

COMPANY REGISTRATION NUMBER: 07965316 (England and Wales)

REPORT OF THE TRUSTEES AND AUDITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020
FOR

SKILLS FOR LIFE TRUST
(A COMPANY LIMITED BY GUARANTEE)



SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 AUGUST 2020

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SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS **FOR THE YEAR ENDED 31 AUGUST 2020**

Members	Ms N King (CBE) (Chair of Trustees) Mrs S Miles Mr P Horton Mrs J Stephens
Trustees	Ms N King (CBE) (Chair of Trustees) Mr T Maddison (Vice Chair of Trustees) Mr I Brown Mr D English (resigned 09/12/2019) Mrs J Murphy Mr W Wilkins Mr P Rowlands (appointed 05/06/20 & resigned 30/09/20) Ms E Roche (appointed 11/02/20)
Senior Management Team	Mr A Reese (Chief Executive Officer and Accounting Officer) Mrs S Bridger (Deputy Chief Executive Officer) Mr G Evans (Head of Primary Education) Mr A Jackson (Finance Director)
Greenacre Academy Senior Leadership Team	
Head teacher	Mrs S Bridger
Deputy Head teacher	Mrs L Campbell
Assistant Head teacher	Mrs E Eddy (resigned 31/08/2019)
Assistant Head teacher	Mr M Dallas (deceased 21/12/2019)
Assistant Head teacher	Mr O Smith
Assistant Head teacher	Mrs K Pamphlett
Assistant Head teacher	Miss L Barr
Assistant Head teacher	Mrs C Bennett
Assistant Head teacher	Mrs M Allen
Walderslade Girls' School Senior Leadership Team	
Head teacher	Mr A Reese (appointed 01/01/2020)
Head teacher	Dr F Campbell (resigned 31/12/2019)
Deputy Head teacher	Miss E Ranson-McCabe
Deputy Head teacher	Mrs E Eddy (appointed 01/09/2019)
Assistant Head teacher	Mr R Elphick
Assistant Head teacher	Miss L Wildey
Assistant Head teacher	Dr J Harrison
Warren Wood Primary Academy Senior Leadership Team	
Head teacher	Mrs L Hardie
Deputy Head teacher	Mrs A Howe
Assistant Head teacher	Mrs A Watson
Chantry Community Academy Senior Leadership Team	
Head teacher	Mrs K Duncan
Deputy Head teacher	Mrs L Woodroof
Assistant Head teacher	Mr P Delahaye (resigned 31/08/2020)
Assistant Head teacher	Mr R Ward

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2020

Hilltop Primary Academy Senior Leadership Team

Head teacher	Mrs K Tillett
Deputy Head teacher	Mrs S Sodhi
Assistant Head teacher	Miss S Hills
Assistant Head teacher	Miss C Wooder

Company Secretary

Prima Secretary Limited

Registered Office

157 Walderslade Road
Walderslade
Chatham
Kent
ME5 0LP

Company Registration Number

07965316 (England and Wales)

Independent Auditor

Ashley Phillips FCCA
McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Solicitors

Womble Bond Dickinson (UK) LLP
4 More London Riverside
London
SE1 2AU

Bankers

Lloyds Bank
1 Legg Street
Chelmsford
Essex
CM1 1JS

HSBC Bank plc
1-5 Week St
Maidstone
Kent
ME14 1QW

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2020

Member Schools

Greenacre Academy
Walderslade Girls' School
Warren Wood Primary Academy
Chantry Community Academy
Hilltop Primary Academy

Other Addresses

Greenacre Academy
157 Walderslade Road
Walderslade
Chatham
Kent
ME9 0LP

Walderslade Girls' School
Bradfields Avenue
Chatham
Kent
ME5 0LE

Warren Wood Primary Academy
Arethusa Road
Rochester
Kent
ME1 2UR

Chantry Community Academy
Ordnance Road
Gravesend
Kent
DA12 2RL

Hilltop Primary Academy
Hilltop Road
Frindsbury
Rochester
ME2 4QN

Websites

<http://www.sflt.org.uk/>
<http://www.sflt.org.uk/greenacre/>
<http://www.sflt.org.uk/waldersladegirls/>
<http://www.sflt.org.uk/warrenwood/>
<http://www.sflt.org.uk/chantry/>
<http://www.sflt.org.uk/hilltop/>

SKILLS FOR LIFE 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 year ended 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operated two secondary academies in Walderslade, and three primary academies in Rochester, Strood, and Gravesend respectively. Its academies had a combined pupil capacity of 3,160 and had a roll of 3,041 pupils in the school census for Spring 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The trust was incorporated on 27th February 2012 and was re-constituted on 30th June 2014 as a multi academy trust. There are currently five academies within the Trust.

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

Greenacre Academy is an 11-18 academy in a selective area. On 31st August 2020 the school had 951 pupils (including 6th form) (2019: 932) on its roll.

Walderslade Girls' School is an 11-18 academy in a selective area. On 31st August 2020 the school had 857 pupils (including 6th form) (2019: 869) on its roll.

Greenacre Academy and Walderslade Girls' School have a collaborative sixth form partnership.

Warren Wood Primary Academy is a 3-10 academy and had 422 pupils on its roll (2019: 403).

Chantry Community Academy is a 3-10 academy and had 456 pupils on its roll (2019: 435).

Hilltop Primary Academy is a 4-10 academy and had 420 pupils on its roll (2019: 422).

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 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 cease to be a member.

Trustees' indemnities

Subject to the provision of the Companies Act 2006, the trust maintains trustees' and officers' liability insurance which gives appropriate cover for any liability incurred or legal action brought against them in connection with their acting in their capacity as directors of the Trust.

Method of recruitment and appointment or election of new trustees

The management of the trust is the responsibility of the trustees who are elected and co-opted under the terms of the Memorandum of Association. The trust's articles of association require that the members appoint at least three trustees (unless otherwise determined by ordinary resolution) but shall not be subject to any maximum.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Method of recruitment and appointment or election of new trustees - continued

Members may appoint:-

- new trustees
- the Chief Executive Officer for as long as they remain in office
- co-opted trustees

A trustee's term of office is four years, but the trustee is eligible for re-election at the meeting at which they retire.

Under the articles of association, the trustees are responsible for the appointment of the local governing bodies for each academy within the trust. A scheme of delegation for each local governing body is in place and this is regularly reviewed and the trustees may alter or revoke this. Governors of the local governing bodies do not have to be trustees of the trust.

All trustees and governors are encouraged to attend appropriate training in order for them to carry out their duties effectively.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new members, trustees and governors will depend on their existing experience and be tailored to the individual, but will include training on charity, education, legal and finance matters. All will be given a tour of the academies and the chance to meet with staff and students. Members, trustees and governors are provided with copies of relevant policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role.

Organisational structure

As a multi-academy trust, the board of trustees are at the head of the organisational structure. They are responsible for making major decisions about the direction of the trust and for the appointment of a local governing body for each academy.

The board of trustees also delegates responsibilities to the following sub-committees, with the chair of each committee reporting to the trustees at each meeting of the board:

- Operational board
- Remuneration, finance and audit committee
- Premises committee
- Skills for Life committee

The governors of each local governing body are delegated the responsibility for:

- Agreeing an annual school improvement plan (SIP)
- Monitoring progress against the SIP
- Awareness of revenue and capital expenditure (within certain limits)
- Continuing professional development
- Behaviour
- Raising standards
- Quality of teaching & learning
- Involvement of local community

The Chief Executive Officer (CEO) is the Accounting Officer for the trust.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Organisational structure - continued

Within each Academy there is a Senior Leadership Team (SLT). Each SLT will include the Headteacher, Assistant and / or Deputy Headteacher and senior teachers. The Head of Primary Education is also part of the SLT for the primary academies. The SLT controls their academy at an executive level implementing the policies set out by the trustees and governors and reporting back to them.

Arrangements for setting pay and remuneration of key management personnel

The setting of the pay and remuneration of the academy's key management personnel is via the remuneration, finance and audit committee, and is guided by the trust pay policy. This policy provides guidance for all staff from support staff through to the Chief Executive Officer. Additional support and direction may also be sought from external HR advisors, in supporting any such recommendations and final decisions.

Trade Union Facility Time

Relevant union officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	NIL
1% - 50%	NIL
51% - 99%	NIL
100%	NIL

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£NIL
Provide the total pay bill	£14,542,696
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%
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Related Parties and other Connected Charities and Organisations

A collaborative commercial agreement is established with the privately owned Kloisters Kindergarten.

Greenacre Academy is also the lead school in a School Direct Partnership called Teach in Kent. It also operates the Greenacre Sports Partnership.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Engagement with employees (including disabled persons)

The trustees maintained excellent communication with trust employees and their representatives (trade unions) in the reporting period. As the company is an exempt charity, it has also extended this to other volunteers who are part of the trust governance structure. Engagement has been achieved by regular newsletters which are shared with both internal and external stakeholders, whilst timely communication on internal matters is shared with employees and volunteers, including reminders on the process to access employee benefits and on the financial position of the trust, which had been of concern in the prior reporting period.

When internal communications that relate to employees are being prepared, such as in regard to wellbeing or pay and conditions, trade union consultation has been sought at every turn prior to dissemination. This has led to an excellent working relationship with trade unions, especially given the difficulties and threat posed to employee wellbeing during the ongoing COVID-19 pandemic.

Executive decision making at trust and school level has been informed and influenced by regular staff feedback, which has been received in the form of staff surveys. On occasion, this has also extended to internal votes on more divisive issues that have the most impact on working conditions.

