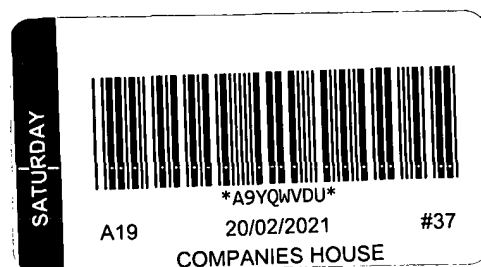


Company Registration Number: 07962059 (England & Wales)

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

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EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	D M Perks M A Smith J S Perks (resigned 6 August 2020) L L Katon D Hayes (appointed 6 August 2020) A Atashzai
Trustees	D M Perks A S Cuthbert (resigned 21 July 2020) K Hinde A Atashzai, Chair R B G Harries (resigned 31 October 2020) H Underwood (resigned 23 April 2020) S Anderson (appointed 21 July 2020) N Borzenko (appointed 8 December 2020) D Carun (appointed 5 March 2020) H Pizzey (appointed 8 December 2020) M Spiers (appointed 18 December 2020) R J Tratt (appointed 5 March 2020)
Company registered number	07962059
Company name	East London Science School Trust
Principal and registered office	The Clock Mill Three Mill Lane London E3 3DU
Senior management team	D M Perks, Principal M Taylor, Vice Principal P Cornish, Vice Principal P Pheby, Director of Pupil Achievement J Copestake, Pastoral Lead C Beardsmouth-Rust, SLT L Wheatley, Business Manager
Independent auditor	MHA MacIntyre Hudson Chartered Accountants Statutory Auditors 2 London Wall Place London EC2Y 5AU
Bankers	Lloyds 52-53 The Arcade Westfield Stratford City London E20 1EH

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 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.

Structure, governance and management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Trust deed is the primary governing document of the Academy.

The Trustees of East London Science School Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as East London Science School.

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.

b. Members' liability

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

c. Method of recruitment and appointment or election of Trustees

The management of the Academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

d. Policies adopted for the induction and training of Trustees

All prospective Trustees must meet the Chair and the Principal to understand their role within the school before appointment. All new Trustees will be given the opportunity of a tour of the school, have the chance to meet with the staff and pupils and are provided with copies of key documents they need to fulfil their role as Trustees including an induction document which describes the vision and ethos of the school, key performance indicators, and strategic priorities. NPW has been engaged to assist in a detailed induction process for all the new Trustees. Trustees are assigned an individual training plan based on courses from NGA Learning Link. All Trustees are required to have an enhanced DBS disclosure.

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

e. Organisational structure

The organisational structure currently consists of four levels:

- Trust AGM meets once a year
- the Trustees, who are directors of the Academy;
- the committees (Curriculum; Finance, Admissions, Behaviour and Exclusions; Pay and Performance);
- the Senior Leadership Team.

f. Arrangements for setting pay and remuneration of key management personnel

Proposals for pay awards for key management personnel are documented, based on performance, and reviewed by the trust to ensure they are fair, proportionate and justifiable. In 2019-2020 the Trust established a Pay and Performance committee, separate from the Finance committee, to give more effective scrutiny to all pay decisions.

g. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	-
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	-
Percentage of 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	- %
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h. Related parties and other connected charities and organisations

During the year the Trust sponsored an event held by the Academy of Ideas Limited at a cost of £14,400. The event was for teacher training for staff members. The Principal was involved in the organisation of the event and it is therefore considered a related party.

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Objectives and activities

a. Objects and aims

The Academy's objective is set out in its Articles of Association. This is to establish, maintain, manage and develop an Academy offering a broad curriculum with an emphasis on, but in no way limited to, the STEM subjects. The Academy aims to be an important centre for the teaching of science and computer science in East London by developing its subject specialism. Our sixth form is focused on the delivery of the sciences, including computer science and mathematics 'A' Levels. We will continue to broaden our subject offer as we grow. However, our aim to be the foremost science school in East London through the strength of our teaching in the sciences and mathematics. More broadly, the Academy aims to offer the majority of its pupils the chance to achieve an EBacc at 16 by offering a range of good qualifications at GCSE including an emphasis on language and humanities.

The Academy also offers a unique wide ranging enrichment curriculum, which aims to broaden the outlook of every child. We have a thriving Duke of Edinburgh Awards Scheme with a large cohort of Year 9 offered the Bronze Award.

It should be noted that during the period of March to August we operated throughout the pandemic and committed to offering a continuing service to all our pupils through a strong offer of online learning through video links and online assignments. We also offered a continuous on-site provision for pupils of key workers and those with particular needs.

b. Objectives, strategies and activities

The Trustees have worked with the DfE / ESFA over the course of the year to address concerns raised through a whistle-blower report to the DfE. The SRMA visited after concerns about the School's finances were raised following the submission of the year end accounts in 2019 because of the PAN and Sixth Form claw back. The SRMA visits occurred between December 2019 and January 2020 and a subsequent report submitted to the board. This was followed by an ESFA Investigation which took place in early 2020 between January and March and a subsequent report which was to be finalised in late 2020.

The board have initiated reviews based on the findings of the SRMA report and have worked with the school to redress the financial situation. This was accomplished by natural wastage and efficient use of staff including leadership who took on the burden of cover where needed. The report raised issues surrounding a related party transaction which highlighted the need for more rigorous governance. This and other issues were addressed by the ESFA Investigation Report which was published in late 2020. The Trustees are working with the school to address all issues raised and are committed to improving governance in light of all recommendations.

The Academy produced its third set of GCSE results in the summer of 2020 under COVID restrictions. The results reflected an improving performance overall with improvement in key areas of concern from previous years. Mathematics made a significant improvement. The sciences are a real strength. The Sixth Form produced its first set of A-level results which showed very good progress against prior achievement.

The DfE funded improvements to The Clock Mill site which took place over the summer and were completed by October half term of 2020. This revamp has made a significant difference to the appearance and maintenance of the building addressing deficiencies from the original fit out in 2013.

