

Company Registration No. 07641004 (England and Wales)

THE GREAT SCHOOLS TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020



THE GREAT SCHOOLS TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of trustees' responsibilities	17
Independent auditor's report on the accounts	18 - 20
Independent reporting accountant's report on regularity	21 - 22
Statement of financial activities including income and expenditure account	23 - 24
Balance sheet	25
Statement of cash flows	26
Notes to the accounts including accounting policies	27 - 47

THE GREAT SCHOOLS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr D Hayes
Mr T Quinn
Professor J Spencer
Mr J Roberts
Mr M Wyss

Trustees

Mr C G Scotland (Resigned 4 June 2020)
Mr A Harper
Professor J W Spencer (Chair of Trustees)
Mr K J McGing
Mrs R Crowe
Mr M Ireland
Mr A Leah
Mr M Puller (Appointed 4 June 2020)
Mr M Aldred (Appointed 1 June 2020)
Ms J Hornby (Appointed 1 June 2020)
Mr N Mickle (Appointed 1 June 2020)
Mr G Lee (Appointed 1 June 2020)
Ms J Stiller (Appointed 1 June 2020)

Senior management team

- CEO and Accounting Officer
- Chief Strategic Officer
- Chief Finance Officer

Sir I R Hall
Dr A Reay
Mrs E Davison

Company registration number

07641004 (England and Wales)

Principal and registered office

Hillock Lane,
Woolston
Warrington
Cheshire
WA1 4PF

Independent auditor

WR Partners
Chartered Accountants & Statutory Auditor
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Bankers

Royal Bank of Scotland PLC
1 Dale Street
Liverpool
L2 2PP

Co-operative Bank
Balloon Street
Manchester
M4 4BE

THE GREAT SCHOOLS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Eversheds
Bridgewater Place
Water Lane
Leeds
LS11 5DR

THE GREAT SCHOOLS TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates as a multi-academy trust currently comprising four academies and an Alternative Provision facility which provide education for pupils aged 11 to 18 serving a catchment area in Liverpool, Sefton, Warrington and Bolton. The academies have a combined pupil capacity of 3,160 and a roll of 1,778 in the school census dated May 2020.

The Trust comprises the following academies:-

Warrington

King's Leadership Academy Warrington

Kings Leadership Academy Warrington was opened in 2012. It was judged to be outstanding by Ofsted in 2019. The academy is presently heavily oversubscribed with over 200 first choice applications for the 120 places it offers in Y7 and some 400 parents placing the academy in their top three choices on transfer to secondary school. The academy was the winner of the National Character Award in June 2015 and was referenced by the former Prime Minister David Cameron as 'a fantastic example of a school which was giving children the best start in life.' In July 2019 Warrington was formally inspected by Ofsted and became the first academy in the trust to be judged as being 'outstanding'. It has been appointed by EdTech to lead the region in promotion of, and training teachers for, remote education.

Sefton

King's Leadership Academy Hawthornes

King's Leadership Academy Hawthorne's, previously known as The Hawthorne's Free School, joined the trust in November 2015. The academy had been judged as being 'inadequate' by Ofsted prior to joining the trust. It has been recently judged as showing good improvement but still requiring further improvement. The judgement recognised the many good improvements the academy had achieved since joining the trust especially and rated personal relationships and student behaviour as being good. We expect the academy to be judged as being 'good in all aspects at the next inspection. The academy has been accredited as 'Oracy Lead' for South Sefton.

Liverpool

Kings Leadership Academy Liverpool

Kings Leadership Academy Liverpool, previously known as University Academy Liverpool, officially joined the Trust in November 2015 although we had been running the academy since September 2015. Prior to becoming a member of the Trust the academy had a series of inspections which continually described it as being inadequate. Within nine months, the academy was judged by Ofsted as being no longer in 'special measures' receiving a judgement of good for leadership, teaching and learning and assessment. The academy was judged to be 'good' by Ofsted in 2019.

The ASPIRE Centre

The ASPIRE Centre opened on the same campus as King's Leadership Academy Liverpool in June 2018. The centre follows all of the recommendations of the 2012 Taylor Report on alternative provision and is unique in that it offers a full mainstream curriculum using the teaching staff of the parent academy. It offers "roll on – roll off" provision in the sense that it is designed to help students improve both their academic performance and personal behaviour so that they can successfully return to their mainstream as soon as possible.

Bolton

King's Leadership Academy Bolton

King's Leadership Academy Bolton opened in September 2019 as an 11 – 16 co-educational comprehensive secondary school in the Great Lever area of Bolton. It will eventually accommodate 900 students and is already oversubscribed in all year groups. It has yet to be inspected by Ofsted.

THE GREAT SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of the Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Great Schools Trust.

The trustees of The Great Schools Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

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 £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

An insurance indemnity is taken out with the Trust's insurance company. Each member has cover of £500,000. This is reviewed annually to protect the members against potential risk.

Method of recruitment and appointment or election of trustees

Members of the company and trustees were appointed in line with the Articles of Association.

Policies and procedures adopted for the induction and training of trustees

Trustee and governor training is provided by Eversheds, the Trust's legal representatives.

Organisational structure

Members have a role similar to shareholders of a company limited by shares. They are subscribers to the memorandum and are responsible for appointing Trustees, amending where necessary the Articles of Association and the appointment of the external auditors.