The trust also retained and attracted several new business mentors. A programme of targeted business mentoring for upper school and sixth form students has continued during the pandemic in a virtual capacity. Business leaders, professional trades and industry senior managers and leadership volunteer their time in order to support and coach students who may have an interest in a particular sector. These mentors have been attracted to the Trust from a wide range of sectors and some of the biggest organisations in their field. This programme has a celebrated track record of success, with students moving on into entrepreneurial endeavours or apprenticeships and further training. Employers cite the student's work readiness, that has been cultivated during their time developing their soft skills, as a major contributory factor.

In regard to disabled persons, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all ground floor areas to the trust buildings. Where appropriate, lifts have been installed to facilitate wheelchair and disabled access to the upper levels (or lower) of the buildings. The policy of the trust is to support recruitment and retention of employees with disabilities. The trust does this by adapting the physical environment by making support resources available and through training and career development.

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

Trustees have given consideration to the interests of the organisation's other stakeholders, customers and others in a business relationship with the trust. One of the principal examples of this during 2019/20 has been the trust's compliance with the various Cabinet Office PPN documents that were applicable to schools and multi-academy trusts. The trustees and by extension, its appointed Accounting Officer and Chief Finance Officer, ensured that payments were prompt to suppliers in order to help maintain the flow of cash in both the local and national economies in an attempt to preserve the financial health of other sectors and safeguard jobs.

With the trust's operations having been severely impacted during the year due to COVID-19, with normal teaching and learning moving online and extra-curricular activities being cancelled, relationships with suppliers and customers developed or adapted accordingly. Embracing online collaboration, services that potentially could have ceased during lockdown were maintained, such as online counselling for students. Outside of teaching and learning, client meetings with suppliers were still able to take place, including planning for capital projects over the summer, which paved the way for significant progress to be made in the delivery of the trust's asset management plan, whilst also ensuring businesses were utilised during and in between national lockdowns and regional restrictions.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES

Objectives and aims

The main aim of the Trust is specifically restricted to the following: to advance the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Objectives, strategies and activities

The trust's mission is encapsulated in its vision statement: "**Skills for Life**".

The trust seeks to promote outstanding educational experiences that will inspire and challenge all learners to achieve the best of their abilities and prepare them to live and work as active and participating citizens in society. The trust academies offer a fully inclusive, wide ranging and holistic education for all students.

The main objectives of the Trust during the year ended 31st August 2020 are summarised below:

- ensuring that the Skills for Life programme is prioritised in all of the trust's activities;
- ensuring every child enjoys the same high-quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the academies by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- maintaining close links with industry and commerce; and
- conducting the trust's business in accordance with the highest standards of integrity, probity and openness.

The trust's main strategy is to raise standards of achievement and progress through continuous improvement and engagement in all aspects of the organisation.

In addition, the very unique Skills for Life programme ensures pupils are equipped to move on to secondary education or ready for employment or further education both academically and also with all the soft skills necessary to become successful adults.

In striving to achieve the objectives, the trust is committed to the creation of vibrant, diverse and innovative learning communities in which every person matters, and which promotes:

- The highest standards of achievement
- Courteousness, respect and self-discipline
- Leading edge practises in curriculum, teaching and learning
- A challenging, enjoyable and tailored learning journey for all
- Outstanding provision and outcomes in all the areas of extra-curricular activities
- An emphasis on participation, inclusion, enterprise, personal development, spirituality and well-being
- Partnership with parents and the wider community

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES - continued

The key activities and priorities that support this strategy are:

- Adhering to the "Skills for Life" vision statement
Promoting outstanding educational experiences that will inspire and challenge all learners to achieve to the best of their abilities and to develop personal and business skills that will fully equip them for the world of work and to live as active and participating citizens in today's society.
- Standards and achievements
Continuing to increase standards, with a particular focus on the proportion of students achieving the highest grades. Providing a robust performance management system coupled with continuing professional development and training opportunities for staff, governor and trustees.
- Teaching and learning
Embedding assessment for learning in all classrooms across the academies with a particular focus on challenging the most able. Continuing to learn from each other and from the best practice locally, nationally and internationally.
- Curriculum and assessment:
Promoting an exciting, challenging and varied curriculum, and celebrating extra-curricular / enrichment curriculum by focusing on learning beyond the classroom including sports and the creative arts. Using data and tracking procedures to measure progress and inform actions and interventions.
- Well-being:
Provide a learning environment that is safe, and that promotes respect, tolerance and responsibility.
- Recruitment and retention:
Committing to building an effective, highly skilled and well supported workforce by recruiting the best staff possible, growing capacity from within and sharing best practice within and between academies.
- Partnerships:
Working in partnership to both respond to and anticipate community needs.
- Leadership and governance:
Establishing a solid organisational structure that supports both students and staff and also informs all stakeholders of clear lines of accountability and responsibility. Embedding robust quality assurance processes including financial controls, which are transparent, that support the key strategies Through the further development of "distributed" leadership, supported by flexible and rigorous monitoring and evaluation:-
 - Continuing to improve standards in each academy
 - Ensuring that leadership at all levels is focussed on further raising of standards
 - Ensuring sound financial management in a climate of falling school budgets
 - Ensuring accommodation is fit for 21st century teaching and learning
 - Using infinite resource responsibly and "recycling, re-using and reducing" wherever possible.

Public benefit

In setting the objectives and planning activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

The activities undertaken to further the academy trust's purposes for the public benefit are discussed under the 'Objectives, strategies and activities' section.

STRATEGIC REPORT

Achievements and performance

Please note that progress 8 performance data for 2020 was calculated using the revised estimated attainment 8 scores from 2019.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020

STRATEGIC REPORT – continued

Achievements and performance – continued

Greenacre Academy

Progress 8 measures in 2020 saw the academy attain +0.20. This was a significant increase compared to the score of -0.27 achieved in 2019 and higher than the 2019 national average of +0.01 and boys' national of -0.23. It is of note that 2020 results were based on estimates, guided by teacher and departmental grading.

Maths achieved a subject progress 8 score of +0.21; a significant increase on -0.50 achieved in 2019. English improved for the second consecutive year, up to +0.21, from -0.30 in 2019 and -0.56 in 2018.

% 9-4 Grades	Total Entries	61.7% up from 53.1% in 2019
	English	67.6% up from 63.5% in 2019
	Maths	55.9% up from 52.6% in 2019
	English & Maths	51% up from 47% in 2019

Attainment 8	2020	40.5
	2019	40.6

All of these results should be seen in the context of the school as a non-selective school in a selective Local Authority.

2019 national provisional data for boys at a non-selective school in a highly selective area is as follows:

P8	-0.34
A8	39.7
9-4 E&M	52.6%
9-5 E&M	28.4%

Performance of the boys in the joint sixth form (with Walderslade Girls' School) have remained consistent in vocational qualifications. Although the average grade for Applied General qualifications dropped from Merit+ to Merit, the average points per entry only decreased slightly from 28.45 to 26.5. Results in Tech Level qualifications improved for the second consecutive year with the average points per entry increasing to 30.42 from 28.13 in 2019 and 24.28 in 2018; the average grade per entry has increased from Merit+ in 2019 to Distinction-.

Results in academic qualifications have also improved compared to 2019, with the average grade increasing from D- to D+ and the value-added score rising from -0.92 to -0.12.

Walderslade Girls' School

Progress 8 measures in 2020 saw the academy attain +0.35. This was a significant increase compared to the score of -0.34 achieved in 2019 and higher than the 2019 national average of +0.01 and girls' national of +0.25. It is of note that 2020 results were based on estimates, guided by teacher and departmental grading

The subject progress 8 score in Maths improved for the second consecutive year, up to +0.39, from -0.16 in 2019 and -0.39 in 2018. English achieved a score of +0.14; an increase on -0.13 achieved in 2019.

% 9-4 Grades	Total Entries	70.2% up from 58.6% in 2019
	English	74.0% up from 64.6% in 2019
	Maths	64.9% up from 59.0% in 2019
	English & Maths	57% up from 49% in 2019

Attainment 8	2020	42.2
	2019	37.2

All of these results should be seen in the context of the school as a non-selective school in a selective Local Authority.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

STRATEGIC REPORT - continued

Achievements and performance - continued

Walderslade Girls' School - continued

Performance of the girls in the joint sixth form (with Greenacre Academy) remained consistent in academic qualifications compared to 2019, with an average grade of C-. The average grade of Applied General qualifications dropped slightly from D- to M+, however the value-added score has remained relatively strong at -0.13. There were no pupils studying Tech Level qualifications in 2020.

Warren Wood Primary Academy, Chantry Community Academy and Hilltop Primary Academy

Owing to the COVID-19 pandemic and the cancellation of public exams, primary phase assessments were curtailed in the 2019/20 academic year. Therefore, there are no results or assessment data to publish. Internal assessments were also postponed in March, in order maintain year group 'bubbles' and to safeguard the well-being of both staff and pupils.

Key performance indicators

The core purpose of the trust is teaching and learning, with performance being measured against how this is translated into students' achievement and progress. The trustees believe that the other key performance indicators which require specific monitoring are as follows:

- Student numbers, which provide the basis for funding from the ESFA
- Spend on staff costs across each academy as a percentage of funding from the ESFA
- Adequate financial provision and reserves being established to meet known expenditure increase in forthcoming years
- Achieving an Ofsted rating of good as a minimum at each academy
- Achieving a successful onward destination for all school leavers

Student achievement has been addressed in the achievement and performance section above.

