services | 12,724 | 17,759 |

## 9. Staff

### a. Staff costs

Staff costs during the year were as follows:

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Wages and salaries | 17,765,247 | 13,750,919 |
| Social security costs | 1,644,519 | 1,245,814 |
| Pension costs | 4,999,673 | 3,188,523 |
| | 24,409,439 | 18,185,256 |
| Agency staff costs | 143,510 | 107,498 |
| Staff restructuring costs | - | 18,106 |
| | 24,552,949 | 18,310,860 |

Staff restructuring costs comprise:

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Redundancy payments | - | 11,603 |
| Severance payments | - | 6,503 |
| | - | 18,106 |

## 9. Staff (continued)

### b. Staff numbers

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

| | 2020<br>No. | 2019<br>No. |
|---|---|---|
| Teachers | 329 | 259 |
| Administration and support | 401 | 304 |
| Management | 6 | 5 |
| | 736 | 568 |

### c. Higher paid staff

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

| | 2020<br>No. | 2019<br>No. |
|---|---|---|
| In the band £60,001 - £70,000 | 5 | 6 |
| In the band £70,001 - £80,000 | 3 | 5 |
| In the band £80,001 - £90,000 | 3 | 1 |
| In the band £90,001 - £100,000 | 2 | 1 |
| In the band £130,001 - £140,000 | 1 | 1 |

### d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £882,955 (2019 - £589,464).

Employer national insurance contributions included within key management personnel remuneration was £81,114 (2019 - 56,733).

Employer pension contributions included within key management personnel remuneration was £153,208 (2019 - £79,078).

## 10. Central services

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

- Insurance
- Financial co-ordination (including Management Information and Regulatory Reporting)
- Payroll
- IT network co-ordination
- Facilities and health & safety co-ordination
- Co-ordination of SCA funding

The Trust charges for these services on a flat percentage of income being 4.75% of GAG and a contribution to Trust capital expenditure. The actual amounts charged during the year were as follows:

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Saffron Walden County High School | 448,321 | 416,674 |
| Alec Hunter Academy | 187,578 | 116,320 |
| Katherine Semar Junior Academy | 44,597 | 58,884 |
| Katherine Semar Infants School | 32,537 | 20,586 |
| R A Butler Junior Academy | 59,666 | 77,981 |
| R A Butler Infants Academy | 41,566 | 66,959 |
| Honywood School | 229,120 | - |
| **Total** | 1,043,385 | 757,404 |

## 11. Trustees' remuneration and expenses

One Trustee has been paid remuneration from an employment with the Trust. The CEO only receives remuneration in respect of services they provide undertaking the role of CEO under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

| | | 2020<br>£ | 2019<br>£ |
|---|---|---|---|
| Ms C Derbyshire | Remuneration | 130,000 - 135,000 | 125,000 - 130,000 |
| | Pension contributions paid | 30,000 - 35,000 | 20,000 - 25,000 |

During the year ended 31 August 2020, expenses totalling £591 were reimbursed or paid directly to 1 Trustees (2019 - £1,495 to 1 Trustee).

## 12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

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

## 13. Tangible fixed assets

| | Freehold property £ | Long-term leasehold property £ | Assets under construction £ | Furniture and equipment £ | Computer equipment £ | Motor vehicles £ | Total £ |
|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | |
| At 1 September 2019 | 9,225,783 | 21,443,009 | - | 1,205,768 | 984,148 | 66,661 | 32,925,369 |
| Additions | - | - | 120,469 | 57,621 | 35,326 | - | 213,416 |
| Transfer from new Academy | - | 11,114,297 | - | 289,139 | 34,083 | - | 11,437,519 |
| At 31 August 2020 | 9,225,783 | 32,557,306 | 120,469 | 1,552,528 | 1,053,557 | 66,661 | 44,576,304 |
| **Depreciation** | | | | | | | |
| At 1 September 2019 | 423,583 | 2,526,797 | - | 655,652 | 868,438 | 57,627 | 4,532,097 |
| Charge for the year | 334,095 | 734,552 | - | 162,295 | 93,526 | 2,213 | 1,326,681 |
| At 31 August 2020 | 757,678 | 3,261,349 | - | 817,947 | 961,964 | 59,840 | 5,858,778 |
| **Net book value** | | | | | | | |
| At 31 August 2020 | 8,468,105 | 29,295,957 | 120,469 | 734,581 | 91,593 | 6,821 | 38,717,526 |
| At 31 August 2019 | 8,802,200 | 18,916,212 | - | 550,116 | 115,710 | 9,034 | 28,393,272 |