EAST LONDON SCIENCE SCHOOL TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

c. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

Achievements and performance

The school is rated GOOD by Ofsted. This is the second time the school has achieved a GOOD rating by Ofsted. The previous inspection was in 2015.

The school has made significant improvements in Mathematics and Languages since the report as evidenced by the 2019-20 GCSE results addressing areas of concern identified by Ofsted.

The school is also very pleased with its performance in exam results. Further details are given below:

GCSE Results 2019-20:

The results achieved were Centre Assessed Grades due to COVID-19.

KS4 Attainment 8 was 6.2 significantly above national average of 5.1

KS4 Progress 8 was +0.12 in line with national average and up from -0.36 in 2018-19

A-level Results 2019-20:

This was our first set of results from the Sixth Form and again were Centre Assessed Grades due to COVID-19.

KS5 Attainment APS was 33.8 in line with national average of 39.6

KS5 Progress APS was +4.5 significantly above national average.

EAST LONDON SCIENCE SCHOOL TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

- **Pupil enrolment both in the new intake and across the School**
Pupils numbers have increased overall from 551 to 633 with the new intake at a similar level (107 against 111).
- **Financial matters**
It has been a challenging year for the Trust but this is now being addressed as detailed in the going concern section of this report.
- **Favourable Ofsted inspection**
The school is rated GOOD by Ofsted. This is the second time the school has achieved a GOOD rating by Ofsted. The previous inspection was in 2015.

The school has made significant improvements in Mathematics and Languages since the report as evidenced by the 2019-20 GCSE results addressing areas of concern identified by Ofsted.

- **GCSE and A-level results**
The results were considered good and further details are given in the previous section.
-

EAST LONDON SCIENCE SCHOOL TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

During the year, the School Resource Management Adviser (SRMA) visited the Academy Trust after concerns about the Academy Trust's finances were raised following the submission of the year end accounts for 31 August 2019 and due to claw backs of funding in respect of the Pupil Admission Numbers (PAN) and Sixth Form admissions. The SRMA visits occurred between December 2019 and January 2020 and a subsequent report was submitted to the Board. A Financial Notice to Improve was issued in line with the publication of the Investigation Report in December 2020.

The Trustees have initiated reviews based on the findings of the SRMA report and have worked with the Academy Trust's senior leadership team to redress the financial situation. Significant savings have been identified in the report and the school has worked hard to ensure these are achieved wherever practicable. The budgeted out-turn for the year ended 31 August 2021 is a small surplus which is anticipated to grow over the following five years to over £100,000 each year (net of the clawback repayment).

The school has delivered a robust and sustainable financial plan giving the school a projected five-year budget which remains in surplus throughout that period, pays back the outstanding clawback, ensures sufficient income from pupil numbers in a realistic projection, leading up to the first year of occupation of our new site in 2024. The staff numbers have been grown carefully, including reasonable pay increments and salaries. The school has also given itself plenty of room to adopt new strategies going forwards. This includes adoption of larger class sizes in the new school. Overhead costs have been restricted to essential items for the time being and are only budgeted to rise over the five-year forecast where a robust business case can be made.

The Board of Trustees and Executive Management team have implemented new financial procedures to ensure;

- Regular cash flow movements and forecasts are prepared and communicated,
- Management information is shared, reviewed and challenged on a regular basis,
- Budgets produced are rigorously reviewed to ensure they are based on accurate information and realistic assumptions,
- Regular comparison of actual performance against budgets takes place.

These measures provide those charged with governance with confidence that the finances of the Academy are being managed robustly and ensures that any potential financial shortfalls would be identified early so remedial action could be made on a timely basis.

The Trustees have also considered the impact of the COVID-19 pandemic but this has had a limited impact as the core funding sources have not been affected as the school has continued to deliver its services in a remote capacity.

The Trustees continue to monitor the situation closely and are committed to delivering the plan as detailed above and restoring the Academy Trust's financial health. As a result of the above, the Trustees consider that the financial statements should be prepared on a going concern basis.

Financial review

The Trust has had a challenging year on the financial front as more details are given in the going concern section of this report. A deficit has been incurred and the Trust has set a five year plan in conjunction with the ESFA to address these matters.

EAST LONDON SCIENCE SCHOOL TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

The principal funding for the operation of the school is provided by the Education, Skills and Funding Agency in the form of the 'General Annual Grant'. A formal agreement is in place for this. They are also responsible for Pupil premium income and the reimbursement of the rental costs of the school's premises. Other funding is provided by local authorities.

Monthly accounts are produced and these are shared with the Trustees as appropriate. In accordance with the Trust's five year plan, income is examined for robustness and sustainability and expenditure is regularly reviewed to ensure value for money.

a. Reserves policy

The Academy Trust plans to build up a substantial reserve, with a target of £1m over a 5 year period, to meet any eventuality and to prepare for future capital projects

Although, there is still a claw-back of £458,145, this is being managed according to the payment schedule to be agreed with the ESFA within our cash flow budget. The school has budgeted to pay the total sum owed over the next three years. This will not impact on the standard of learning and teaching at the Academy. The Academy does not foresee any problem in continuing its payment schedule once agreed.

At 31 August 2020 the total funds comprised Restricted fixed asset funds of £589,304, restricted income funds of £(489,924) and a pension reserve of £(569,000).

b. Investment policy

There is no specific investment policy in operation at present until the Academy Trust has established a firmer financial base.

EAST LONDON SCIENCE SCHOOL TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

c. Principal risks and uncertainties

The Trustees have reviewed and identified the major risks to which the Academy Trust is exposed to and systems and procedures have been established to manage those risks. The key risks and uncertainties are summarised below:

1. Lack of demand for places leading to the Academy operating with a reduced number of pupils
Mitigation: The Academy received offers close to four times the PAN of 120 each year. The number of first choice places is consistent over the last three years. In order to proactively mitigate the risk of low intake the Academy runs an effective marketing and community outreach operation throughout the year and is liaising with primary schools and the local authority. In order to increase numbers in the sixth-form, the Academy is focusing on core science subjects and setting ambitious academic targets. Sixth form pupil numbers are forecast to improve significantly in the forthcoming year.