Student numbers have increased at Greenacre Academy, Warren Wood Primary Academy and Chantry Community Academy and have remained steady at Hilltop Primary Academy, who remain full. In contrast during the financial year, numbers decreased at Walderslade Girls' School. In response, trustees have addressed ways to improve student numbers by use of social media campaigns and establish more purposeful links with local primary schools, whilst also ensuring that assimilation of the strong ethos and values of the organisation are deeply embedded throughout the school.

Considered alongside the intangible, yet irrefutable reputational impact a 'Good' Ofsted report has, which also cited the influence of 'Skills for Life' and the unique business mentoring programme, trustees are confident that student numbers will grow at the school in forthcoming academic years.

Medway Council, in response to a multiple year-on year demographic 'bulge' in required school places in the immediate area, have required Greenacre Academy to accept an extra class of students in the last three years. This is a testament to the consistently good outcomes achieved by the school. A sizeable key stage 3 cohort has grown as a result, which has put pressure on the constraints of an aging school estate, which is being carefully managed moving into future periods.

Parental taste in the area that Warren Wood Primary Academy operates in has changed, primarily in response to their most recent positive Ofsted outcome. Consequently, movement has been prevalent across multiple year group cohorts and not just in EYFS recruitment. Chantry Community Academy have increased their intake on account of being one of the leading schools in Kent, in terms of improvement during 2019, whilst their new build is another attractive proposition for prospective parents. Hilltop Primary Academy continues to be a popular choice and has continued to attract more first choice preferences than available places, which is a demonstration of the consistently high standards across a number of years.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

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

STRATEGIC REPORT - continued

Key performance indicators - continued

Spend on staff costs represented 80% as a percentage of ESFA funding which is within a reasonable range for a multi-academy trust, benchmarked nationally. Stringent controls have ensured that staff costs do not escalate, both in this reporting period and into the future.

2019/20 was a challenging but ultimately very successful year. At the end of the last reporting period, it became clear that the Trust was in danger of sliding into a poor financial position and this could not be sustained. A root and branch investigation showed clearly where the problems were and the main issues were identified as:

- Due diligence on an existing academy transferring into the trust failed to identify significant educational and financial issues
- Overspend on supply teachers
- An oversight in the salary approval process leading to unnoticed increases in salary offers to new staff

As a result of this investigation, action was taken. A new Finance Director (CFO) was recruited and a restructure of the Finance team commenced in January 2020. Approval processes were tightened, and spending was severely restricted. A new permanent Chair of the Remuneration, audit and finance committee was appointed and a new accounting system was introduced.

This has resulted in a far better financial outcome in this financial year than had been anticipated at the end of the last reporting period. Further to that, a budget has been agreed for 2020/21 to begin to consolidate and build on the available reserves that the trust can draw upon, in order for it to deliver short to medium term projects, such as the improvement of IT infrastructure, which is a key strategic aim of the trust.

Whilst historically there may have been cause for concern, in the interest of clarity, the trustees are able to contextualise the size of the challenges the organisation has faced. It is clear that having adopted 3 schools who were considered to be among the worst performers in the region with poor Ofsted ratings, a reputation for turning around failing schools has been solidified, evidenced by 'Good' ratings achieved across all trust schools.

The success of the all-through approach to the 'Skills for Life' ethos and values, where 'RECIPE' in the primary phase and 'EMPLOY ME' in the secondary phase is clear. 100% of school leavers successfully achieved an onward destination, measured by either an offer of a university or other higher educational place, an apprenticeship, or other gainful employment directly out of school.

COVID 19

As the COVID 19 pandemic hit the UK in March 2020, the board of trustees immediately formed a COVID sub-committee drawn from senior staff, trustees and members. Individuals were chosen for their relevant strengths which covered; IT, HR, communications, safeguarding, finance and facilities management. Head teachers and trust Central Service Managers were also recruited where their expertise was deemed necessary.

This committee has met regularly and has been highly effective at such a difficult time in supporting the governors and SLTs. As referenced earlier in this report, decision making was informed and influenced by staff across the trust and trade union relationships were strengthened, including inviting representatives to meetings of the committee to canvas opinion and to demonstrate the safety-first approach that has been the cornerstone of the trust's response to pandemic. This included a wider community impact, where staff produced hundreds of visors for use in both our own schools and to donate to frontline healthcare services. In addition, the trust's COVID related risk assessments were praised in a review by the Health & Safety Executive.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

STRATEGIC REPORT - continued

COVID 19 - continued

Early in the pandemic the move to a virtual learning environment was seamless. The diligent work of the trust IT professionals, coupled with the unwavering determination and resolve of the educational staff was, and remains, instrumental in ensuring the education of our students continues unabated. The purchase of hundreds of electronic devices was prioritised to promote inclusivity across all cohorts. There are a number of positives that have been drawn from the digitalisation of teaching and learning and some of these changes will endure, ushering in a belief that the trust can be leaders in virtual learning.

The pastoral and administrative team, in support of the SLTs, ensured safeguarding remained of paramount importance. Regular communication with parents/guardians and the successful delivery of a free school meals voucher programme exhibited the commitment and sense of duty of both educational and support staff.

The government voucher scheme was initially beset with issues and proved to be a major logistical challenge. Whilst the service improved significantly later in the pandemic, at the outset trust staff accepted accountability without a moments hesitancy; delivering food parcels, directly purchased vouchers and shopping for entire families who were shielding, providing a lifeline to the most vulnerable in our community.

Going concern

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

Promoting the success of the company

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

The Skills for Life Trust is governed by its charitable objects. These charitable objects set out the purpose of the charity. The consequences of all decisions and activities of the charity are assessed by how they drive us towards achieving that long-term purpose, including by reference to the charity's strategy, vision and values.

As an educational charity, the trust is accountable not only to its funders and direct beneficiaries (the pupils) but also the pupils parents and wider community. These stakeholders support and engage with the trust and challenge senior leaders and trustees, as has been evidenced in other areas of this report. They ensure that the decisions the trust makes, as a charity, from the ground level through to the board, are for their benefit.

The trust is a values driven organisation and its values mean that it is informed, shaped and powered by the determination to uphold the vision and values. Well-established involvement and consultation mechanisms, both direct (through parental and staff surveys) and indirect (through the involvement of parents and local people on our Local Governing Bodies and Trust Board) ensure that decisions made by the trustees are informed by the needs of the organisation's stakeholders.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

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

FINANCIAL REVIEW

The majority of the Trust's income arises in the form of recurrent grants from the ESFA, to each of the academies within the trust. The use of this income is restricted to the particular purpose of the grant. The grant received from the ESFA in the year to 31st August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Fixed assets are included in the Restricted Fixed Asset Fund.

During the year to 31st August 2020

- Total income, including capital income, was £25,185,677 (2019: £29,084,530) of which £446,902 (2019: £826,919) was unrestricted income. £6,652,907 related to the donation into the Trust of a school building under the Priority School Building Programme (2019: £11,976,830 related to donations of net assets on Walderslade Girls' School joining the trust).
- Total expenditure for the year to 31st August 2020 was £19,128,504 (2019: £22,795,387) of which:
- Employee costs of £15,239,177 (2019: £14,728,931) represented 80% (2019: 65%) of total expenditure.
- Premises related costs of £737,519 (2019: £900,158), represented 4% (2019: 4%) of total expenditure.
- The depreciation of fixed assets which was £1,084,959 (2019: £947,808).
- The in-year deficit on restricted general funds, excluding pension reserve, plus unrestricted funds, after accounting for transfers was a deficit of £208,294 (2019: £362,322 deficit). Before accounting for transfers, this was an in-year surplus of £277,919 (2019: £393,618 deficit).

Reserves policy

The trustees review the free level of reserves of the trust and respective academies annually. This review encompasses the nature of income and expenditure streams and the need to match income with commitments. The trust have determined that the appropriate level of free reserves for each academy should be at least £30,000. The policy is set for review in 2020/21.

Carry forward individual academy reserves may be utilised to support any in year deficit, provided sufficient and robust plans clearly show that this would not be a continuing trend.

The Trust's current level of free reserves (unrestricted funds) is £264,426 (2019: £185,352) and the trustees' strategy to maintain free reserves of at least £30,000 has been achieved by Warren Wood Primary Academy and Chantry Community Academy. The free reserves held by Greenacre Academy, Hilltop Primary Academy and Walderslade Girls' School were below £30,000 due to an overspend and reliance on agency staff to cover staff illness and maternity leave in prior years. A plan has been set for the trust to return reserves to the levels expected.

With regards to reserves for the purpose of designation, a qualifying statement will be made within the annual audited accounts, detailing the reasons for the set aside, where the funds currently sit and the timing of that expenditure.

At the year end the trust has total funds £30,767,348 (2019: £25,844,175) comprising of £341,766 (2019: £629,134) of restricted funds, excluding restricted fixed asset funds and pension reserve, and £264,426 (2019: £185,352) of unrestricted funds. Restricted funds, excluding restricted fixed asset funds, show a deficit at the year-end of £8,845,234 (2019: £6,617,866) after accounting for the deficit on the local government pension scheme. The deficit on the scheme as at 31st August 2020 was £9,187,000 (2019: £7,247,000). It should be noted however that this deficit will not crystallise in the foreseeable future and that the Trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. This level of contributions has been taken into account when preparing the trust's budgets for the year ending 31st August 2021. The balance on restricted general funds, excluding pension reserve, plus the balance on unrestricted funds at 31st August 2020 was a surplus of £606,192 (2019: £814,486).