## 14. Debtors

| | 2020 £ | 2019 £ |
|---|---|---|
| **Due within one year** | | |
| Trade debtors | 83,414 | 74,148 |
| Other debtors | 6,075 | 3,719 |
| Prepayments and accrued income | 872,176 | 455,717 |
| VAT recoverable | 58,342 | 71,432 |
| | 1,020,007 | 605,016 |

## 15. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|---|---|---|
| Trade creditors | 499,665 | 395,278 |
| Other taxation and social security | 388,718 | 310,718 |
| Other creditors | 521,476 | 339,913 |
| Accruals and deferred income | 1,235,898 | 866,831 |
| | 2,645,757 | 1,912,740 |

| | 2020 £ | 2019 £ |
|---|---|---|
| Deferred income at 1 September 2019 | 573,236 | 591,607 |
| Resources deferred during the year | 700,484 | 573,236 |
| Amounts released from previous periods | (573,236) | (591,607) |
| | 700,484 | 573,236 |

Resources deferred in the year relate to contributions towards future educational visits, and ESFA funding received in advance for the 2020/21 academic year.

## 16. Creditors: Amounts falling due after more than one year

| | 2020 £ | 2019 £ |
|---|---|---|
| Other creditors | 164,613 | 87,542 |

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

### 17. Statement of funds

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2020 £ |
|---|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | | |
| Unrestricted funds | 1,472,369 | 2,058,995 | (2,153,791) | - | - | 1,377,573 |
| **Restricted general funds** | | | | | | |
| General Annual Grant (GAG) | - | 21,923,966 | (21,923,966) | - | - | - |
| Other DfE / ESFA grants | - | 2,695,034 | (2,469,952) | - | - | 225,082 |
| Other Government grants | - | 1,001,271 | (1,001,271) | - | - | - |
| Restricted donations | - | 1,185,462 | (915,554) | - | - | 269,908 |
| Teaching schools | - | 62,000 | (62,000) | - | - | - |
| Coronavirus Exceptional Support | - | 99,919 | (99,919) | - | - | - |
| Pension reserve | (12,078,000) | (3,518,000) | (1,271,000) | - | (1,906,000) | (18,773,000) |
| | (12,078,000) | 23,449,652 | (27,743,662) | - | (1,906,000) | (18,278,010) |
| **Restricted fixed asset funds** | | | | | | |
| Restricted fixed assets | 28,393,272 | 11,437,519 | (1,326,681) | 213,416 | - | 38,717,526 |
| Capital grants | 352,428 | 1,657,986 | (916,488) | (213,416) | - | 880,510 |
| | 28,745,700 | 13,095,505 | (2,243,169) | - | - | 39,598,036 |
| **Total Restricted funds** | 16,667,700 | 36,545,157 | (29,986,831) | - | (1,906,000) | 21,320,026 |
| **Total funds** | 18,140,069 | 38,604,152 | (32,140,622) | - | (1,906,000) | 22,697,599 |

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

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

**Other DfE/ESFA grants**

This represents various grants from the DfE and ESFA for the provision of specific services to pupils of the Schools.

**General Annual Grant (GAG)**

This represents funding from the ESFA to be used for the normal running costs of the Trust, including education and support costs

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

**Other restricted funds**

This represents income for trips/events for the pupils of the Schools.

**Pension reserve**

This reserve represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from state controlled schools.

**Other Government grants**

This represents various grants from local and national Government bodies for the provision of specific services to pupils of the Schools.

**Fixed asset fund**

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose. The transfer between funds represents additions purchased through capital funding.

**Capital grants**

This represents funding from the DfE, ESFA and Local Authority for capital projects.

**Teaching schools**

This represents funding received from the Department for Education and other teacher funding (see note 29).

## 17. Statement of funds (continued)

### Total funds analysis by Academy

Fund balances at 31 August 2020 were allocated as follows:

| | 2020 £ | 2019 £ |
|---|---|---|
| Saffron Walden County High School | 872,039 | 842,036 |
| Alec Hunter Academy | (305,069) | (152,214) |
| Katherine Semar Junior School | 194,513 | 227,683 |
| Katherine Semar Infant School | 129,676 | 200,338 |
| R A Butler Infant School | 95,559 | 129,548 |
| R A Butler Junior School | 143,338 | 109,580 |
| Central services | 614,626 | 115,398 |
| Honeywood Community Science School | 127,881 | - |
| Total before fixed asset funds and pension reserve | 1,872,563 | 1,472,369 |
| Restricted fixed asset fund | 39,598,036 | 28,745,700 |
| Pension reserve | (18,773,000) | (12,078,000) |
| **Total** | 22,697,599 | 18,140,069 |

The following Academy is carrying a net deficit on its portion of the funds as follows:

| | Deficit £ |
|---|---|
| Alec Hunter Academy | (305,069) |

The Academy has run at a deficit this year due to GAG funding lagging behind rising pupil numbers.