2. Uncertainty around the operating costs
Mitigation: This is being managed through strategic, finance planning and robust monitoring of the Academy Budget. The expenses being managed within an extremely tight budget and a robust system of centralised spending which is overseen by the finance committee. All expenses are staged throughout the year and are tied in with the claw back payment schedule on a controlled and long-term basis.

A 5-year plan is being agreed with the ESFA, with a claw back payment plan being implemented including potential pupil recruitment numbers over 3 years, outlining a fully realistic plan to sustainability of budget and pupil recruitment.

Temporary site set up and maintenance are being managed within a very tight and centralised spending which is overseen by the finance committee.

The Trustees and the Principal maintain a rigorous and effective set of financial procedures to support their overall financial and risk management objectives.

3. Temporary sites
Leases for Clock Mill, Lockkeepers and Bridge House sites have been extended to 2024 to cover a move to permanent site. Lease for the sixth form site at EastLea is to be renegotiated with NCST in forthcoming year.

4. Development of permanent site
The estimated completion date for the final site is in 2024. The building schedule is beyond the Trusts control and there is a risk that the completion date is delayed. The final site will have a larger capacity for pupils than the current temporary sites, and will be more efficient and effective than the current arrangement. Impact of a delay has been modelled in the Trust's long-range financial plans and there is sufficient flexibility in the plans to adjust to any delay.

5. Reputational risk
If the school received an unfavourable Ofsted inspection causing rating dropping from Good to Requires Improvement this could result in reputational damage to the Trust.

Trustees monitor academic targets through holding SLT to account for performance of each department. Pupils are tested each half-term for an ongoing assessment of progress and achievement. The school has data and capability to intervene with individual pupils where necessary. Behaviour and Attitudes, Personal Development, Leadership and Management, and Safeguarding are regularly scrutinised by the Trust in committees throughout

EAST LONDON SCIENCE SCHOOL TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

the year. Were an unfavourable Ofsted inspection to occur despite these mitigations, Trustees would deploy resources rapidly to secure improvement ensuring a rapid return to a Good rating.

6. Performance risk

COVID-19 enforced lockdowns has led to many lessons being taught online. The school has adopted the use of MS Teams and Zoom very quickly to allow a thorough curriculum to be delivered during in these adverse circumstances. This has included regular testing and assessment and pastoral support throughout lockdown.

If GCSE and A-level results were to show unfavourable academic progress against national standards then the Trustees would act to secure additional resources and monitoring of performance. This would involve bringing in outside partners for quality assurance.

7. Financial Risk

The principal financial risk is a reduction in pupil enrolment which would reduce income. The likelihood is low as the School continues to grow in each cohort year on year. If such an event were to happen, the Trust has prepared contingency plans to reduce staff and overhead costs in-year and avoid an end of year deficit.

8. Risk associated with personnel

March 2020 saw all schools go into national lockdown due COVID pandemic. This resulted in some staff leaving to return to their home countries. This has also resulted considerable anxiety for staff operating in the school. We have mitigated these concerns by constantly reviewing our risk assessment and hold regular health and safety committee and the staff association has been formed to allow for better communication between staff and SLT.

The School has a very committed and strong staff team including a robust teacher training system, which means that our staff feel supported and are able to develop in terms of their careers and can envision themselves working with us as they grow and develop with the school.

The Academy Trust practices through its Board of Trustees and the constituted committees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated. The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be reviewed by the Board of Trustees collectively, whilst more minor risks are dealt with by senior executive officers.

Fundraising

There are no fundraising activities undertaken by the Academy Trust.

Streamlined energy and carbon reporting

As the Trust's energy usage is below 40,000kWh they are exempt from providing details of streamlined energy and carbon reporting.

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Funds held as custodian on behalf of others

The Academy Trust does not hold any funds as custodian on behalf of others.

Plans for future periods

Our aim is to teach a high-quality academic curriculum to all pupils regardless of background or ability. In turn this should contribute to the creation of confident, ambitious and successful pupils who are able to pursue their dreams on the world stage. East London Science School has a distinctive set of educational principles which we try and adhere to as much as possible in order to make this vision a reality.

Disclosure of information to auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 29 January 2021 and signed on its behalf by:



A Atashzai
Chair of Trustees

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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

The board of Trustees has delegated the day-to-day responsibility to the Principal, 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 East London Science School Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

EAST LONDON SCIENCE SCHOOL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

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:

Trustee	Meetings attended	Out of a possible
D M Perks	6	6
A S Cuthbert	5	5
K Hinde	5	6
A Atashzai, Chair	6	6
R B G Harries	6	6
H Underwood	5	5
S Anderson	0	0
N Borzenko	0	0
D Carun	2	2
H Pizzey	0	0
M Spiers	0	0
R J Tratt	2	2

There were significant changes in the composition of the Trustees during the year. Following a review of the skills and capabilities of the Board, the Trustees focused on recruiting new Trustees in 2020. A new Staff Governor was appointed, and parents elected two new Parent Governors. Trustees had a broad coverage of work during the year which focused in particular on finance, pay and performance, audit and risk, and curriculum issues.

The Trustees have undertaken a skills audit and are keeping this up to date as new Trustees join. Data used by the Trustees is derived from internal systems and to date experience of outcomes suggest that this is reliable to an acceptable standard.

The Trustees have commissioned an external review of governance from the NGA to help measure the impact and effectiveness of the board and intend to hold a second external review the forthcoming financial year to assess progress.

A Pay and Performance Committee was set up during the year and its terms of reference include pay policies, appraisals, pay scales and the monitoring of performance management arrangements.