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

FINANCIAL REVIEW – continued

Investment policy

The trustees' investment powers are governed by the memorandum and articles of association, which permit the trust's funds, not immediately required for the furtherance of its objects, to be invested in or upon such investments, securities or property, as may be thought fit, subject to such conditions and consents as may for the time being be imposed or required by law. The trust and the academies within the trust, have not engaged in any investment of surplus funds during the year under review.

Principal risks and uncertainties

The trustees consider that in the present economic climate the principal risks facing the trust that would have financial implications. These are:

- Funding for education is under pressure, especially for 6th form provision. Whilst there are 3 year financial plans in place, the funding arrangements are based on the prior academic year census, and therefore where an academy is seeing growth this places pressure on the in-year balances; should any unforeseen circumstance occur this may have a significant impact on the 3 year plans.
- With an academy's income largely based on student numbers, a fall in the roll would have significant financial implications.
- The control of staff costs, matched to teaching requirements; the difficulties in recruitment; yet being mindful of the need to continue to drive up performance, standards and results.
- Any sudden changes to the liability with regard to the local government pension scheme.
- The impact of COVID-19 and the pressure that will exert on expenditure budgets without specific grant funding.

Other risks and uncertainties which could face the trust relate to the reputation of the trust or an academy within the trust. This could arise from an Ofsted or other governmental report, or an event outside of the control of the trustees.

The trustees have considered the principal risks and uncertainties facing the trust and have as far as appropriate taken steps to minimise these risks. Examples of risk management and mitigation are referenced throughout this report, especially in relation to income that is predicated on student numbers and control of staffing costs. A move towards integrated curriculum financial planning has commenced, with budgets focusing on both the future educational priorities and school improvement plan. The trust has also moved towards consolidating its contractual obligations to achieve greater economies of scale and purchasing power to put downwards pressure on its cost base.

FUNDRAISING

The trust has not engaged the services of any commercial participators nor professional fundraisers during the reported financial year.

The individual academies permit their own Parent-Teacher Association or Friends of the Schools (PTFA) to assist with running of low key and minor fundraising events during the year; such as a cake sale. The funds raised are controlled and reconciled by the respective PTFA. Minor donations are made to the academy to assist with the provision of education of pupils.

The trust has not received any complaints in relation to any of these processes, and ensures that no individual is intimidated, or feels compelled to participate in any of the activities that may be organised through the PTFA or equivalent. In its fundraising activities the trust has due regard to the Charity Commission guidance 'Charity Fundraising; a guide to trustee duties (CC20)' and meets the requirements of the 'Fundraising Code of Practice' set by the Fundraising Regulator.

Where possible the individual academies hire out their facilities. The income received is retained by the academy to support the management and provision of the facilities. Residual funds support the provision of the education of the pupils.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

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

STREAMLINED ENERGY AND CARBON REPORTING

As the trust is considered a large company, as determined by sections 465 and 466 of the Companies Act 2006 and has consumed more than 40,000 KWh of energy (in the UK) in this reporting period, the trustees present the energy usage in the below table:

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	2,121,008
Energy consumption break down (kWh) <ul style="list-style-type: none">• gas• electricity	937,738 1,183,270
Scope 1 emissions in metric tonnes CO ₂ e Gas consumption Owned transport – mini-buses Total scope 1	370 0 370
Scope 2 emissions in metric tonnes CO ₂ e Purchased electricity	532
Scope 3 emissions in metric tonnes CO ₂ e Business travel in employee owned vehicles	0
Total gross emissions in metric tonnes CO ₂ e	902
Intensity ratio Tonnes CO ₂ e per pupil	0.29

Quantification and Reporting Methodology

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

Intensity measurement

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

Measures taken to improve energy efficiency

The trust has invested in more efficient boilers at two of its schools in the year in a bid to become more efficient. In addition, the impact of COVID had a positive effect on energy usage, as less of our buildings were used over the course of the year. The premises committee are presently bidding for funding under the government decarbonisation programme in order to tackle energy efficiency issues across the trust. This is in the hope that replacement windows, better insulation and more efficient heating systems can be implemented.

A positive from the pandemic is that our trust board and committee meetings were conducted electronically. This is a change that is set to endure, even if the nature of restrictions reduce.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

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

PLANS FOR FUTURE PERIODS

Following a sustained period of growth and the personnel changes within the finance team during 2019/20, the trustees now consider that the trust should look to consolidate and improve/enhance the existing schools in the Trust for 2020/21. As part of this plan, the newly appointed Chief Financial Officer will be charged with undertaking a review of financial spend with potential reductions being made in areas of overspend to bring the Trust's reserves back into line.

Through involvement of the senior leadership, the individual academies development plans, and discussions of needs for the forthcoming year with the Head of Schools, a detailed annual revenue budget plan has been formulated and 3-5 year financial planning has commenced, along with detailed workforce general annual grant planning.

Detailed monthly budget monitoring will continue involving regular reporting and meetings with the SLT and chair of governors of each academy, to ensure each academy is on track.

As finances are now well managed, every academy has a good Ofsted rating, and the senior management team has been strengthened, the trustees propose to investigate the potential for adopting other schools into the trust either in the existing areas of Medway and Gravesend or in new hubs in Essex or the Kent coast

Finally, the trustees will continue, in accordance with the trust's vision statements of "Skills for Life" to seek improvement in the skills and levels of performance of its students to allow them to perform to the best of their abilities and to prepare them to live and work as active citizens in today's society.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The trust holds no funds as custodian trustee on behalf of others. During the year covered by this report neither the trust nor its trustees held any funds as a custodian trustee on behalf of any other charitable organisation.

AUDITOR

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 17 December 2020 and signed on the board's behalf by:



Ms N King (CBE) - Chair of Trustees

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2020**

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the CEO, 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 Skills for Life Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the year, with effective oversight of funds being maintained via the oversight of the remuneration, finance and audit committee, and trustees participation in other sub-committees such as the operational board.

Attendance during the year at meetings of the board of trustees was as follows:

Name	Meetings attended	Out of a possible
Trustees		
N King (CBE) (Chair)	3	3
T Maddison	3	3
I Brown	1	3
D English	0	0
J Murphy	1	3
W Wilkins	2	3
P Rowlands	1	1
E Roche	1	1
Attendees		
A Reese (CEO / AO)	3	3

During the reporting period the trustees have secured the services of experienced professionals to join the board. The effectiveness of the board is reviewed annually by the chair and members at the annual general meeting.

The skills sets of the trustees and composition within the board enables those trustees to have key areas of responsibility and to chair sub-committees, ensuring effective governance, scrutiny, support and guidance. These areas include finance, primary and secondary education improvement, effective leadership and developing and making pupils ready for transitions encompassing the trust's 'Skills for Life' ethos.

The need to add certain areas of expertise has been identified, particularly in view of COVID and the anticipated changes in learning environments post the pandemic. It is therefore planned to add a premises expert, an IT specialist and a safeguarding professional during 2020/21.

In view of the age of the CEO, a Deputy CEO (who has a dual role as Head teacher of Greenacre Academy) has been appointed to assist with continuity. This was mandated by the Regional Schools Commissioner after the annual review of 2018/19. The Deputy CEO has specific responsibility for overseeing HR and Finance. To also assist with planning for continuity, a Vice Chair of trustees has been elected.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2020**

GOVERNANCE - continued

The trustees formed an operational board in March 2018 which consists of trustees, headteachers and chairs of local governing bodies to operate together in an advisory capacity. This enables the board of trustees to remain strategic and focused on ensuring the trust continues to deliver at every level.

Both the trust and operational boards are presented with regular updates on trust-wide KPI's; focused but not limited to pupil and individual academy performance, financials, compliance and the effectiveness of the Skills for Life programme. The trustees review documentation summarising the collective inputs, discussion and scrutiny derived from staff input, via leadership groups, local governance and trust committees.

The next self-evaluation of governance is due to take place in January 2021.

Operational board

The operational board is a sub-committee of the main board of trustees, which consists of trustees, headteachers and chairs of local governing bodies. Its purpose is to:

- Enable the board of trustees to remain strategic and focused on ensuring the trust continues to deliver at every level.
- Allow the senior management of each academy to work together to:
 - share and implement best practice across the trust;
 - make day-to-day operational decisions that are to be implemented across the trust.
- Provide head teachers and governors access to the specialist knowledge and skill sets of the trustees.

Attendance at meetings in the year was as follows:

Name	Meetings attended	Out of a possible
<u>Trustees</u>		
N King (CBE) (Chair)	2	2
T Maddison	2	2
I Brown	1	2
D English	0	0
J Murphy	1	3
W Wilkins	2	3
P Rowlands	1	1
E Roche	1	1
<u>Senior Trust Management</u>		
A Reese (CEO / AO)	2	2
S Bridger	2	2
G Evans	2	2
<u>Governors</u>		
S Butler	2	2
S Greenfield	2	2
J Brooke	1	2
S Weeden-Arter	2	2
<u>Head teachers</u>		
F Campbell	0	0
L Hardie	2	2
K Duncan	2	2
K Tillet	2	2
<u>Others</u>		
N Bromley	2	2
C Dennis	2	2

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2020**

GOVERNANCE - continued

Remuneration, finance and audit committee

The remuneration, finance and audit committee is a sub-committee of the main board of trustees. Its purpose is to:

- In consultation with the Head teacher, draft the first formal budget plan of the financial year.
- Establish and maintain an up-to-date 3-year financial plan.
- Consider a budget position statement monthly and to report significant anomalies from the anticipated position to the board of trustees.
- Ensure that the academy trust operates within the Academies Financial Handbook.
- Annually review all finance related policies.
- Make decisions on expenditure following recommendations from other committees.
- Ensure that sufficient funds are available for pay increments as recommended by the Head teacher and the Head teacher's Performance Management Team, including serving as the trust Pay committee
- Monitor expenditure of any voluntary funds kept on behalf of the board of trustees.