The constitution of the board of trustees is set out in the articles of association. Trustees are appointed by Members for a period of four years. The chair and vice-chair are elected bi-annually. Trustees appoint a chief executive to assure the strategic intentions of the Trust. The chief executive is a non-executive director of the Trust. The trustees appoint Principals to take responsibility for the day-to-day management of the constituent academies. Trustees have appointed a clerk who takes on the role of trustees' secretary.

The Trustees are responsible for effective governance, the setting the strategic direction of the Trust in line with its vision, mission, ethos and beliefs, ensuring accountability drives up both standards and financial performance and that the Trust complies with statutory and contractual requirements. Trustees must monitor and evaluate the performance of the Trust on a regular basis.

THE GREAT SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of the Trust's key management personnel is carried out as follows:

Chief Executive Officer	- Chair of Board and one other Trustee
Chief Strategy Officer	- Chief Executive Officer
Chief Finance Officer	- Chief Executive Officer
Academy Principal	- Chief Executive and Chair of Local Academy Council
All other senior posts	- Principal and Local Academy Council

Pay progression is set using the criteria outlined in the Trust's Performance Management Policy.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

-

Full-time equivalent employee number

-

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

-

1%-50%

-

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

-

Total pay bill

8,885,347

Percentage of the total pay bill spent on facility time

-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

-

Related parties and other connected charities and organisations

The Great Schools Trust has formed five Local Academy Councils, acting as committees of the Trust in respect of its five constituent academies. They govern the everyday activities of Kings Leadership Academy Warrington, Kings Leadership Academy Liverpool, King's Leadership Academy Hawthorne's, King's Leadership Academy Bolton and the ASPIRE Centre.

THE GREAT SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

The principal object of the Trust as set out in its Articles of Association is specifically restricted to advancing the public benefit of education in the United Kingdom in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools ('the Academies') offering a broad and balanced curriculum.

In order to achieve this, the Trust intends to establish and maintain, and to carry on or provide for the carrying on of a number of Academies in accordance with its Master Funding Agreement and the academy Supplemental Agreements.

How this will happen

The Great Schools Trust was incorporated in 2015 as an independent company limited by guarantee with the purpose of establishing, managing and developing academies and free schools as world class, mutually supportive, centres of excellence. The vision of the Trust is to:

'To create a mutually supportive group of outstanding schools that gives every Great Schools student the opportunity to fulfil their potential and pursue the career of their choice'

To ensure that this happens the Trust will work:

- As a group of mutually supportive schools not a collection of individually competing academies
- Collectively as a group of academies helping each individual academy to achieve excellence by sharing good practice and expertise
- Collectively in ensuring that each of our students, irrespective of postcode, educational starting points ethnicity or family circumstances can fulfil their potential in order to follow the career of their choice

The mission statement of our academies

To develop in each of our students the academic skills, intellectual habits, qualities of character and leadership traits necessary to succeed at all levels and become successful citizens in tomorrow's world.

By **academic skills** we mean the development of study habits, learning strategies, personal organisation and time management to help our students master their learning.

By **intellectual habits** we mean the development of sustained attention; fierce concentration; thoroughness in all that they our students undertake; accuracy in all that they do, meaningful reflection and critical analytical thinking.

By **qualities of character** and leadership traits we mean helping our students achieve their aspirations by becoming achievement focussed, self-aware and professional in approach whilst displaying total integrity and the endeavour needed to succeed.

By **successful citizen** we aspire to help each of our students become highly qualified and digitally literate young people who are able to think both critically and analytically, communicate effectively with others as well as being purposefully productive and socially aware with a strong moral purpose and determination to contribute to their local community and society as a whole.

THE GREAT SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

A values-led Trust

We are a values-led Trust with our 'seven pillars of character' firmly embedded in our ASPIRE Code which permeates the daily life of each of our academies and guides their actions and decisions.

A aspiration and achievement - through the development of these character traits we want our students to develop not only the highest of aspirations but also the drive and determination to achieve those aspirations

S self-awareness - by becoming more self-aware our students will gradually develop a greater understanding of themselves as a person as well as their strengths and, perhaps more importantly, the areas in which they need to develop

P professionalism - by taking a 'professional' approach to life we encourage our students to develop 'self-pride' in all that they undertake. This includes being punctual, attending daily, dressing well, presenting their work to the highest professional standards, and adopting a professional approach to their behaviour

I integrity - we help our students understand that integrity is not just about telling the truth. It is about being true to their beliefs and upholding them; it is about having pride in all that they do, always working to their true ability and behaving correctly to other people at all times

R respect - we help our students understand that respect is not simply about being polite, courteous and good mannered. It is about respecting your own ability and working hard to achieve well. It is about valuing British Values and the differences in others, their background, faith and culture, and looking after our planet and its limited resources

E endeavour - by endeavour we mean working hard to achieve success; being focused on the task in hand; tackling it conscientiously and diligently; having the perseverance, resilience, tenacity and grit to keep going when others start to give up

Our Motto

Credimus - We believe - we believe that all students can succeed and it is both our mission and professional obligation to ensure that this happens

Objectives, strategies and activities

Public benefit

The trustees confirm that, in accordance with the Articles of Association, they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities. Given the activities of the Trust and the student population that it services, the trustees consider that the Trust's aims are demonstrably to the public benefit.