The Board has not yet carried out a self-evaluation of its effectiveness and is reviewing the most appropriate method to undertake this in the current academic year.

EAST LONDON SCIENCE SCHOOL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer, the Principal has responsibility for ensuring that the Academy 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's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy has delivered improved value for money during the year by:

1. Re-structuring the non-teaching staff throughout the course of the year, significantly downsizing. This was in response to two factors: as a result of the coronavirus, reduced requirements for teaching assistants and enrichment support staff, and in order to align the size of the school staff to the pupil population
2. Narrowing the sixth form curriculum to focus primarily on sciences and maths. This is a temporary measure to control costs while the sixth form grows.
3. Keeping an 'essential spend only' discipline throughout the second half of the year, where every item of expenditure is reviewed as a potential saving. This has led to a number of smaller items of expenditure being reduced or cancelled.
4. Reviewing class sizes by decreasing the number of classes in the lower school, and adjusting timetabling with a view to increasing Teacher Contact Ratio towards the ASCL aspirational target of 0.78.
5. Making a plan to deliver school lunches in-house in the forthcoming financial year and reduce cost of provision.

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 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 East London Science School Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy 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's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

The Academy'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

EAST LONDON SCIENCE SCHOOL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

accountability. In particular, it includes:

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

The Board of Trustees has decided to buy-in an internal audit service from Hacker Young. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

Review of effectiveness

As accounting officer, the Principal 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 external auditor;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework;

A report from an SRMA visit;

A draft of an ESFA investigation report, based on investigation visits between January and March.

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

Approved by order of the members of the Board of Trustees on 29/1/2021 and signed on their behalf by:


A Atashzai
Chair of Trustees


D M Perks
Accounting Officer

EAST LONDON SCIENCE SCHOOL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of East London Science School Trust I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2019.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA:

Matter 1 – Executive pay review process - Section 2.30

During the year the East London Science Academy Trust failed to comply with section 2.30 of the Academies Financial Handbook in that decisions were made regarding executive pay review without having implemented a process for the review which met the requirements. The Trust has implemented policies and procedures which meet the requirements with effect from March 2020.

Matter 2 – At cost supplies - Related party transactions - Section 5.54

During the year the Academy Trust failed to comply with section 5.54 of the Academies Financial Handbook. Services totalling £14,400 were supplied to the Trust by a company of which one of the Trustees is a related party. The transaction with the related party was not reviewed by the trustees and the services supplied were not supplied at cost.

Matter 3 – Business and pecuniary interest - Section 2.50

During the year the Academy Trust did not comply with section 2.50 of the Academies Financial Handbook as certain related party disclosures and pecuniary interests were not disclosed on the Trust website. The Trust is currently implementing policies and procedures which meet the requirements and these will be approved in April 2021.

Matter 4 - Incomplete fixed asset register - Section 2.7

Although transactions in respect of purchase of fixed assets were recorded individually, there was a failure of the academy trust in the recording of the propriety and regularity of financial transactions in respect of the academy trust as an entity, particularly in respect of and the purchase and recording of capital assets. It is not possible to demonstrate that the requirements of the Academies Financial Handbook have been met in this area. The Trust has now carried out a full reconciliation of its fixed assets.

Matter 5 - Use of school debit card - Section 2.7

During the year there was a lack of segregation of duties regarding the use of the school debit card and not all transactions were evidenced by formal receipts. The Trust has implemented policies and procedures which meet the requirements with effect from January 2021.

Matter 6 - Procurement - Section 2.28

During the year there was a lack of documentation for some purchases of goods and services, the lack of a policy for mobile phone usage and no record of independent authorisation and performance checks in the case of all invoices paid by the Trust. In addition, the finance procedures manual was not followed in all cases regarding the number of quotes required for purchases. The Trust is currently implementing policies and procedures which meet the requirements.

Matter 7 - Managing conflicts of interest - Section 5.39

During the year there was a lack of evidence of the declaration of interest and the management of potential

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE (CONTINUED)

conflicts of interest and no policy covering the relationship with key related parties. The Trust is currently implementing policies and procedures which meet the requirements and these will be approved in April 2021.

Matter 8 - Governance - Sections 1.5 and 1.20


During the year the Principal was a member, trustee and Accounting Officer which does not comply with section 1.5 of the Academies Financial Handbook and there was an identified skills gap at Board level, which does not comply with section 1.20 of the Academies Financial Handbook. The Trust is taking action to resolve both of these matters by the recruitment of additional Governors.

Matter 9 - Recruitment - Section 2.31

During the year the Trust continued to employ an individual who had been incorrectly placed on a leadership salary scale on appointment in 2016. The additional salary uplift was irregular and considered to be misuse of funds. The Trust is taking action to resolve the matter and has made arrangements to repay the salary uplift to the ESFA in the forthcoming year.

Matter 10 – Alteration of Documentation Submitted to ESFA – Sections 1.12 and 1.29

During the course of the ESFA Investigation in July 2020 I made two alterations to a document submitted to the ESFA, with the intention of clarifying some information on the document for the inspectors. This alteration was not clearly signalled to the investigators and as such was a serious breach of my responsibility to apply the highest standards of conduct.