Attendance at meetings in the year was as follows:

Name	Meetings attended	Out of a possible
<u>Committee members</u>		
E Roche	4	4
J Brooke	5	6
P Reynolds	3	6
C Bergess	6	6
P Simms	4	6
<u>Attendees</u>		
A Reese	3	6
S Bridger	4	4
A Jackson	5	5

Premises committee

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

- Advise the trustees on priorities, including health and safety, for the maintenance of the existing school buildings.
- Oversee arrangements for repairs and maintenance.
- Make recommendations on premises-related expenditure.
- In consultation with the CEO, trust finance director and trust premises manager, oversee premises-related funding bids.
- Oversee arrangements, including health and safety, for the use of the premises by outside users.
- Establish and keep under review accessibility plan and travel plan.
- Establish and keep under review the lettings and for hire of facilities.

Attendance at meetings in the year was as follows:

Name	Meetings attended	Out of a possible
P Rowlands	1	1
S Butler	5	5
J Snelling	4	5
K Blackmore	3	4
A Reese	5	5
N Hewitt	4	5
A Jackson	4	4

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2020**

GOVERNANCE - continued

Skills for Life committee

The Skills for Life committee is a sub-committee of the main board of trustees. Its purpose is to:

- Provide strategic oversight and leadership of all matters related to delivering and developing the Skills for Life vision.
- Take delegated responsibility on behalf of the Board for ensuring that there is a framework for the provision and delivery of this vision.
- Champion the Skills for Life programme within and outside the work areas, and assist the Skills for Life manager and partners in delivering this across the trust.

Name	Meetings attended	Out of a possible
W Wilkins	2	2
S Presneill	2	2
S Doree	2	2
K Pamphlett	2	2
E Eddy	2	2
L Woodruff	2	2
S Sodhi	1	2
A Watson	1	2
A Howe	2	2

REVIEW OF VALUE FOR MONEY

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

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

- Making a sustained effort to move towards a curriculum based budgeting approach and economies of scale being considered across all schools.
- Carrying out competitive tendering processes for large scales capital projects at Greenacre Academy and Walderslade Girls' School (canteen extension and heating replacement, respectively).
- The implementation of an outsourced lettings administrative system.
- Making PPE & other protective materials – utilisation of both internal staff and resources rather than outsourcing where it was appropriate and time effective.

During the year, the operational finance team and the remuneration, finance and audit committee were strengthened significantly. In turn, with greater, granular scrutiny of spend against budget, both in year and planning for future periods, value for money could be assessed more readily. This included an internal benchmarking process that saw each relatable school pitched against each other to assess the levels of spend across numerous categories.

Central to this was staffing costs and the inclusion in reporting of a 'staffing cost matrix'; charting the levels of pay across the scales, to establish where there are disproportionate levels of lower, or higher paid staff.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2020**

REVIEW OF VALUE FOR MONEY - continued

The trustees, in response to the receipt of School Condition Allowance, commissioned a report into the state of all sites used by the organisation, to ensure that this funding was being utilised in the most considered manner. This led to an independent asset management plan and a strengthening of the premises department. Following this the trust carried out two extensive competitive tender processes, that have delivered positive and cost effective solutions.

Furthermore, the trust sought to move the marketing and administration of lettings onto a digital platform. Historically the trust had used expensive staff to administer and staff lettings, restricting the profitability of activity that, run well in conjunction with the academies, has the potential to provide additional funding and to limit, wherever possible, the over reliance on ESFA and government grant funding.

In response to the COVID-19 pandemic, the trust sought to produce its own PPE and divider screens. Visors were created for a fraction of a percentage of a retail price and this also utilised staff in a positive way, some of whom were unable to participate as much as others in the move to virtual learning.

THE PUPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Skills for Life Trust for the period 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 trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the remuneration, finance and audit 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 McCabe Ford Williams, the external auditor.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

THE RISK AND CONTROL FRAMEWORK - continued

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the period included the testing and review of:

- payroll and personnel systems;
- purchase processing systems and tendering procedures;
- completeness of ESFA income;
- completeness of other income;
- sales processing and debtors ledger;
- balance sheet control accounts;
- expense claims; and
- petty cash reconciliations.

On a four-monthly basis, the internal auditor provides a report to the remuneration, finance and audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. There have been delays in internal audit reports in the reporting period, given the impact of COVID-19

The board of trustees confirms that the internal auditor has delivered their schedule of work as planned and no material control issues arose as a result of the internal auditor's work.

The board of trustees and its sub-committee have noted the change in ethical standards and as such the arrangement with the current internal auditor will cease in the new financial year.

REVIEW OF EFFECTIVENESS

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

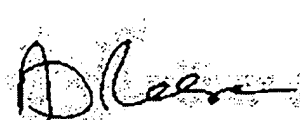
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the remuneration, finance and audit 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 17 December 2020 and signed on its behalf by:



Ms N King (CBE) - Chair of Trustees



Mr A Reese - Accounting Officer

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

I confirm that the following instance of material irregularity, impropriety or funding non-compliance discovered to date has 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:

- **Financial issue**

Towards the end of the previous financial year, the remuneration, finance and audit Committee stopped receiving management accounts and accordingly its ability to have effective control over the academy trust's finances was impacted. The trustees took steps to rectify these issues, implementing a spending freeze across the organisation to avoid unnecessary deficits building and to establish a stronger control on the spend on agency staff. Through further investigation, it was also established that the reports detailing the internal auditor's additional checks were not being presented to the committee in a timely manner and accordingly recommendations had not been actioned. Despite the steps taken to rectify the issues, and their cause, due to the timing of when the matter commenced, it was inevitable that these issues would continue into the year ended 31 August 2020 until the actions taken by the trustees, including the necessary recruitment of a replacement Chief Financial Officer, could address them.



Mr A Reese - Accounting Officer

Date: 17 December 2020

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 to 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 the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on 17 December 2020 and signed on its behalf by:



Ms N King (CBE) - Chair of Trustees

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of Skills for Life Trust (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2020, and of its 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 & 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 trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the report of the trustees (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the trustees (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

- the strategic report and the directors' 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 trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 25, the trustees (who are also the directors of the academy trust 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 trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Ashley Phillips FCCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers, 1 Central Avenue, Sittingbourne, Kent, ME10 4AE

Date: 17 December 2020

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

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

In accordance with the terms of our engagement letter dated 26 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 Skills For Life Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Skills for Life Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Skills for Life Trust's funding agreement with the Secretary of State for Education 1st September 2018 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the internal reviewer during the period;
- Review of governance arrangements and procedures and related compliance with the requirements of the Academies Financial Handbook, including the distribution of management accounts and quantity of meetings;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between the academy trust and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO SKILLS FOR LIFE TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

Approach - continued

- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period

Conclusion

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

- **Financial issue**

Towards the end of the previous financial year, the remuneration, finance and audit Committee stopped receiving management accounts and accordingly its ability to have effective control over the academy trust's finances was impacted. The trustees took steps to rectify these issues, implementing a spending freeze across the organisation to avoid unnecessary deficits building and to establish a stronger control on the spend on agency staff. Through further investigation, it was also established that the reports detailing the internal auditor's additional checks were not being presented to the committee in a timely manner and accordingly recommendations had not been actioned. Despite the steps taken to rectify the issues, and their cause, due to the timing of when the matter commenced, it was inevitable that these issues would continue into the year ended 31 August 2020 until the actions taken by the trustees, including the necessary recruitment of a replacement Chief Financial Officer, could address them.



Ashley Phillips FCCA (Reporting Accountant)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers, 1 Central Avenue, Sittingbourne, Kent, ME10 4AE

Date: 17 December 2020

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

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

	Notes	Unrestricted fund £	Restricted funds £	Restricted fixed asset funds £	31.8.20 Total funds £	31.8.19 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	17,821	-	7,656,925	7,674,746	298,579
Transfer of existing academy into the trust	26	-	-	-	-	11,976,830
Charitable activities						
Funding for the trust's educational operations	3	4,684	17,036,134	-	17,040,818	16,229,978
Other trading activities	4	420,795	32,414	13,288	466,497	576,214
Investments	5	3,602	14	-	3,616	2,929
Total		446,902	17,068,562	7,670,213	25,185,677	29,084,530
EXPENDITURE ON						
Raising funds	7	-	-	-	-	173
Charitable activities						
Trust's educational operations	8	261,517	17,782,028	1,084,959	19,128,504	22,795,214
Total	6	261,517	17,782,028	1,084,959	19,128,504	22,795,387
NET INCOME/(EXPENDITURE)		185,385	(713,466)	6,585,254	6,057,173	6,289,143
Transfers between funds	20	(106,311)	(379,902)	486,213	-	-
		79,074	(1,093,368)	7,071,467	6,057,173	6,289,143
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit pension schemes	25	-	(1,134,000)	-	(1,134,000)	(1,332,000)
Net movement in funds		79,074	(2,227,368)	7,071,467	4,923,173	4,957,143
RECONCILIATION OF FUNDS						
Total funds brought forward	20	185,352	(6,617,866)	32,276,689	25,844,175	20,887,032
TOTAL FUNDS CARRIED FORWARD		264,426	(8,845,234)	39,348,156	30,767,348	25,844,175

CONTINUING OPERATIONS

All of the trust's activities derive from continuing operations during the above financial periods.