The Trust is taking the following action to return the Academy to surplus:

A recovery plan has been put into place which aims to put the Academy back into a surplus position in the 2021-2022 financial year.

## 17. Statement of funds (continued)

### Total cost analysis by Academy

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2020 £ | Total 2019 £ |
|---|---|---|---|---|---|---|
| SWC | 8,253,966 | 1,576,801 | 950,610 | 1,992,412 | 12,773,789 | 12,366,715 |
| AHA | 3,333,027 | 774,653 | 115,632 | 971,114 | 5,194,426 | 6,091,530 |
| KSJ | 845,027 | 288,242 | 61,799 | 301,019 | 1,496,087 | 1,114,249 |
| KSI | 563,352 | 192,161 | 41,200 | 200,679 | 997,392 | 1,221,078 |
| RBI | 822,576 | 160,673 | 36,819 | 168,351 | 1,188,419 | 1,295,950 |
| RBJ | 1,233,863 | 241,009 | 55,229 | 252,527 | 1,782,628 | 1,605,021 |
| HWD | 4,360,023 | 788,202 | 319,303 | 1,012,341 | 6,479,869 | - |
| Central services | 360,857 | 758,517 | 2,541 | (220,584) | 901,331 | 1,099,430 |
| **Total** | 19,772,691 | 4,780,258 | 1,583,133 | 4,677,859 | 30,813,941 | 24,793,973 |

## 17. Statement of funds (continued)

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

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2019 £ |
|---|---|---|---|---|---|---|
| Unrestricted funds | 1,843,627 | 2,118,856 | (2,490,114) | - | - | 1,472,369 |
| **Restricted general funds** | | | | | | |
| General Annual Grant (GAG) | - | 16,911,829 | (16,909,198) | (2,631) | - | - |
| Other DfE / ESFA grants | 22,081 | 989,885 | (1,011,966) | - | - | - |
| Other Government grants | - | 689,519 | (689,519) | - | - | - |
| Restricted donations | - | 1,171,433 | (1,171,433) | - | - | - |
| Teaching schools | - | 75,000 | (75,000) | - | - | - |
| Pension reserve | (9,422,000) | - | (1,049,000) | - | (1,607,000) | (12,078,000) |
| | (9,399,919) | 19,837,666 | (20,906,116) | (2,631) | (1,607,000) | (12,078,000) |
| **Restricted fixed asset funds** | | | | | | |
| Restricted fixed assets | 29,046,633 | 82,469 | (893,524) | 157,694 | - | 28,393,272 |
| Capital grants | 812,947 | 1,092,287 | (1,397,743) | (155,063) | - | 352,428 |
| | 29,859,580 | 1,174,756 | (2,291,267) | 2,631 | - | 28,745,700 |
| **Total Restricted funds** | 20,459,661 | 21,012,422 | (23,197,383) | - | (1,607,000) | 16,667,700 |

## 18. Analysis of net assets between funds

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

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|---|---|---|---|---|
| Tangible fixed assets | - | - | 38,717,526 | 38,717,526 |
| Current assets | 2,483,165 | 2,915,665 | 164,613 | 5,563,443 |
| Creditors due within one year | - | (2,645,757) | - | (2,645,757) |
| Creditors due in more than one year | - | - | (164,613) | (164,613) |
| Provisions for liabilities and charges | - | (18,773,000) | - | (18,773,000) |
| Difference | (1,105,592) | 225,082 | 880,510 | - |
| **Total** | 1,377,573 | (18,278,010) | 39,598,036 | 22,697,599 |

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

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|---|---|---|---|---|
| Tangible fixed assets | - | - | 28,393,272 | 28,393,272 |
| Current assets | 1,472,369 | 1,750,649 | 602,061 | 3,825,079 |
| Creditors due within one year | - | (1,750,649) | (162,091) | (1,912,740) |
| Creditors due in more than one year | - | - | (87,542) | (87,542) |
| Provisions for liabilities and charges | - | (12,078,000) | - | (12,078,000) |
| **Total** | 1,472,369 | (12,078,000) | 28,745,700 | 18,140,069 |