THE GREAT SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

2019-20 saw the Trust enter the final year of its 3-year Corporate Plan. The strategic objectives and key performance indicators of the plan were as follows:

Strategic Objectives		Key Performance Indicators
1	To strengthen governance across the Trust	<ul style="list-style-type: none">To appoint at least 5 new directors by April 2020To ensure each Local Academy Council is working effectively in challenging the efficiency and effectiveness of its academy
2	To strengthen financial procedures across the Trust ensuring the effective, economic and efficient use of public funds	<ul style="list-style-type: none">To have an effective Central Finance Unit in place by July 2020To implement monthly finance checks and submit them to the Trust's Finance Committee
3	To establish a strong infrastructure which will enable the Trust to grow to seven academies by August 2020	<ul style="list-style-type: none">To appoint the following posts to the Central executive:<ul style="list-style-type: none">- Data manager- Capital programmes managerTo grow to seven academies by August 2020
4	To ensure that all academies are judged by Ofsted to be good or outstanding	<ul style="list-style-type: none">To continue the weekly 'challenge and support' meetingsTo institute a system of peer review by April 2020
5	To continue to improve leadership at all levels	<ul style="list-style-type: none">To introduce a 'King's Fellows' programme by July 2020
6	To maximise the outcomes of individual academies and the Trust as a whole	<ul style="list-style-type: none">To have strategies in place for the implementation of the cross-trust 'Vocabulary led – knowledge rich' curriculum both in Foundations and Upper School by July 2020
7	To develop the character traits of our students through the successful implementation of the Trust's leadership development programme	<ul style="list-style-type: none">To ensure that each academy offers a leadership lesson to all students by September 2019To ensure that all Y7 and Y8 students attend an outdoor pursuits residential each yearTo ensure that each academy offers the DoE bronze award in Y9 by August 2020
8	To make the Trust an employer of choice	<ul style="list-style-type: none">Establish a cross-trust induction programme for all new staff by July 2019Ensure effective, personalised CPD in each academy by December 2019Ensure that 'work-life balance' is a standing item on all Trustee and Local Academy Council agendasEncourage cross-trust social gatherings for all staff

THE GREAT SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Key performance indicators

Key Indicator	KLAW	KLAH	KLAL	KLAB	ASPIRE	Trust	National
Nominal Roll	712	338	531	180	18	1778	
A-Level							
No of students	18						
3 passes (A*-E)	16						
2 passes (A*-E)	18						
Progression to first choice university	100%						
NEETS	0						
GCSE							
KS2 entry score	29.2	27.8					
% students with reading age below chronological age		60.0%		39.0%			
Grade 9-8	16.6%	4.5%	10.3%				
Grade 9-7	30.0%	10.4%	15.3%				
Grade 9-5	82.1%	35.0%	34.6%				
Grade 9-4	94.9%	39.5%	38.1%				
Grade 9-1	100%	63.1%	58.3%				
Grade 5+ E & M	81.2%	2.1%	18.3%				
Grade 4+ E & M	94.9%	17.4%	33.3%				
EBacc entry	89.0%	43.8%	38.3%				
EBacc Av .Pt. Sc.	5.8	3.2	2.96				
Attainment 8	60.3	34.9	34.9				
Attendance	97.5%	91.6%	92.9%	97.0%	78.6%		
Persistent Abs.	3.7%	23.0%	23.1%	8.8%	58.8%		
Fixed Term Excl.	0	24	15	0	0		
Permanent Excl.	0	0	2	1	0		
Y11 NEETS	0	0			0		

THE GREAT SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Going concern

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

Financial review

The results for the year show a revenue surplus before LGPS actuarial adjustments and fixed assets depreciation of £428,262 (2019: £269,925). During the year the school submitted a successful business case to temporarily alter the basis of funding from estimated to actual pupil numbers for one school within the Trust.

Reserves policy

The initial intention of the trustees is to establish free reserves of approximately 3 months of running costs to provide both financial stability and funds to be utilised for potential future developments.

At 31 August 2020 the level of revenue reserves held was £710,640 (2019: £282,378). The level of fixed asset restricted funds held was £18,459,157 (2019: £18,929,303) and the local government scheme pension deficit was £4,067,000 (2019: £3,233,000). The value of free reserves was £ 570,712 (2019: £273,706.)

Currently there are no requirements to repay the pension deficit. The trustees continue to monitor the situation regarding the pension deficit taking advice from the scheme's actuary and the local authority.

Investment policy

There are currently no investments.

Principal risks and uncertainties

The Trust is directly funded by the Education and Skills Funding Agency in accordance with the terms of the funding agreement.

The trustees consider the principal risks and uncertainties the trust faces are as follows:-

1. Expenditure on Covid 19 precautions causes undue pressure on the overall budget
2. The current political climate leads to uncertainty over future government policies regarding closure during the pandemic
3. Future funding levels are dependent on both national and local government policy and are, therefore, inherently uncertain.
- 4 Future changes to staff pay and pensions.
5. Maintaining successful outcomes which are the main driver for pupil numbers and the trusts reputation.

Fundraising

There has been no external fundraising during the financial year.

Plans for future periods

The Trust still intends to grow in line with its agreed 'Growth Plan' but the political and pandemic uncertainties bring uncertainty to the plan.

THE GREAT SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Funds held as custodian trustee on behalf of others

The academy trust is not acting as a custodian trustee.