D M Perks

Accounting Officer

Date: 29/1/2021

EAST LONDON SCIENCE SCHOOL TRUST

(A Company Limited by Guarantee)

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

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 29 January 2021 and signed on its behalf by:



A Atashzai
Chair of Trustees

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EAST LONDON SCIENCE SCHOOL TRUST

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Academy Trust is subject to a Financial Notice to Improve issued by the Education and Skills Funding Agency and details the steps being taken to have this notice withdrawn. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EAST LONDON SCIENCE SCHOOL TRUST (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EAST LONDON SCIENCE SCHOOL TRUST (CONTINUED)

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Rakesh Shaunak (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountant
Statutory Auditors
2 London Wall Place
London
EC2Y 5AU

29 January 2021

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EAST LONDON SCIENCE SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 October 2020 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 East London Science School Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of East London Science School Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of East London Science School Trust's funding agreement with the Secretary of State for Education dated 14 March 2019 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EAST LONDON SCIENCE SCHOOL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)

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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity.
 - Review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy.
 - Testing of a sample of payroll payments to staff.
 - Testing of a sample of payments to suppliers and other third parties.
 - Testing of a sample of grants received and other income streams.
 - Consideration of governance issues.
 - Evaluating the reporting internal control procedures and reporting lines and testing as considered appropriate and making appropriate enquiries of the accounting officer.
-

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EAST LONDON SCIENCE SCHOOL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)

Conclusion

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

Matter 1 – Executive pay review process - Section 2.30

During the year the East London Science Academy Trust failed to comply with section 2.30 of the Academies Financial Handbook in that decisions were made regarding executive pay review without having implemented a process for the review which met the requirements. The Trust has implemented policies and procedures which meet the requirements with effect from March 2020.

Matter 2 – At cost supplies - Related party transactions - Section 5.54

During the year the Academy Trust failed to comply with section 5.54 of the Academies Financial Handbook. Services totalling £14,400 were supplied to the Trust by a company of which one of the Trustees is a related party. The transaction with the related party was not reviewed by the trustees and the services supplied were not supplied at cost.

Matter 3 – Business and pecuniary interest - Section 2.48

During the year the Academy Trust did not comply with section 2.48 of the Academies Financial Handbook as certain related party disclosures and pecuniary interests were not disclosed on the Trust website. The Trust is currently implementing policies and procedures which meet the requirements and these will be approved in April 2021.

Matter 4 - Incomplete fixed asset register - Section 2.3.3.

Although transactions in respect of purchase of fixed assets were recorded individually, there was a failure of the academy trust in the recording of the propriety and regularity of financial transactions in respect of the academy trust as an entity, particularly in respect of and the purchase and recording of capital assets. It is not possible to demonstrate that the requirements of the Academies Financial Handbook have been met in this area. The Trust has now carried out a full reconciliation of its fixed assets.

Matter 5 - Use of school debit card - Section 2.7

During the year there was a lack of segregation of duties regarding the use of the school debit card and not all transactions were evidenced by formal receipts. The Trust has implemented policies and procedures which meet the requirements with effect from January 2021.

Matter 6 - Procurement - Section 2.28

During the year there was a lack of documentation for some purchases of goods and services, the lack of a policy for mobile phone usage and no record of independent authorisation and performance checks in the case of all invoices paid by the Trust. In addition, the finance procedures manual was not followed in all cases regarding the number of quotes required for purchases. The Trust is currently implementing policies and procedures which meet the requirements.

Matter 7 - Managing conflicts of interest - Section 5.39

During the year there was a lack of evidence of the declaration of interest and the management of potential conflicts of interest and no policy covering the relationship with key related parties. The Trust is currently implementing policies and procedures which meet the requirements and these will be approved in April 2021.

Matter 8 - Governance - Sections 1.5 and 1.20

During the year the Principal was a member, trustee and Accounting Officer which does not comply with section 1.5 of the Academies Financial Handbook and there was an identified skills gap at Board level, which does not

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EAST LONDON SCIENCE SCHOOL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)

comply with section 1.20 of the Academies Financial Handbook. The Trust is taking action to resolve both of these matters by the recruitment of additional Governors.

Matter 9 - Recruitment - Section 1.8-1.23

During the year the Trust continued to employ an individual who had been incorrectly placed on a leadership salary scale on appointment in 2016. The additional salary uplift was irregular and considered to be misuse of funds. The Trust is taking action to resolve the matter and has made arrangements to repay the salary uplift to the ESFA in the forthcoming year.

Matter 10 – Alteration of Documentation Submitted to ESFA – Sections 1.12 and 1.29

During the course of the ESFA Investigation in July 2020 the Principal made two alterations to a document submitted to the ESFA, with the intention of clarifying some information on the document for the inspectors. This alteration was not clearly signalled to the investigators and as such was a serious breach of the Principal's responsibility to apply the highest standards of conduct.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
2 London Wall Place
London
EC2Y 5AU

Date: 29 January 2021

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	-	-	46,391	46,391	244,253
Charitable activities	4	2,515	4,954,129	-	4,956,644	5,376,517
Other trading activities	5	3,178	1,034	-	4,212	21,514
Investments	6	339	-	-	339	1,293
Total income		6,032	4,955,163	46,391	5,007,586	5,643,577
Expenditure on:						
Charitable activities	8	-	5,431,550	257,064	5,688,614	5,785,209
Total expenditure		-	5,431,550	257,064	5,688,614	5,785,209
Net income/ (expenditure)		6,032	(476,387)	(210,673)	(681,028)	(141,632)
Transfers between funds	17	(6,032)	13,451	(7,419)	-	-
Net movement in funds before other recognised gains/(losses)		-	(462,936)	(218,092)	(681,028)	(141,632)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(16,000)	-	(16,000)	(126,000)
Net movement in funds		-	(478,936)	(218,092)	(697,028)	(267,632)

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

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

		Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
	Note					
Reconciliation of funds:						
Total funds brought forward		-	(579,988)	807,396	227,408	495,040
Net movement in funds		-	(478,936)	(218,092)	(697,028)	(267,632)
Total funds carried forward	17	-	(1,058,924)	589,304	(469,620)	227,408

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

The notes on pages 31 to 59 form part of these financial statements.