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AT 31 AUGUST 2020

		31.8.20 £	31.8.20 £	31.8.19 £	31.8.19 £
	Notes				
FIXED ASSETS					
Tangible assets	14		39,057,411		31,678,740
CURRENT ASSETS					
Stocks	15	3,908		4,056	
Debtors: amounts falling due within one year	16	1,070,207		559,385	
Cash at bank and in hand		<u>2,067,313</u>		<u>2,769,658</u>	
		3,141,428		3,333,099	
LIABILITIES					
Creditors: Amounts falling due within one year	17	<u>(2,154,983)</u>		<u>(1,798,862)</u>	
NET CURRENT ASSETS			<u>986,445</u>		<u>1,534,237</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			40,043,856		33,212,977
Creditors: Amounts falling due after more than one year	18		(89,508)		(121,802)
NET ASSETS EXCLUDING PENSION LIABILITY			<u>39,954,348</u>		<u>33,091,175</u>
Pension scheme liability	25		(9,187,000)		(7,247,000)
NET ASSETS INCLUDING PENSION LIABILITY			<u>30,767,348</u>		<u>25,844,175</u>
FUNDS OF THE ACADEMY: RESTRICTED FUNDS					
Fixed asset funds	20	39,348,156		32,276,689	
General funds	20	341,766		629,134	
Pension fund	20	<u>(9,187,000)</u>		<u>(7,247,000)</u>	
TOTAL RESTRICTED FUNDS			30,502,922		25,658,823
UNRESTRICTED INCOME FUNDS	20		264,426		185,352
TOTAL FUNDS			<u>30,767,348</u>		<u>25,844,175</u>

The financial statements on pages 30 to 57 were approved by the board of trustees on 17 December 2020 and were signed on its behalf by:



Ms N King (CBE) - Chair of Trustees

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	31.8.20 £	31.8.19 £
Cash flows from operating activities			
Net cash provided by operating activities	1	133,038	1,660,891
Cash flows from investing activities	2	(803,089)	(558,449)
Cash flows from financing activities	3	(32,294)	(1,506)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(702,345)	1,100,936
		<hr/>	<hr/>
Cash and cash equivalents at 1 September	4	2,769,658	1,668,722
		<hr/>	<hr/>
Cash and cash equivalents at 31 August	4	<u>2,067,313</u>	<u>2,769,658</u>

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Reconciliation of net income/(expenditure) to net cash flow from operating activities	31.8.20	31.8.19
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	6,057,173	6,289,143
Adjustments for:		
Depreciation	1,084,959	947,808
Capital grants from DfE/ESFA	(1,004,018)	(275,875)
Interest received	(3,616)	(2,929)
Assets and liabilities transferred from Walderslade Girls' School	-	(11,976,830)
Assets donated to the trust	(6,652,907)	-
Loss on disposal of fixed assets	-	3,675,398
(Increase)/decrease in stocks	148	1,021
(Increase)/decrease in debtors	(790,488)	1,225,712
Increase/(decrease) in creditors	635,787	986,443
Difference between pension charge and cash contributions	<u>806,000</u>	<u>791,000</u>
Net cash provided by operating activities	<u>133,038</u>	<u>1,660,891</u>
2. Cash flows from investing activities		
Interest received	3,616	2,929
Purchase of tangible fixed assets	(1,810,723)	(1,562,650)
Capital grants from DfE/ESFA	1,004,018	275,875
Cash transferred from Walderslade Girls' School	<u>-</u>	<u>725,397</u>
Net cash provided by / (used in) investing activities	<u>(803,089)</u>	<u>(558,449)</u>
3. Cash flows from financing activities		
Loan repayments in year	(32,294)	(31,515)
Cash inflows from new borrowing	<u>-</u>	<u>30,009</u>
Net cash (used in) / provided by financing activities	<u>(32,294)</u>	<u>(1,506)</u>
4. Analysis of cash and cash equivalents		
	31.8.20	31.8.19
	£	£
Cash at bank and in hand	917	513
Notice deposits (less than 3 months)	<u>2,066,397</u>	<u>2,769,145</u>
Total cash and cash equivalents	<u>2,067,313</u>	<u>2,769,658</u>

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

1. STATEMENT OF ACCOUNTING POLICIES

Skills for Life Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is 157 Walderslade Road, Walderslade, Chatham, Kent, ME5 0LP. The principal activity of the Trust is to provide education for pupils that satisfies the requirements of the Education Act 2002.

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

Basis of preparation

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

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. As part of this assessment the trustees have taken account of the impact on its finances as a result of the COVID-19 pandemic and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance 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.

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Income - continued

- **Donations**

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

- **Other income**

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

- **Donated goods, facilities and services**

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

- **Transfer of existing Academies into the Trust**

Where assets and liabilities are received on the transfer of an existing academy into the trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within donations and capital grant income to the net assets acquired.

- **Donated building into the Trust**

On 1st September 2019 the Trust was donated a school building under the Priority School Building Programme. The Trust had no control or right to the funds concerning the build project and the programme co-ordinator confirmed that the right to utilise the building was only conveyed upon the Trust as of 1st September 2019. Accordingly, the build cost of the school has been brought in as a donation within the restricted fixed asset fund.

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 a basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

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. All resources expended are inclusive of irrecoverable VAT.

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 to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted fund, 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 estimated useful life, as follows:

Buildings	- straight line over 50 years
Land	- over the term of the lease
	- not depreciated if owned
Furniture and Equipment	- straight line over 5 years
Computers	- straight line over 3 years
Motor Vehicles	- straight line over 5 years
Improvements to Property	- straight line over 50 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

Liabilities

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

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Provisions

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

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

Leased assets

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

Leasehold property

Some of the land and buildings from which the academy trust operates are leased from Kent County Council for a period of 125 years. Rentals payable in respect of this lease are one peppercorn per annum. Under the terms of the lease the risks and rewards of ownership have been substantially transferred to the academy trust and accordingly to reflect its use, the value of the properties has been included in fixed assets with an appropriate credit to voluntary income within the restricted fixed asset fund. The properties were valued at depreciated replacement cost by relevant registered professionals specialising in public sector property valuation at the time of each school converting to an academy and joining the Trust. The valuations were specifically carried out in accordance with the capital accounting requirements of the Charities SORP 2019.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. 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.

Stocks

Stocks are valued at the lower of cost and net realisable value, on a first in first out basis, after making due allowance for obsolete and slow moving items.

Taxation

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education and other funders where the asset acquired or created is held for a specific purpose.

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

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement

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

Critical accounting estimated 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pension 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.

The net book value of freehold and leasehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of freehold property which relates to land is deemed not to have a finite life and is not depreciated. The element of leasehold property which relates to land is depreciated over the term of the lease. The element of property which does not relate to land is depreciated on a straight line basis of 50 years, being the estimated useful economic life and it is assumed that the asset has no residual value on the basis of its specialised nature. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

Critical areas of judgement

The trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Donations	17,821	6,652,907	6,670,728	62,413
Capital Grants	-	1,004,018	1,004,018	236,166
	<u>17,821</u>	<u>7,656,925</u>	<u>7,674,746</u>	<u>298,579</u>

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

3. FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	31.08.20 Total Funds £	31.08.19 Total Funds £
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	14,127,161	14,127,161	13,720,852
Other DfE/ESFA grants	-	2,025,391	2,025,391	1,324,606
	<u>-</u>	<u>16,152,552</u>	<u>16,152,552</u>	<u>15,045,458</u>
Other government grants				
Local authority grants	-	730,656	730,656	1,035,786
Exceptional government funding				
Coronavirus Job Retention Scheme grant	-	2,886	2,886	-
Coronavirus exceptional support	-	37,385	37,385	-
Other income from the academy trust's educational operations	<u>4,684</u>	<u>112,655</u>	<u>117,339</u>	<u>148,734</u>
Total education operations	<u>4,684</u>	<u>17,036,134</u>	<u>17,040,818</u>	<u>16,229,978</u>

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus exceptional support covers £37,385 of health and safety, hygiene services, cleaning materials and utility costs for extended opening hours. These costs are included in notes 6 and 8 below as appropriate.

- The academy furloughed a member of staff under the government's CJRS. The funding received of £2,886 relates to staff costs in respect of one member of staff, who left the Trust to work outside of teaching but for whom their start date with their new employer was delayed due to coronavirus and accordingly they were re-employed as was allowable under the CJRS rules, which are included within notes 6, 8 and 9 below as appropriate.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Sponsorships	-	-	-	64,185
Other Income	255,022	45,702	300,724	51,154
Hire of facilities	<u>165,773</u>	<u>-</u>	<u>165,773</u>	<u>460,875</u>
	<u>420,795</u>	<u>45,702</u>	<u>466,497</u>	<u>576,214</u>

SKILLS FOR LIFE TRUST (A COMPANY LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020**

5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	31.8.20 Total funds	31.8.19 Total funds
	£	£	£	£
Interest received	<u>3,602</u>	<u>14</u>	<u>3,616</u>	<u>2,929</u>
	<u>3,602</u>	<u>14</u>	<u>3,616</u>	<u>2,929</u>

6. EXPENDITURE

	Staff costs	Non-pay expenditure		31.8.20 Total	31.8.19 Total
	£	Premises	Other costs	£	£
		£	£		
Expenditure on raising funds					
Costs incurred by trading for a fundraising purpose	-	-	-	-	173
Academies educational operations					
Direct costs	10,281,027	748,826	937,116	11,966,969	12,274,559
Allocated support costs	<u>4,958,882</u>	<u>737,519</u>	<u>1,465,134</u>	<u>7,161,535</u>	<u>10,520,655</u>
	<u>15,239,909</u>	<u>1,486,345</u>	<u>2,402,250</u>	<u>19,128,504</u>	<u>22,795,387</u>