Auditor

In so far as the trustees are aware:

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

The auditors, WR Partners, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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



Professor J W Spencer
Chair of Trustees

THE GREAT SCHOOLS TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to 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 The Great Schools Trust and the Secretary of State for Education. The accounting officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr C G Scotland (Resigned 4 June 2020)	4	4
Mr A Harper	4	6
Professor J W Spencer (Chair of Trustees)	6	6
Mr K J McGing	5	6
Mrs R Crowe	6	6
Mr M Ireland	6	6
Mr A Leah	5	6
Mr M Puller (Appointed 4 June 2020)	1	2
Mr M Aldred (Appointed 1 June 2020)	2	2
Ms J Hornby (Appointed 1 June 2020)	2	2
Mr N Mickle (Appointed 1 June 2020)	2	2
Mr G Lee (Appointed 1 June 2020)	2	2
Ms J Stiller (Appointed 1 June 2020)	2	2

During the financial year there were a number of changes to the structure of the board of trustees. One trustee resigned and 6 new trustees were appointed. One of these, Ms J Hornby, was as a result of being Chair of the Local Academy Council and King's Leadership Academy Bolton. The remaining 5 new trustees were appointed to broaden the range of experience and skills of the board.

Each year, trustees are requested to complete a skills audit covering 6 areas: Strategic Leadership, Accountability, People, Structures, Compliance and Evaluation. The audits are then summarised to give a view of where there are gaps in skills or where further training is required. Overall, trustees are confident in their skills. There are no significant gaps following the appointment of the new trustees.

The principle challenge in the financial year has been coping with the impact of Covid 19. King's Leadership Academy Warrington and Bolton were immediately able to move to on line teaching via Zoom. This resulted in the trust making the decision to roll out 1-2-1 devices across the other schools so that they could follow suit. Successful claims were submitted to the DfE for additional expenditure relating to the virus for cleaning, hygiene and free school meals. The challenge is on going now that schools have returned with the cost of supply likely to be higher than planned covering illness and those staff having to isolate.

THE GREAT SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The finance committee is a sub-committee of the main board of trustees. Its purpose is:

- The initial review and authorisation of the annual budget;
- The regular monitoring of actual expenditure and income against budget;
- Ensuring the annual financial statements are produced in accordance with the requirements of the Companies Act 2006, the Charities SORP, the Academies Accounts Direction and other guidance issued by the ESFA;
- Ensuring that all of the financial returns required by the ESFA are correctly prepared and submitted on time;
- Capital project monitoring, procurement and reporting;
- Reviewing the reports of the internal auditor on the effectiveness of the financial procedures and internal controls, which are also reported to the full Governing Body

In addition to the trustees listed below, Sir I R Hall was also a member of the finance committee attending 6 out of the possible 6 meetings during the year.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Professor J W Spencer (Chair of Trustees)	6	6
Mr K J McGing	5	6

Review of value for money

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

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

1. The economic, efficient and effective use of all resources to produce better educational results.
2. The avoidance of waste and extravagance.
3. The prudent and economical administration of the organisation.
4. The establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting.
5. Ensuring all financial transactions represent value for money.

The purpose of the system of internal control

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

THE GREAT SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Capacity to handle risk

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

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- identification and management of risks.

A separate department of WR Partners has been appointed to conduct internal audit visits at all of our schools and centrally within the Trust. The reports of these visits are received by the Trust Board and Local Governing Bodies as appropriate. The internal auditor reports comment on the operation of the systems of control and on the discharge of the financial responsibilities of each school's appropriate staff and Governing Bodies.

Under the revised terms of the Academies Financial Handbook 2020 it is no longer permissible for both the external and internal audit to be performed by the same organisation. To this end the Trust is in the process of undertaking a tender for the delivery of internal audit services for the period ending 31st August 2021 and beyond.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing purchases are correctly authorised and represent an appropriate use of school funds
- Testing of employee expenses, credit card expenditure and petty cash
- Review of the analysis of receipts against funding documentation
- Investigation of the nature and analysis of miscellaneous income
- Review of bank reconciliations
- Testing of bank payments for correct authorisation
- Review of capital items purchased in excess of £10,000 to ensure 3 quotes were obtained where appropriate
- Confirmation that ESFA submissions are being made on a timely basis

The internal auditor undertakes regular system tests under the direction of the audit committee as set out in the ESFA financial handbook. The audit committee meets regularly and receives detailed reports from the internal auditor. The finance committee meets once a month and receives detailed reports from the Chief Executive, the Chief Finance Officer and the Chief Operating Officer. In this way, trustees have full knowledge of how spend and income is matching the budget profile. Monthly reconciliations of accounts with the bank are reported.

THE GREAT SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020


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:

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

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

Approved by order of the board of trustees on 16 December 2020 and signed on its behalf by:


Professor J W Spencer
Chair of Trustees


Sir I R Hall
Accounting Officer

THE GREAT SCHOOLS TRUST

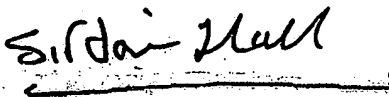
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2020

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

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

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



Sir I R Hall
Accounting Officer

16 December 2020

THE GREAT SCHOOLS TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of The Great Schools Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 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 accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 16 December 2020 and signed on its behalf by:



Professor J W Spencer
Chair of Trustees

THE GREAT SCHOOLS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT SCHOOLS TRUST FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of The Great Schools 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 notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE GREAT SCHOOLS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT SCHOOLS TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

THE GREAT SCHOOLS TRUST

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT SCHOOLS TRUST
(CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

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



Fran Johnson BSc BFP FCA (Senior Statutory Auditor)
for and on behalf of WR Partners

16 December 2020

Chartered Accountants & Statutory
Auditor
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

THE GREAT SCHOOLS TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GREAT SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 8 February 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Great Schools Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Great Schools Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Great Schools 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 The Great Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Great Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Great Schools Trust's funding agreement with the Secretary of State for Education dated 1 March 2015 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