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07962059

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	589,304	799,868
		<u>589,304</u>	<u>799,868</u>
Current assets			
Debtors	15	98,923	358,846
Cash at bank and in hand	21	126,102	36,296
		<u>225,025</u>	<u>395,142</u>
Creditors: amounts falling due within one year	16	(714,949)	(569,602)
Net current liabilities		<u>(489,924)</u>	<u>(174,460)</u>
Total assets less current liabilities		<u>99,380</u>	<u>625,408</u>
Defined benefit pension scheme liability	23	(569,000)	(398,000)
Total net assets		<u><u>(469,620)</u></u>	<u><u>227,408</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	589,304	807,396
Restricted income funds	17	(489,924)	(181,988)
		<u>99,380</u>	<u>625,408</u>
Restricted funds excluding pension asset	17	99,380	625,408
Pension reserve	17	(569,000)	(398,000)
Total restricted funds	17	<u>(469,620)</u>	<u>227,408</u>
Unrestricted income funds	17	<u>-</u>	<u>-</u>
Total funds		<u><u>(469,620)</u></u>	<u><u>227,408</u></u>

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07962059

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 26 to 59 were approved by the Trustees, and authorised for issue on 29 January 2021 and are signed on their behalf, by:

A Atashzai
Chair of Trustees



The notes on pages 31 to 59 form part of these financial statements.

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	89,576	(434,386)
Cash flows from investing activities	20	230	8,821
Change in cash and cash equivalents in the year		89,806	(425,565)
Cash and cash equivalents at the beginning of the year		36,296	461,861
Cash and cash equivalents at the end of the year	21, 22	<u>126,102</u>	<u>36,296</u>

The notes on pages 31 to 59 form part of these financial statements

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

East London Science School Trust is a company limited by guarantee incorporated in England and Wales. The address of the registered office, principal place of business and registered number are detailed on page 1. The nature of the Academy Trust's operations and principal activity are detailed in the Trustees Report.

The financial statements are prepared in £ sterling, the functional currency, rounded to the nearest £1.

East London Science School Trust meets the definition of a public benefit entity under FRS 102.

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.2 Going concern

During the year, the School Resource Management Adviser (SRMA) visited the Academy Trust after concerns about the Academy Trust's finances were raised following the submission of the year end accounts for 31 August 2019 and due to claw backs of funding in respect of the Pupil Admission Numbers (PAN) and Sixth Form admissions. The SRMA visits occurred between December 2019 and January 2020 and a subsequent report was submitted to the Board. A Financial Notice to Improve was issued in line with the publication of the Investigation Report in December 2020.

The Trustees have initiated reviews based on the findings of the SRMA report and have worked with the Academy Trust's senior leadership team to redress the financial situation. Significant savings have been identified in the report and the school has worked hard to ensure these are achieved wherever practicable. The budgeted out-turn for the year ended 31 August 2021 is a small surplus which is anticipated to grow over the following five years to over £100,000 each year (net of the clawback repayment).

The school has delivered a robust and sustainable financial plan giving the school a projected five-year budget which remains in surplus throughout that period, pays back the outstanding clawback, ensures sufficient income from pupil numbers in a realistic projection, leading up to the first year of occupation of our new site in 2024. The staff numbers have been grown carefully, including reasonable pay increments and salaries. The school has also given itself plenty of room to adopt new strategies going forwards. This includes adoption of larger class sizes in the new school. Overhead costs have been restricted to essential items for the time being and are only budgeted to rise over the five-year forecast where a robust business case can be made.

The Board of Trustees and Executive Management team have implemented new financial procedures to ensure;

- Regular cash flow movements and forecasts are prepared and communicated,
- Management information is shared, reviewed and challenged on a regular basis,
- Budgets produced are rigorously reviewed to ensure they are based on accurate information and realistic assumptions,
- Regular comparison of actual performance against budgets takes place.

These measures provide those charged with governance with confidence that the finances of the Academy are being managed robustly and ensures that any potential financial shortfalls would be identified early so remedial action could be made on a timely basis.

The Trustees have also considered the impact of the COVID-19 pandemic but this has had a limited impact as the core funding sources have not been affected as the school has continued to deliver its services in a remote capacity.

The Trustees continue to monitor the situation closely and are committed to delivering the plan as detailed above and restoring the Academy Trust's financial health. As a result of the above, the Trustees consider that the financial statements should be prepared on a going concern basis.

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

EAST LONDON SCIENCE SCHOOL TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Short-term leasehold property	- 10 years straight line
Furniture and equipment	- 5 years straight line
Computer equipment	- 5 years straight line

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.

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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

1. Accounting policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

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

1. Accounting policies (continued)

1.11 Pensions

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

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

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

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

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Governor administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest

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

1. Accounting policies (continued)

1.11 Pensions (continued)

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 at the discretion of the Trustees.

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 23, 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 2016 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.

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

3. Income from donations and capital grants

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Donations	-	-	-
Grants	-	46,391	46,391
	<u>-</u>	<u>46,391</u>	<u>46,391</u>

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	93,388	-	93,388
Grants	-	150,865	150,865
	<u>93,388</u>	<u>150,865</u>	<u>244,253</u>

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

4. Funding for the Academy's direct costs

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General annual grant (GAG)	-	3,669,071	3,669,071
Other DfE/ESFA grants	-	1,039,119	1,039,119
Pupil premium	-	159,499	159,499
	-	4,867,689	4,867,689
Local authority income			
SEN funding	-	60,720	60,720
	-	60,720	60,720
Other income			
Catering and facilities hire	2,515	25,720	28,235
	2,515	25,720	28,235
Total 2020	2,515	4,954,129	4,956,644

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

4. Funding for the Academy's direct costs (continued)

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General annual grant (GAG)	-	3,976,257	3,976,257
Other DfE/ESFA grants	-	994,670	994,670
Pupil premium	-	202,529	202,529
Start up grants	-	50,000	50,000
	-	5,223,456	5,223,456
Local authority income			
SEN funding	-	62,255	62,255
Other DfE/ESFA grants	-	36,582	36,582
	-	98,837	98,837
Other income			
Catering and facilities hire	7,649	46,575	54,224
	7,649	46,575	54,224
Total 2019	7,649	5,368,868	5,376,517

5. Income from other trading activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Miscellaneous income	3,178	1,034	4,212
		Unrestricted funds 2019 £	Total funds 2019 £
Miscellaneous income		21,514	21,514