Net income/(expenditure) is stated after charging/(crediting):

	31.8.20	31.8.19
	£	£
Operating lease rentals	202,987	227,785
Auditors' remuneration	15,000	14,750
Auditors' remuneration for non-audit work	11,323	7,375
Depreciation - owned assets	<u>1,084,959</u>	<u>947,808</u>

7. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	Unrestricted funds	Restricted funds	31.8.20 Total funds	31.8.19 Total funds
	£	£	£	£
Purchases	<u>-</u>	<u>-</u>	<u>-</u>	<u>173</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>173</u>

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

8. CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Direct costs – educational operations	261,517	11,705,452	11,966,969	12,274,559
Support costs – educational operations	-	7,161,535	7,161,535	10,520,655
	<u>261,517</u>	<u>18,866,987</u>	<u>19,128,504</u>	<u>22,795,214</u>

	31.8.20 £	31.8.19 £
Analysis of support costs		
Support staff costs	4,958,882	4,868,124
Depreciation	97,646	84,146
Technology costs	11,370	5,298
Premises costs	737,519	900,158
Other support costs	1,242,957	934,786
Governance costs	113,160	52,745
Loss on disposal of assets	-	3,675,398
Total support costs	<u>7,161,535</u>	<u>10,520,655</u>

9. STAFF

a. Staff costs

	31.8.20 £	31.8.19 £
Wages and salaries	11,414,817	11,051,802
Social security costs	963,986	1,102,662
Other pension costs	2,836,893	2,314,992
	15,215,696	14,469,456
Supply teacher costs	<u>24,213</u>	<u>259,475</u>
	<u>15,239,909</u>	<u>14,728,931</u>

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

There are no non-statutory/non-contractual severance payments included in staff restructuring costs during the year (2019: £nil).

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

9. STAFF – continued

c. Staff numbers

The average number of persons (including senior management team) employed by the academy trust during the year expressed as full time equivalents was as follows:

	31.8.20	31.8.19
Teachers and educational support	257	257
Administration and support	63	70
Management	29	30
	<u>349</u>	<u>357</u>

d. Higher paid staff

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

	31.8.20	31.8.19
£60,001 - £70,000	4	3
£70,001 - £80,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£130,001 - £140,000	1	1
	<u>8</u>	<u>6</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2020, pension contributions for these staff amounted to £147,106 (2019: £117,560).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership team as listed on pages 1 and 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £2,046,511 (2019: £1,593,501).

10. TRUSTEES' REMUNERATION AND EXPENSES

The CEO and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of the trustees' remuneration and other benefits was as follows:

Mr Andy Reese (CEO and staff trustee)

Remuneration	£130,000 - £135,000	(2019: £130,000 - £135,000)
Employer's pension contributions	£30,000 - £35,000	(2019: £20,000 - £25,000)

During the period ended 31 August 2020, there were no expenses reimbursed to trustees (2019: £nil).

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

11. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides 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.

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Restricted fixed asset funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	15,204	7,500	275,875	298,579
Transfer of existing academy into the trust	148,090	(1,719,000)	13,547,740	11,976,830
Charitable activities				
Funding for the trust's educational operations	86,962	16,143,016	-	16,229,978
Other trading activities	573,790	2,424	-	576,214
Investments	2,873	56	-	2,929
Total	826,919	14,433,996	13,823,615	29,084,530
EXPENDITURE ON				
Raising funds	-	173	-	173
Charitable activities				
Academy's educational operations	919,509	17,244,851	4,630,854	22,795,214
Total	919,509	17,245,024	4,630,854	22,795,387
NET INCOME/(EXPENDITURE)	(92,590)	(2,811,028)	9,192,761	6,289,143
Transfers between funds	(47,485)	78,781	(31,296)	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit pension schemes	-	(1,332,000)	-	(1,332,000)
Net movement in funds	(140,075)	(4,064,247)	9,161,465	4,957,143
RECONCILIATION OF FUNDS				
Total funds brought forward	325,427	(2,553,619)	23,115,224	20,887,032
TOTAL FUNDS CARRIED FORWARD	185,352	(6,617,866)	32,276,689	25,844,175

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

13. CENTRAL SERVICES

The trust has provided the following central services during the year:

- Human resources
- Financial services
- Legal services
- Educational support services
- ICT Network and data analysis management
- Others as arising

The trust charges for these services on the basis on a flat percentage of GAG income of 5.2%.

The actual amounts charged during the year were as follows:

	Year ended 31.8.20 £	Year ended 31.8.19 £
Greenacre Academy	316,938	231,549
Warren Wood Primary Academy	82,502	173,761
Chantry Community Academy	91,055	179,755
Hilltop Primary Academy	80,025	71,913
Walderslade Girls School	<u>253,989</u>	<u>189,040</u>
	<u>824,509</u>	<u>846,018</u>

14. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Improvements to property £	Plant and machinery £
COST				
At 1 September 2019	2,833,000	27,685,550	3,072,185	169,284
Additions	<u>-</u>	<u>6,652,907</u>	<u>1,598,345</u>	<u>-</u>
At 31 August 2020	<u>2,833,000</u>	<u>34,338,457</u>	<u>4,670,530</u>	<u>169,284</u>
DEPRECIATION				
At 1 September 2019	291,393	2,113,393	61,857	169,284
Charge for year	<u>56,660</u>	<u>663,497</u>	<u>102,729</u>	<u>-</u>
At 31 August 2020	<u>348,053</u>	<u>2,776,890</u>	<u>164,586</u>	<u>169,284</u>
NET BOOK VALUE				
At 31 August 2020	<u>2,484,947</u>	<u>31,561,567</u>	<u>4,505,944</u>	<u>-</u>
At 31 August 2019	<u>2,541,607</u>	<u>25,572,157</u>	<u>3,010,328</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020**

14. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2019	1,247,624	10,500	729,292	35,747,435
Additions	<u>51,539</u>	<u>-</u>	<u>160,839</u>	<u>8,463,630</u>
At 31 August 2020	<u>1,299,163</u>	<u>10,500</u>	<u>890,131</u>	<u>44,211,065</u>
DEPRECIATION				
At 1 September 2019	991,943	4,200	436,625	4,068,695
Charge for year	<u>122,664</u>	<u>1,800</u>	<u>137,609</u>	<u>1,084,959</u>
At 31 August 2020	<u>1,114,607</u>	<u>6,000</u>	<u>574,234</u>	<u>5,153,654</u>
NET BOOK VALUE				
At 31 August 2020	<u>184,556</u>	<u>4,500</u>	<u>315,897</u>	<u>39,057,411</u>
At 31 August 2019	<u>255,681</u>	<u>6,300</u>	<u>292,667</u>	<u>31,678,740</u>

Included in cost or valuation of land and buildings is freehold land of £405,000 (2019 - £405,000).

During the year a donation of a school building for Chantry Community Academy with a value of £6,652,907 was made to the trust under the Priority School Building Programme.

15. STOCKS

	31.8.20 £	31.8.19 £
Clothing	<u>3,908</u>	<u>4,056</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.20 £	31.8.19 £
Trade debtors	125,144	17,982
VAT recoverable	163,182	48,542
Prepayments and accrued income	<u>781,881</u>	<u>492,861</u>
	<u>1,070,207</u>	<u>559,385</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.20	31.8.19
	£	£
Other loans (see note 19)	31,315	31,315
Trade creditors	972,335	418,215
Social security and other taxes	261,914	491,114
Other creditors	114,957	-
Accruals and deferred income	<u>774,462</u>	<u>858,218</u>
	<u>2,154,983</u>	<u>1,798,862</u>

Deferred income

	31.8.20	31.8.19
	£	£
Deferred income at 1 September	157,683	-
Released from previous years	(157,683)	-
Resources deferred in the year	114,750	157,683
	<u>114,750</u>	<u>157,683</u>

Deferred income at 31 August 2020 relates to rates grants received from the ESFA, Free School Meal grants received from the ESFA and Hub income which all relate to the year commencing 1 September 2020 (2019: £157,683).