THE GREAT SCHOOLS TRUST

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE GREAT SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY
(CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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

WR Partners
Chartered Accountants & Statutory Auditor
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Dated: 16 December 2020

THE GREAT SCHOOLS TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2020 £	Total 2019 £
Income and endowments from:					
Donations and capital grants	3	9,599	- 188,916	198,515	262,294
Charitable activities:					
- Funding for educational operations	4	-	12,025,234 -	12,025,234	10,309,342
Other trading activities	5	287,407	53,063 -	340,470	337,654
Total		<u>297,006</u>	<u>12,078,297</u> <u>188,916</u>	<u>12,564,219</u>	<u>10,909,290</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	-	12,368,352 745,751	13,114,103	11,475,434
Total	6	<u>-</u>	<u>12,368,352</u> <u>745,751</u>	<u>13,114,103</u>	<u>11,475,434</u>
Net income/(expenditure)		297,006	(290,055) (556,835)	(549,884)	(566,144)
Transfers between funds	17	-	(86,689) 86,689	-	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	19	-	(326,000) -	(326,000)	(1,256,000)
Net movement in funds		<u>297,006</u>	<u>(702,744)</u> <u>(470,146)</u>	<u>(875,884)</u>	<u>(1,822,144)</u>
Reconciliation of funds					
Total funds brought forward		273,706	(3,224,328) 18,929,303	15,978,681	17,800,825
Total funds carried forward		<u>570,712</u>	<u>(3,927,072)</u> <u>18,459,157</u>	<u>15,102,797</u>	<u>15,978,681</u>

THE GREAT SCHOOLS TRUST

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted funds £	Restricted funds:		Total 2019 £
			General	Fixed asset	
			£	£	
Income and endowments from:					
Donations and capital grants	3	19,667	-	242,627	262,294
Charitable activities:					
- Funding for educational operations	4	-	10,309,342	-	10,309,342
Other trading activities	5	237,679	99,975	-	337,654
Total		257,346	10,409,317	242,627	10,909,290
Expenditure on:					
Charitable activities:					
- Educational operations	8	-	10,765,140	710,294	11,475,434
Total	6	-	10,765,140	710,294	11,475,434
Net income/(expenditure)		257,346	(355,823)	(467,667)	(566,144)
Transfers between funds	17	(35,654)	(53,505)	89,159	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	19	-	(1,256,000)	-	(1,256,000)
Net movement in funds		221,692	(1,665,328)	(378,508)	(1,822,144)
Reconciliation of funds					
Total funds brought forward		52,014	(1,559,000)	19,307,811	17,800,825
Total funds carried forward		273,706	(3,224,328)	18,929,303	15,978,681

THE GREAT SCHOOLS TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12		18,441,614		18,896,080
Current assets					
Stocks	13	93,929		41,689	
Debtors	14	882,946		493,156	
Cash at bank and in hand		2,801,678		2,553,535	
		<u>3,778,553</u>		<u>3,088,380</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(3,050,370)		(2,772,779)	
Net current assets			<u>728,183</u>		<u>315,601</u>
Net assets excluding pension liability			<u>19,169,797</u>		<u>19,211,681</u>
Defined benefit pension scheme liability	19		(4,067,000)		(3,233,000)
Total net assets			<u><u>15,102,797</u></u>		<u><u>15,978,681</u></u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			18,459,157		18,929,303
- Restricted income funds			139,928		8,672
- Pension reserve			(4,067,000)		(3,233,000)
Total restricted funds			<u>14,532,085</u>		<u>15,704,975</u>
Unrestricted income funds	17		<u>570,712</u>		<u>273,706</u>
Total funds			<u><u>15,102,797</u></u>		<u><u>15,978,681</u></u>

The accounts on pages 23 to 47 were approved by the trustees and authorised for issue on 16 December 2020 and are signed on their behalf by:



Professor J W Spencer
Chair of Trustees

Company Number 07641004

THE GREAT SCHOOLS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	20		350,512		(199,161)
Cash flows from investing activities					
Capital grants from DfE Group		170,706		242,627	
Capital funding received from sponsors and others		18,210		-	
Purchase of tangible fixed assets		(291,285)		(306,225)	
Net cash used in investing activities			<u>(102,369)</u>		<u>(63,598)</u>
Net increase/(decrease) in cash and cash equivalents in the reporting period			248,143		(262,759)
Cash and cash equivalents at beginning of the year			<u>2,553,535</u>		<u>2,816,294</u>
Cash and cash equivalents at end of the year			<u><u>2,801,678</u></u>		<u><u>2,553,535</u></u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

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

1.1 Basis of preparation

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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 accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants

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

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

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

Donations

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

Other income

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

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Donated goods, facilities and services

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

Donated fixed assets

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

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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.

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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

Land and buildings	2% on cost
Improvements to property	2% on cost
Computer equipment	33% on cost
Fixtures, fittings & equipment	20% on cost
Motor vehicles	20% on cost

Land is 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.

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. The 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 are recognised in the period to which they relate.