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

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest receivable	339	339

	Unrestricted funds 2019 £	Total funds 2019 £
Bank interest receivable	1,293	1,293

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Direct costs - Educational operations				
Direct costs	3,020,157	-	341,816	3,361,973
Allocated support costs	571,914	1,246,649	508,078	2,326,641
	<u>3,592,071</u>	<u>1,246,649</u>	<u>849,894</u>	<u>5,688,614</u>

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Direct costs - Educational operations				
Direct costs	3,108,665	-	473,151	3,581,816
Allocated support costs	561,339	1,061,427	580,627	2,203,393
Total 2019	<u>3,670,004</u>	<u>1,061,427</u>	<u>1,053,778</u>	<u>5,785,209</u>

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NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2020 £	Total funds 2020 £
Direct costs	5,688,614	5,688,614

	Restricted funds 2019 £	Total funds 2019 £
Direct costs	5,785,209	5,785,209

9. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Direct costs	3,361,973	2,326,641	5,688,614

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Direct costs	3,581,816	2,203,393	5,785,209

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

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2020 £	Total funds 2020 £
Pension income	3,000	3,000
Staff costs	571,914	571,914
Depreciation	257,064	257,064
Premises costs	1,140,613	1,140,613
Governance costs	26,407	26,407
Other support costs	327,643	327,643
	<u>2,326,641</u>	<u>2,326,641</u>

	Activities 2019 £	Total funds 2019 £
Pension income	3,000	3,000
Staff costs	561,339	561,339
Depreciation	231,190	231,190
Premises costs	1,061,427	1,061,427
Governance costs	12,785	12,785
Other support costs	333,652	333,652
	<u>2,203,393</u>	<u>2,203,393</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	53,149	87,746
Depreciation of tangible fixed assets	251,782	231,190
Fees paid to auditor for:		
- audit	8,500	7,500
- other services	3,000	2,200
	<u> </u>	<u> </u>

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	2,528,596	2,938,499
Social security costs	258,829	282,161
Pension costs	788,074	449,344
	<u> </u>	<u> </u>
	3,575,499	3,670,004
Staff restructuring costs	16,572	-
	<u> </u>	<u> </u>
	3,592,071	3,670,004
	<u> </u>	<u> </u>

Staff restructuring costs comprise:

	2020 £	2019 £
Severance payments	16,572	-
	<u> </u>	<u> </u>
	16,572	-
	<u> </u>	<u> </u>

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

During the year the Trust made two non-statutory staff severance payments totalling £6,923 and £9,649.

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NOTES TO THE FINANCIAL STATEMENTS
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11. Staff (continued)

c. Staff numbers

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

	2020	2019
	No.	No.
Teachers	42	42
Administration and support	34	40
	76	82

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

11. Staff (continued)

d. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	2	2
In the band £100,001 - £110,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2020, pension contributions to these staff amounted to £98,743 (2019 - £87,271).

e. Key management personnel

The key management personnel of the Academy 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 was £677,908 (2019 £598,990).

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

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020 £	2019 £
D M Perks, Headteacher	Remuneration	105,000 -	105,000 -
		110,000	110,000
	Pension contributions paid	25,000 -	15,000 -
		30,000	20,000
H Underwood, Staff Governor	Remuneration	40,000 -	
		45,000	
	Pension contributions paid	10,000 -	
		15,000	
S Anderson	Remuneration	35,000 -	
		40,000	
	Pension contributions paid	5,000 -	
		10,000	

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £67 paid to one Trustee for travel expenses).

13. Trustees' and Officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, error 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.

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

14. Tangible fixed assets

	Short-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2019	1,250,453	353,456	723,792	2,327,701
Additions	38,805	5,900	1,795	46,500
Disposals	-	(89,038)	(23,277)	(112,315)
At 31 August 2020	1,289,258	270,318	702,310	2,261,886
Depreciation				
At 1 September 2019	685,432	242,913	599,488	1,527,833
Charge for the year	128,926	82,899	45,239	257,064
On disposals	-	(89,038)	(23,277)	(112,315)
At 31 August 2020	814,358	236,774	621,450	1,672,582
Net book value				
At 31 August 2020	474,900	33,544	80,860	589,304
At 31 August 2019	565,021	110,543	124,304	799,868

15. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	10,042	52,556
Other debtors	66,900	197,419
Prepayments and accrued income	21,981	108,871
	98,923	358,846

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16. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	87,759	146,271
Other taxation and social security	137,163	118,174
Other creditors	464,027	279,596
Accruals and deferred income	26,000	25,561
	714,949	569,602
	2020	2019
	£	£
Resources deferred during the year	14,500	-

Deferred income relates to amounts received in advance for school trips.

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

17. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds - all funds	-	6,032	-	(6,032)	-	-
Restricted general funds						
Restricted Funds - all funds	(181,988)	4,955,163	(5,276,550)	13,451	-	(489,924)
Pension reserve	(398,000)	-	(155,000)	-	(16,000)	(569,000)
	<u>(579,988)</u>	<u>4,955,163</u>	<u>(5,431,550)</u>	<u>13,451</u>	<u>(16,000)</u>	<u>(1,058,924)</u>
Restricted fixed asset funds						
Class II Restricted Funds - all funds	<u>807,396</u>	<u>46,391</u>	<u>(257,064)</u>	<u>(7,419)</u>	<u>-</u>	<u>589,304</u>
Total Restricted funds	<u>227,408</u>	<u>5,001,554</u>	<u>(5,688,614)</u>	<u>6,032</u>	<u>(16,000)</u>	<u>(469,620)</u>
Total funds	<u>227,408</u>	<u>5,007,586</u>	<u>(5,688,614)</u>	<u>-</u>	<u>(16,000)</u>	<u>(469,620)</u>

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

The General fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Trust which fall outside the scope of its core activities.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Trust via the Education and Skills Funding Agency by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Trust.