## 19. Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2020 £ | 2019 £ |
|---|---|---|
| Net income/(expenditure) for the period (as per Statement of Financial Activities) | 6,463,530 | (2,556,219) |
| **Adjustments for:** | | |
| Depreciation | 1,326,681 | 893,524 |
| Capital grants from DfE and other capital income | (1,449,827) | (1,092,287) |
| Interest receivable | (10,612) | (18,367) |
| Donated assets from transfer of Academy | (11,437,519) | - |
| Defined benefit pension scheme cost less contributions payable | 1,271,000 | 1,049,000 |
| (Increase)/decrease in debtors | (414,991) | 884,474 |
| Increase/(decrease) in creditors | 810,088 | (559,967) |
| Pension liability on transfer | 3,518,000 | - |
| ***Net cash provided by/(used in) operating activities*** | 76,350 | (1,399,842) |

## 20. Cash flows from investing activities

| | 2020 £ | 2019 £ |
|---|---|---|
| Interest | 10,612 | 18,367 |
| Purchase of tangible fixed assets | (213,416) | (240,163) |
| Capital grants from DfE/ESFA and other capital income | 1,449,827 | 1,092,287 |
| **Net cash provided by investing activities** | 1,247,023 | 870,491 |

## 21. Analysis of cash and cash equivalents

| | 2020 £ | 2019 £ |
|---|---|---|
| Cash in hand | 4,543,436 | 3,220,063 |

## 22. Analysis of changes in net debt

| | At 1 September 2019 £ | Cash flows £ | At 31 August 2020 £ |
|---|---|---|---|
| Cash at bank and in hand | 3,220,063 | 1,323,373 | 4,543,436 |
| | 3,220,063 | 1,323,373 | 4,543,436 |

## 23. Pension commitments

The 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 Essex County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £451,712 were payable to the schemes at 31 August 2020 (2019 - £289,345) and are included within creditors.

### Teachers' Pension Scheme

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

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

## 23. Pension commitments (continued)

### Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £2,840,354 (2019 - £1,483,323).

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

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

### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £1,452,000 (2019 - £1,096,000), of which employer's contributions totalled £1,155,000 (2019 - £864,000) and employees' contributions totalled £ 297,000 (2019 - £232,000). The agreed contribution rates for future years are 20.6 - 25.0 per cent for employers and 5.5 - 12.5 per cent for employees.

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

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

## 23. Pension commitments (continued)

### Principal actuarial assumptions

| | 2020 % | 2019 % |
|---|---|---|
| Rate of increase in salaries | 3.30 | 3.70 |
| Rate of increase for pensions in payment/inflation | 2.30 | 2.20 |
| Discount rate for scheme liabilities | 1.60 | 1.90 |
| Inflation assumption (CPI) | 2.30 | 3.70 |
| Inflation assumption (RPI) | 3.30 | 4.70 |

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

| | 2020 Years | 2019 Years |
|---|---|---|
| Retiring today | | |
| Males | 21.8 | 21.3 |
| Females | 23.8 | 23.6 |
| Retiring in 20 years | | |
| Males | 23.2 | 23.0 |
| Females | 25.2 | 25.4 |

As at 31 August 2020 the Trust had a pension liability of £18,773,000 (2019 - £12,078,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way;

### Sensitivity analysis

| | 2020 £ | 2019 £ |
|---|---|---|
| Discount rate +0.1% | (804,000) | (504,000) |
| Discount rate -0.1% | 824,000 | 517,000 |
| Mortality assumption - 1 year increase | 1,241,000 | 855,000 |
| Mortality assumption - 1 year decrease | (1,196,000) | (824,000) |
| CPI rate +0.1% | 751,000 | 460,000 |
| CPI rate -0.1% | (733,000) | (449,000) |

## 23. Pension commitments (continued)

### Share of scheme assets

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

| | 2020 £ | 2019 £ |
|---|---|---|
| Equities | 8,963,000 | 6,269,000 |
| Gilts | 618,000 | 546,000 |
| Other bonds | 809,000 | 559,000 |
| Property | 1,124,000 | 796,000 |
| Cash and other liquid assets | 392,000 | 290,000 |
| Alternative assets | 1,680,000 | 973,000 |
| Other managed funds | 877,000 | 511,000 |
| **Total market value of assets** | 14,463,000 | 9,944,000 |

The actual return on scheme assets was £353,000 (2019 - £931,000).