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

1.12 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	188,916	188,916	242,627
Other donations	9,599	-	9,599	19,667
	<u>9,599</u>	<u>188,916</u>	<u>198,515</u>	<u>262,294</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	10,216,368	10,216,368	8,884,056
Start up grants	-	215,000	215,000	270,000
Other DfE group grants	-	1,244,972	1,244,972	775,457
	<u>-</u>	<u>11,676,340</u>	<u>11,676,340</u>	<u>9,929,513</u>
Other government grants				
Local authority grants	-	218,419	218,419	165,669
	<u>-</u>	<u>218,419</u>	<u>218,419</u>	<u>165,669</u>
Other funding				
Other incoming resources	-	130,475	130,475	214,160
	<u>-</u>	<u>130,475</u>	<u>130,475</u>	<u>214,160</u>
Total funding	<u>-</u>	<u>12,025,234</u>	<u>12,025,234</u>	<u>10,309,342</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	28,748	-	28,748	43,393
Staff consultancy	68,995	-	68,995	55,068
Parental contributions	-	53,063	53,063	99,975
Other income	189,664	-	189,664	139,218
	<u>287,407</u>	<u>53,063</u>	<u>340,470</u>	<u>337,654</u>

6 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Academy's educational operations					
- Direct costs	7,825,439	320,675	589,976	8,736,090	7,227,118
- Allocated support costs	1,684,763	887,662	1,805,588	4,378,013	4,248,316
	<u>9,510,202</u>	<u>1,208,337</u>	<u>2,395,564</u>	<u>13,114,103</u>	<u>11,475,434</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	10,800	10,500
- Other services	4,895	7,625
Operating lease rentals	739,259	765,863
Depreciation of tangible fixed assets	745,751	710,294
Net interest on defined benefit pension liability	60,000	43,000

7 Central services

During the year the academy trust provided educational, financial, legal and human resource support services to its academies.

The academy trust charged for these services on a flat 4.5% of income basis.

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Central services

(Continued)

The amounts charged during the year were as follows:

	2020 £	2019 £
King's Leadership Academy Warrington	148,749	96,838
King's Leadership Academy Liverpool	158,802	100,841
King's Leadership Academy Hawthornes	93,959	51,734
The Aspire Centre	9,000	6,000
King's Leadership Academy Bolton	66,648	-
	<u>477,158</u>	<u>255,413</u>

8 Charitable activities

	2020 £	2019 £
All from restricted funds:		
Direct costs		
Educational operations	8,736,090	7,227,118
Support costs		
Educational operations	4,378,013	4,248,316
	<u>13,114,103</u>	<u>11,475,434</u>

	2020 £	2019 £
Analysis of support costs		
Support staff costs	1,762,903	1,538,861
Depreciation	425,076	405,294
Technology costs	182,251	143,963
Premises costs	462,586	570,888
Other support costs	1,521,056	1,561,559
Governance costs	24,141	27,751
	<u>4,378,013</u>	<u>4,248,316</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Staff

Staff costs

Staff costs during the year were:

	2020	2019
	£	£
Wages and salaries	6,835,547	5,801,168
Social security costs	666,684	562,015
Pension costs	1,831,116	1,299,125
	<u>9,333,347</u>	<u>7,662,308</u>
Staff costs - employees	9,333,347	7,662,308
Agency staff costs	147,488	143,868
Staff restructuring costs	29,367	11,405
	<u>9,510,202</u>	<u>7,817,581</u>
Staff development and other staff costs	97,160	80,164
	<u>9,607,362</u>	<u>7,897,745</u>
Staff restructuring costs comprise:		
Severance payments	<u>29,367</u>	<u>11,405</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £17,436 (2019: £nil). Individually, the payment was: £17,436.

Staff numbers

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

	2020	2019
	Number	Number
Teachers	105	92
Administration and support	107	85
Management	23	21
	<u>235</u>	<u>198</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Staff

(Continued)

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	5	2
£70,001 - £80,000	3	2
£80,001 - £90,000	1	3
£90,001 - £100,000	2	-
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £268,760 (2019: £248,759),

10 Trustees' remuneration and expenses

During the year none of the trustees received any remuneration or expenses.

11 Insurance for trustees and officers

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

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

12 Tangible fixed assets

	Land and buildings	Improvements to property	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2019	19,639,895	367,219	1,288,624	965,520	29,304	22,290,562
Additions	-	48,739	181,517	61,029	-	291,285
At 31 August 2020	19,639,895	415,958	1,470,141	1,026,549	29,304	22,581,847
Depreciation						
At 1 September 2019	1,568,168	29,376	1,074,047	705,821	17,070	3,394,482
Charge for the year	392,441	976	158,524	190,576	3,234	745,751
At 31 August 2020	1,960,609	30,352	1,232,571	896,397	20,304	4,140,233
Net book value						
At 31 August 2020	17,679,286	385,606	237,570	130,152	9,000	18,441,614
At 31 August 2019	18,071,727	337,843	214,577	259,699	12,234	18,896,080

13 Stocks

	2020	2019
	£	£
School uniform	93,929	41,689

14 Debtors

	2020	2019
	£	£
Trade debtors	4,038	42,575
Other debtors	366,541	-
Prepayments and accrued income	512,367	450,581
	882,946	493,156

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	2,133,268	228,228
Other taxation and social security	171,952	237,972
Other creditors	159,519	108,245
Accruals and deferred income	585,631	2,198,334
	<u>3,050,370</u>	<u>2,772,779</u>

16 Deferred income

	2020	2019
	£	£
Deferred income is included within:		
Creditors due within one year	99,320	41,605
	<u>99,320</u>	<u>41,605</u>
Deferred income at 1 September 2019	41,605	118,918
Released from previous years	(41,605)	(118,918)
Resources deferred in the year	99,320	41,605
	<u>99,320</u>	<u>41,605</u>
Deferred income at 31 August 2020	99,320	41,605

The main elements of deferred income are in relation to the PE Sports grant, rates relief received from the ESFA, high needs income received in advance from Sefton MBC and £30,000 from the ESFA for the pre-opening grant of a potential future academy within the Trust.