The Pupil Premium fund has been established to recognise the restricted funding from the Education and

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

17. Statement of funds (continued)

Skills Funding Agency to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Other DfE / ESFA revenue grants fund represents a variety of other grant incomes that are received from the Education and Skills Funding Agency that fall outside of the core funding of the Trust.

The Local Authority revenue grants fund has been set up to recognise the income received from Essex County Council as a contribution towards the cost of the Trust's revenue expenditure.

The LGPS deficit (pension reserve) fund has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to Academy Trust status, and through which all the pension scheme movements are recognised.

The Restricted fixed assets fund has been set up to recognise the tangible assets held by the Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund.

Transfers of £6,032 from the unrestricted fund to the restricted GAG funds represents educational expenditure met with unrestricted funds. Transfers of £7,419 from the restricted fixed asset fund to GAG funds represents educational expenditure met by relevant capital grants for use in maintenance.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	-	30,456	-	(30,456)	-	-
Restricted general funds						
Restricted Funds - all funds	(222,681)	5,462,256	(5,452,019)	30,456	-	(181,988)
Pension reserve	(170,000)	-	(102,000)	-	(126,000)	(398,000)
	<u>(392,681)</u>	<u>5,462,256</u>	<u>(5,554,019)</u>	<u>30,456</u>	<u>(126,000)</u>	<u>(579,988)</u>
Restricted fixed asset funds						
Class II Restricted Funds - all funds	887,721	150,865	(231,190)	-	-	807,396
Total Restricted funds	<u>495,040</u>	<u>5,613,121</u>	<u>(5,785,209)</u>	<u>30,456</u>	<u>(126,000)</u>	<u>227,408</u>
Total funds	<u>495,040</u>	<u>5,643,577</u>	<u>(5,785,209)</u>	<u>-</u>	<u>(126,000)</u>	<u>227,408</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	589,304	589,304
Current assets	225,025	-	225,025
Creditors due within one year	(714,949)	-	(714,949)
Pension reserve	(569,000)	-	(569,000)
Total	(1,058,924)	589,304	(469,620)

Analysis of net assets between funds - prior period

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	799,868	799,868
Current assets	387,614	7,528	395,142
Creditors due within one year	(569,602)	-	(569,602)
Pension reserve	(398,000)	-	(398,000)
Total	(579,988)	807,396	227,408

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

19. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(681,028)	(141,632)
Adjustments for:		
Depreciation	257,064	231,190
Capital grants from DfE and other capital income	(46,391)	(150,865)
Interest receivable	(339)	(1,293)
Defined benefit pension scheme cost less contributions payable	139,000	99,000
Defined benefit pension scheme finance cost	16,000	3,000
Decrease/(increase) in debtors	259,923	(127,508)
Increase/(decrease) in creditors	145,347	(346,278)
Net cash provided by/(used in) operating activities	89,576	(434,386)

20. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	339	1,293
Purchase of tangible fixed assets	(46,500)	(143,337)
Capital grants from DfE Group	46,391	150,865
Net cash provided by investing activities	230	8,821

21. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	126,102	36,296
Total cash and cash equivalents	126,102	36,296

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NOTES TO THE FINANCIAL STATEMENTS
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22. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	36,296	89,806	126,102
	36,296	89,806	126,102

23. Pension commitments

The Academy'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 London Pension Fund Authority. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

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23. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £704,000 (2019 - £345,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £129,000 (2019 - £148,000), of which employer's contributions totalled £84,000 (2019 - £104,000) and employees' contributions totalled £ 35,000 (2019 - £44,000). The agreed contribution rates for future years are 24.5 to 25 per cent for employers and 6.4 to 11.2 per cent for employees.

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

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

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23. Pension commitments (continued)

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.20	3.65
Rate of increase for pensions in payment/inflation	2.20	2.15
Discount rate for scheme liabilities	1.65	1.90

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

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	21.3	22.8
Females	23.9	25.3
<i>Retiring in 20 years</i>		
Males	22.8	25.0
Females	25.5	27.6

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	1,032	769
Discount rate -0.1%	(1,095)	(814)
Mortality assumption - 1 year increase	1,105	(821)
Mortality assumption - 1 year decrease	(1,023)	763

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

	2020 £	2019 £
Equities	261,000	222,000
Gilts	25,000	15,000
Corporate bonds	48,000	39,000
Property	47,000	39,000
Cash and other liquid assets	34,000	31,000
Alternative assets	79,000	47,000
Total market value of assets	494,000	393,000

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23. Pension commitments (continued)

The actual return on scheme assets was £(15,000) (2019 - £21,000).

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

	2020 £	2019 £
Current service cost	233,000	203,000
Interest income	9,000	8,000
Interest cost	(15,000)	(11,000)
Total amount recognised in the Statement of Financial Activities	227,000	200,000

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

	2020 £	2019 £
At 1 September	791,000	397,000
Current service cost	233,000	203,000
Interest cost	15,000	11,000
Actuarial (gains)/losses	(8,000)	139,000
Benefits paid	(3,000)	(3,000)
Contributions by scheme participants	35,000	44,000
At 31 August	1,063,000	791,000

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

	2020 £	2019 £
At 1 September	393,000	227,000
Interest income	9,000	8,000
Actuarial (losses)/gains	(24,000)	13,000
Employer contributions	84,000	104,000
Benefits paid	(3,000)	(3,000)
Contributions by scheme participants	35,000	44,000
At 31 August	494,000	393,000

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24. Operating lease commitments

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

	2020 £	2019 £
Not later than 1 year	31,573	26,648
Later than 1 year and not later than 5 years	6,534	24,406
	<u>38,107</u>	<u>51,054</u>

25. Members' liability

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

26. Related party transactions

During the year the Trust sponsored an event held by the Academy of Ideas Limited at a cost of £14,400. The event was for teacher training for staff members. The Principal was involved in the organisation of the event and it is therefore considered a related party. There were no such transactions in the previous year and no amounts were owed to this company at either year end.