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

| | 2020 £ | 2019 £ |
|---|---|---|
| Current service cost | (2,139,000) | (1,452,000) |
| Past service cost | - | (219,000) |
| Interest income | 248,000 | 232,000 |
| Interest cost | (527,000) | (471,000) |
| Administrative expenses | (8,000) | (3,000) |
| **Total amount recognised in the Statement of Financial Activities** | (2,426,000) | (1,913,000) |

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

| | 2020 £ | 2019 £ |
|---|---|---|
| **At 1 September** | 22,022,000 | 17,715,000 |
| Transferred in on existing Academies joining the Trust | 6,257,000 | - |
| Current service cost | 2,139,000 | 1,452,000 |
| Past service cost | - | 219,000 |
| Interest cost | 527,000 | 471,000 |
| Employee contributions | 297,000 | 232,000 |
| Actuarial losses | 2,262,000 | 2,105,000 |
| Benefits paid | (268,000) | (172,000) |
| **At 31 August** | 33,236,000 | 22,022,000 |

## 23. Pension commitments (continued)

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

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| **At 1 September** | 9,944,000 | 8,293,000 |
| Transferred in on existing Academies joining the Trust | 2,739,000 | - |
| Interest income | 248,000 | 232,000 |
| Actuarial gains | 356,000 | 498,000 |
| Employer contributions | 1,155,000 | 864,000 |
| Employee contributions | 297,000 | 232,000 |
| Benefits paid | (268,000) | (172,000) |
| Admin costs | (8,000) | (3,000) |
| **At 31 August** | 14,463,000 | 9,944,000 |

## 24. Operating lease commitments

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

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Not later than 1 year | 103,333 | 85,145 |
| Later than 1 year and not later than 5 years | 124,717 | 67,731 |
| | 228,050 | 152,876 |

## 25. 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.

## 26. Related party transactions

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

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook. The following related party transactions took place in the period of account:

Saffron Educational Trust (SET) - a company with common Directors;

- SET owns the freehold of the SWCHS site and is effectively the Academy's landlord. No rent is payable on the use of the land.

The wife of S Bancroft is employed by the Trust as a staff member on a contract approved by the Trustees. Her remuneration package is in line with the standard payscales for the role undertaken and her employment contract is subject to normal terms and conditions.

## 27. Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the Trust received £33,154 (2019 - £32,441) and disbursed £35,591 (2019 - £46,888) from the fund. An amount of £Nil (2019 - £2,437) is included in other creditors relating to undistributed funds that is repayable to ESFA.

## 28. Transfer of existing academies into the trust

### Honywood Community Science School

| | Value reported by transferring trust £ | Transfer in recognised £ |
|---|---|---|
| **Tangible fixed assets** | | |
| Long-term leasehold property | 11,114,297 | 11,114,297 |
| Furniture and equipment | 101,356 | 101,356 |
| Plant and machinery | 187,782 | 187,782 |
| Computer equipment | 34,084 | 34,084 |
| **Current assets** | | |
| Stocks | 980 | 980 |
| Debtors due within one year | 473,952 | 473,952 |
| Cash at bank and in hand | 483,190 | 483,190 |
| **Liabilities** | | |
| Creditors due within one year | (571,930) | (571,930) |
| Creditors due after one year | (61,984) | (61,984) |
| **Pensions** | | |
| Pensions - pension scheme assets | 2,739,000 | 2,739,000 |
| Pensions - pension scheme liabilities | (6,257,000) | (6,257,000) |
| **Net assets** | 8,243,727 | 8,243,727 |

## 29. Teaching school trading account

| | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|---|---|---|---|---|
| **Income** | | | | |
| **Direct income** | | | | |
| Course income | 12,000 | | 12,000 | |
| Grant | 46,000 | | 46,000 | |
| **Total direct income** | 58,000 | | 58,000 | |
| **Other income** | | | | |
| Other income | 4,000 | | 17,000 | |
| **Total income** | | 62,000 | | 75,000 |
| **Expenditure** | | | | |
| **Direct expenditure** | | | | |
| Resources | 27,000 | | 39,000 | |
| **Other expenditure** | | | | |
| Other staff costs | 33,000 | | 32,000 | |
| Other costs | 2,000 | | 4,000 | |
| **Total other expenditure** | 35,000 | | 36,000 | |
| **Total expenditure** | | 62,000 | | 75,000 |
| **Surplus from all sources** | | - | | - |