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	-	10,216,368	(9,989,751)	(86,689)	139,928
Start up grants	8,672	215,000	(223,672)	-	-
Other DfE / ESFA grants	-	1,244,972	(1,244,972)	-	-
Other government grants	-	218,419	(218,419)	-	-
Other restricted funds	-	183,538	(183,538)	-	-
Pension reserve	(3,233,000)	-	(508,000)	(326,000)	(4,067,000)
	<u>(3,224,328)</u>	<u>12,078,297</u>	<u>(12,368,352)</u>	<u>(412,689)</u>	<u>(3,927,072)</u>
Restricted fixed asset funds					
DfE group capital grants	<u>18,929,303</u>	<u>188,916</u>	<u>(745,751)</u>	<u>86,689</u>	<u>18,459,157</u>
Total restricted funds	<u>15,704,975</u>	<u>12,267,213</u>	<u>(13,114,103)</u>	<u>(326,000)</u>	<u>14,532,085</u>
Unrestricted funds					
General funds	<u>273,706</u>	<u>297,006</u>	<u>-</u>	<u>-</u>	<u>570,712</u>
Total funds	<u>15,978,681</u>	<u>12,564,219</u>	<u>(13,114,103)</u>	<u>(326,000)</u>	<u>15,102,797</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

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

General Annual Grant (GAG)

GAG is the main source of funding from the ESFA. The funding received, which is based on the pupil numbers, is applied to fund the core educational activities of the Trust.

Start up Grant

The start up grant received from the ESFA is being used to fund the set up costs of King's Leadership Academy Bolton, which opened on 1 September 2019.

Other DfE / ESFA

The main source of funding included is pupil premium which is applied to meet the educational needs of disadvantaged pupils. The funding also includes PE sports grants, rates relief and grants for high needs pupils.

Pension reserve

The pension reserve represents the deficit in funding required to meet the future pensions of employees in the Cheshire & Merseyside local government pension schemes.

DfE group capital grants

Capital grants are awarded by the ESFA to fund maintenance projects and refresh ICT provision within the Trust.

Gains & losses

Gains & losses represent the effect of changes in actuarial assumptions on the projected future pension liability.

Transfers between funds

Transfers from general funds were made to finance capital additions in excess of the capital grants received from the ESFA.

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	-	8,884,056	(8,830,551)	(53,505)	-
Start up grants	-	270,000	(261,328)	-	8,672
Other DfE / ESFA grants	-	775,457	(775,457)	-	-
Other government grants	-	165,669	(165,669)	-	-
Other restricted funds	-	314,135	(314,135)	-	-
Pension reserve	(1,559,000)	-	(418,000)	(1,256,000)	(3,233,000)
	<u>(1,559,000)</u>	<u>10,409,317</u>	<u>(10,765,140)</u>	<u>(1,309,505)</u>	<u>(3,224,328)</u>
Restricted fixed asset funds					
DfE group capital grants	<u>19,307,811</u>	<u>242,627</u>	<u>(710,294)</u>	<u>89,159</u>	<u>18,929,303</u>
Total restricted funds	<u>17,748,811</u>	<u>10,651,944</u>	<u>(11,475,434)</u>	<u>(1,220,346)</u>	<u>15,704,975</u>
Unrestricted funds					
General funds	<u>52,014</u>	<u>257,346</u>	<u>-</u>	<u>(35,654)</u>	<u>273,706</u>
Total funds	<u>17,800,825</u>	<u>10,909,290</u>	<u>(11,475,434)</u>	<u>(1,256,000)</u>	<u>15,978,681</u>

Total funds analysis by academy

	2020 £	2019 £
Fund balances at 31 August 2020 were allocated as follows:		
King's Leadership Academy Warrington	32,522	121,055
King's Leadership Academy Liverpool	370,722	177,453
King's Leadership Academy Hawthornes	(189,710)	(272,511)
The Aspire Centre	111,406	33,238
King's Leadership Academy Bolton	235,713	(272)
Central services	149,987	223,415
Total before fixed assets fund and pension reserve	<u>710,640</u>	<u>282,378</u>
Restricted fixed asset fund	18,459,157	18,929,303
Pension reserve	(4,067,000)	(3,233,000)
Total funds	<u>15,102,797</u>	<u>15,978,681</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

During the year the Trust presented a business case to the ESFA to secure additional funding for Hawthornes based on a 22% increase in pupil numbers between the October 2018 and 2019 censuses. Additional funding of £284k was received and an in-year surplus of £83k was recorded.

The Trustees continue to closely monitor both the academic and financial performance at Hawthornes and are confident that current improvements will continue into the future,

Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
King's Leadership Academy Warrington	2,737,404	517,820	245,199	429,724	3,930,147	3,618,382
King's Leadership Academy Liverpool	2,438,011	456,210	144,752	897,841	3,936,814	4,063,311
King's Leadership Academy Hawthornes	1,545,636	351,135	147,238	394,397	2,438,406	1,949,128
The Aspire Centre	203,467	11,897	15,676	29,062	260,102	584,842
King's Leadership Academy Bolton	682,754	155,371	149,847	159,593	1,147,565	272
Central services	288,045	219,611	431	87,193	595,280	556,605
	<u>7,895,317</u>	<u>1,712,044</u>	<u>703,143</u>	<u>1,997,810</u>	<u>12,308,314</u>	<u>10,772,540</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	18,441,614	18,441,614
Current assets	570,712	3,190,298	17,543	3,778,553
Creditors falling due within one year	-	(3,050,370)	-	(3,050,370)
Defined benefit pension liability	-	(4,067,000)	-	(4,067,000)
Total net assets	<u>570,712</u>	<u>(3,927,072)</u>	<u>18,459,157</u>	<u>15,102,797</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	18,896,080	18,896,080
Current assets	273,706	2,781,451	33,223	3,088,380
Creditors falling due within one year	-	(2,772,779)	-	(2,772,779)
Defined benefit pension liability	-	(3,233,000)	-	(3,233,000)
Total net assets	273,706	(3,224,328)	18,929,303	15,978,681

19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £155,141 (2019: £111,823) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The 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 TPS valuation based on April 2016 data has resulted in an increase of the employer contribution rate from 16.48% to 23.68% payable from 1 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £1,022,632 (2019: £593,479).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17.5% to 20.7% for employers and 5.5% to 12.5% for employees.

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

Total contributions made	2020 £	2019 £
Employer's contributions	363,000	327,000
Employees' contributions	111,000	101,000
Total contributions	<u>474,000</u>	<u>428,000</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2020	2019
	%	%
Rate of increase in salaries	3.4	3.2
Rate of increase for pensions in payment/inflation	2.3	2.1
Discount rate for scheme liabilities	1.7	1.8
Inflation assumption (CPI)	2.3	2.1
Commutation of pensions to lump sums	50.0	50.0

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

	2020	2019
	Years	Years
Retiring today		
- Males	20.9	22.2
- Females	23.7	24.8
Retiring in 20 years		
- Males	22.2	24.8
- Females	25.5	27.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	2020	2019
	£'000	£'000
Discount rate + 0.1%	(50)	(57)
Discount rate - 0.1%	50	57
Mortality assumption + 1 year	70	51
Mortality assumption - 1 year	(70)	(51)
CPI rate + 0.1%	47	57
CPI rate - 0.1%	(47)	(57)

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

	2020	2019
	Fair value	Fair value
	£	£
Equities	2,140,000	1,793,000
Gilts	600,000	574,000
Corporate bonds	1,113,000	862,000
Cash & other liquid assets	222,000	105,000
Property	419,000	320,000
Total market value of assets	4,494,000	3,654,000

The actual return on scheme assets was £409,000 (2019: £193,000).

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2020	2019
	£	£
Current service cost	798,000	526,000
Past service cost	8,000	171,000
Interest income	(69,000)	(92,000)
Interest cost	129,000	135,000
Administration expenses	5,000	5,000
Total operating charge	871,000	745,000

Changes in the present value of defined benefit obligations	2020	2019
	£	£
At 1 September 2019	6,887,000	4,632,000
Current service cost	798,000	526,000
Interest cost	129,000	135,000
Employee contributions	111,000	101,000
Actuarial loss	666,000	1,357,000
Benefits paid	(43,000)	(40,000)
Past service cost	8,000	171,000
Effect of non-routine settlements and administration expenses	5,000	5,000
At 31 August 2020	8,561,000	6,887,000

Changes in the fair value of the academy trust's share of scheme assets	2020	2019
	£	£
At 1 September 2019	3,654,000	3,073,000
Interest income	69,000	92,000
Actuarial gain	340,000	101,000
Employer contributions	363,000	327,000
Employee contributions	111,000	101,000
Benefits paid	(43,000)	(40,000)
At 31 August 2020	4,494,000	3,654,000

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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

	2020 £	2019 £
Net expenditure for the reporting period (as per the statement of financial activities)	(549,884)	(566,144)
Adjusted for:		
Capital grants from DfE and other capital income	(188,916)	(242,627)
Defined benefit pension costs less contributions payable	448,000	375,000
Defined benefit pension scheme finance cost	60,000	43,000
Depreciation of tangible fixed assets	745,751	710,294
(Increase) in stocks	(52,240)	(20,602)
(Increase) in debtors	(389,790)	(132,034)
Increase/(decrease) in creditors	277,591	(366,048)
Net cash provided by/(used in) operating activities	350,512	(199,161)

21 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	2,553,535	248,143	2,801,678

22 Commitments under operating leases

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

	2020 £	2019 £
Amounts due within one year	922,902	926,759
Amounts due in two and five years	3,681,187	3,995,347
Amounts due after five years	5,669,704	8,262,875
	10,273,793	13,184,981

Including in the leasing commitments is the PFI unitary charge for the remaining period of the contract.

23 Capital commitments

	2020 £	2019 £
Expenditure contracted for but not provided in the accounts	21,000	-

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

24 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Connect the Dots - a business which is owned by Mr C Scotland (a trustee of the trust until 4 June 2020):

- The trust purchased website design and marketing services from Connect the Dots totalling £2,100 during the period (2019: £6,494). There were no amounts outstanding at 31 August 2020 (2019: £ nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Scotland neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

TFL Education Limited - a business which is owned by Mr A Harper (a trustee of the trust):

- The trust purchased educational courses and materials from TFL Education Ltd totalling £3,450 during the period (2019: £6,490). There were no amounts outstanding at 31 August 2020 (2019: £ nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Harper neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.
- The element above £2,500 has been provided 'at no more than cost' and TFL Education Ltd has provided a statement of assurance confirming this.

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £[insert amount as stated in memorandum and articles of association] for the debts and liabilities contracted before he or she ceases to be a member.