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.20	31.8.19
	£	£
Other loans (see note 19)	<u>89,508</u>	<u>121,802</u>
	<u>89,508</u>	<u>121,802</u>

19. SALIX LOANS

The loans included in creditors are from Salix and are provided on the following terms:

- A loan for £29,925 repayable over a 7-year duration, with 3 years remaining. Loan repayments of £4,246 per annum will pay off this loan.
- A loan of £24,640 repayable over a 7-year period, with 6 years remaining. Loan repayments of £3,520 per annum will pay off this loan.
- A loan for £88,210 repayable over a 7-year duration, with 6 years remaining. Loan repayments of £12,601 per annum will pay off this loan.
- A loan for £38,775 repayable over a 7-year duration, with 6 years remaining. Loan repayments of £4,848 per annum will pay off this loan.
- A loan for £42,700 repayable over a 7-year duration, with 4 years remaining. Loan repayments of £6,100 per annum will pay off this loan.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020**

19. SALIX LOANS - continued

An analysis of the maturity of the Salix loans within other creditors is given below:

	31.8.20 £	31.8.19 £
Amounts falling due within one year	31,315	31,315
Amounts falling due between one and two years	31,315	31,315
Amounts falling due between two and five years	<u>58,193</u>	<u>90,487</u>
	<u>120,823</u>	<u>153,117</u>

20. FUNDS

	Balance at 1 September 2019 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	594,006	14,127,161	(14,044,905)	(379,902)	296,360
School Voluntary Fund	35,128	142,351	(132,073)	-	45,406
Other government grants	-	770,927	(770,927)	-	-
Pension reserve	(7,247,000)	-	(806,000)	(1,134,000)	(9,187,000)
Pupil premium	-	846,470	(846,470)	-	-
Other DfE/ESFA grants	-	1,181,653	(1,181,653)	-	-
	<u>(6,617,866)</u>	<u>17,068,562</u>	<u>(17,782,028)</u>	<u>(1,513,902)</u>	<u>(8,845,234)</u>
Restricted fixed asset funds					
Assets held for depreciation	31,678,740	6,652,907	(1,084,959)	1,810,723	39,057,411
Other capital grants	597,949	1,017,306	-	(1,324,510)	290,745
	<u>32,276,689</u>	<u>7,670,213</u>	<u>(1,084,959)</u>	<u>486,213</u>	<u>39,348,156</u>
Total restricted funds	<u>25,658,823</u>	<u>24,738,775</u>	<u>(18,866,987)</u>	<u>(1,027,689)</u>	<u>30,502,922</u>
Unrestricted funds					
Unrestricted funds	185,352	446,902	(261,517)	(106,311)	264,426
Total unrestricted funds	<u>185,352</u>	<u>446,902</u>	<u>(261,517)</u>	<u>(106,311)</u>	<u>264,426</u>
Total funds	<u>25,844,175</u>	<u>25,185,677</u>	<u>(19,128,504)</u>	<u>(1,134,000)</u>	<u>30,767,348</u>

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

General Annual Grant (GAG)

Funds must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

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

20. FUNDS - continued

Other restricted general funds

Funding is provided by Government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

Restricted fixed asset funds

Funding is provided by way of Government grants or capital expenditure from the GAG in order to acquire specified fixed assets for use by the Academy in achieving its educational objectives.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the academy trust.

Transfers between funds

During the year the academy trust has used £106,311 of unrestricted income to fund an overspend of GAG at certain schools. The academy trust has, in accordance with its funding agreement, utilised £486,213 of GAG funds as a contribution towards the acquisition of fixed assets during the year.

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

	Balance at 1 September 2018 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	818,383	13,720,852	(14,024,010)	78,781	594,006
School Voluntary Fund	32,998	61,796	(59,666)	-	35,128
Other government grants	-	1,038,210	(1,038,210)	-	-
Pension reserve	(3,405,000)	(1,719,000)	(791,000)	(1,332,000)	(7,247,000)
Pupil Premium	-	957,773	(957,773)	-	-
Other DfE/ESFA grants	-	374,365	(374,365)	-	-
	<u>(2,553,619)</u>	<u>14,433,996</u>	<u>(17,245,024)</u>	<u>(1,253,219)</u>	<u>(6,617,866)</u>
Restricted fixed asset funds					
Assets held for depreciation	23,113,081	11,626,215	(4,623,206)	1,562,650	31,678,740
Other capital grants	2,143	2,197,400	(7,648)	(1,593,946)	597,949
	<u>23,115,224</u>	<u>13,823,615</u>	<u>(4,630,854)</u>	<u>(31,296)</u>	<u>32,276,689</u>
Total restricted funds	<u>20,561,605</u>	<u>28,257,611</u>	<u>(21,875,878)</u>	<u>(1,284,515)</u>	<u>25,658,823</u>
Unrestricted funds					
Unrestricted funds	325,427	826,919	(919,509)	(47,485)	185,352
	<u>325,427</u>	<u>826,919</u>	<u>(919,509)</u>	<u>(47,485)</u>	<u>185,352</u>
Total funds	<u>20,887,032</u>	<u>29,084,530</u>	<u>(22,795,387)</u>	<u>(1,332,000)</u>	<u>25,844,175</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020**

20. FUNDS - continued

Analysis of academies by fund balance

Fund balances at 31 August 2020 were allocated as follows:

	31.8.20 £	31.8.19 £
Greenacre Academy	(10,879)	(199,022)
Warren Wood Primary Academy	425,721	266,073
Chantry Community Academy	711,003	810,856
Hilltop Primary Academy	(96,453)	(98,754)
Walderslade Girls' School	(127,810)	11,220
Central service	<u>(295,390)</u>	<u>24,113</u>
Total before fixed assets and pension reserve	<u>606,192</u>	<u>814,486</u>
Restricted fixed asset fund	39,348,156	32,276,689
Pension liability	<u>(9,187,000)</u>	<u>(7,247,000)</u>
Total	<u><u>30,767,348</u></u>	<u><u>25,844,175</u></u>

The trust is reviewing its spending in order to address the deficit positions at three of the schools, as well as the top slice allocation to the central MAT, and there is a plan for reserves to return to the levels expected.

Analysis of academies by cost

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

	Teaching and educational support costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total 31.8.20 £	Total 31.8.19 £
Greenacre Academy	3,758,620	1,004,523	110,627	793,432	5,667,202	5,832,054
Warren Wood Primary Academy	1,162,371	567,149	15,221	278,224	2,022,965	2,053,352
Chantry Community Academy	1,012,107	515,285	12,421	244,380	1,784,193	5,600,858
Hilltop Primary Academy	980,512	488,723	23,093	277,531	1,769,859	1,856,699
Walderslade Girls' School	3,335,570	795,289	107,749	603,279	4,841,897	4,873,761
Central services	<u>31,847</u>	<u>1,587,181</u>	<u>1,044</u>	<u>337,357</u>	<u>1,957,429</u>	<u>1,666,893</u>
	<u><u>10,281,027</u></u>	<u><u>4,958,150</u></u>	<u><u>270,165</u></u>	<u><u>2,534,203</u></u>	<u><u>18,043,545</u></u>	<u><u>21,883,617</u></u>

Included within Central services 'Other support staff costs' is £673,000 relating to the FRS 102 pension adjustment (2019: £661,000). Included within Chantry Community Academy last year was a loss on demolition of the old school building of £3,675,398.

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

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted funds	Restricted fixed asset funds	31.8.20 Total funds
	£	£	£	£
Fixed assets	-	-	39,057,411	39,057,411
Current assets	264,426	2,302,252	411,568	2,978,246
Current liabilities	-	(1,960,486)	(31,315)	(1,991,801)
Long term liabilities	-	-	(89,508)	(89,508)
Pension liability	-	(9,187,000)	-	(9,187,000)
	<u>264,426</u>	<u>(8,845,234)</u>	<u>39,348,156</u>	<u>30,767,348</u>

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

	Unrestricted fund	Restricted funds	Restricted fixed asset funds	31.8.19 Total funds
	£	£	£	£
Fixed assets	-	-	31,678,740	31,678,740
Current assets	256,730	1,893,779	1,182,590	3,333,099
Current liabilities	(71,378)	(1,264,645)	(462,839)	(1,798,862)
Long term liabilities	-	-	(121,802)	(121,802)
Pension liability	-	(7,247,000)	-	(7,247,000)
	<u>185,352</u>	<u>(6,617,866)</u>	<u>32,276,689</u>	<u>25,844,175</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2020 the academy had annual commitments under non-cancellable operating leases as follows:

	31.8.20	31.8.19
	£	£
Other		
Amounts due within one year	202,987	227,785
Amounts due between one and five years	<u>93,489</u>	<u>296,476</u>
	<u>296,476</u>	<u>524,261</u>

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

23. CAPITAL COMMITMENTS

	31.08.20	31.08.19
	£	£
Capital commitments	<u>213,000</u>	<u>300,089</u>
	<u>213,000</u>	<u>300,089</u>

24. 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.

25. PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £172,113 were payable to the schemes at 31 August 2020 (2019: £158,436) and are included within creditors.

Teachers' pension scheme

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

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

Valuation of the Teachers' Pension Scheme

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020**

25. PENSION AND SIMILAR OBLIGATIONS - continued

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

The employer's pension costs paid to TPS in the period amounted to £1,385,893 (2019: £948,639).

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

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

Local government pension scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £778,000 (2019: £766,000), of which employer's contributions totalled £600,000 (2019: £593,000) and employees' contributions totalled £178,000 (2019: £173,000).

The agreed contribution rates for future years are 23.68 per cent for employers and range between 7.4 and 11.7 per cent for employees depending on pensionable pay.

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.

Principal actuarial assumptions

	31.8.20	31.8.19
Discount rate	1.60%	1.85%
Future salary increases	3.25%	3.70%
Future pension increases	2.25%	2.20%
CPI Increases	2.25%	2.20%
Commutation of pension to lump sums	50.00%	50.00%

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

25. PENSION AND SIMILAR OBLIGATIONS - continued

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

	31.8.20	31.8.19
Retiring today		
Males	21.8	22.1
Females	23.8	24.0
Retiring in 20 years		
Males	23.2	23.7
Females	25.2	25.8

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1-year age rating adjustment to the mortality assumption:

	£ +0.1%	£ 0.0%	£ -0.1%
Adjustment to discount rate			
Present value of total obligation	18,420,000	18,893,000	19,379,000
Projected service cost	1,450,000	1,499,000	1,550,000
Adjustment to mortality age rating assumption	+ 1 year	None	- 1 year
Present value of total obligation	19,583,000	18,893,000	18,227,000
Projected service cost	1,552,000	1,499,000	1,448,000
Adjustment to CPI assumption	+0.1%	0.0%	-0.1%
Present value of total obligation	19,325,000	18,893,000	18,472,000
Projected service cost	1,549,000	1,499,000	1,451,000

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

	Fair value at 31.8.20 £	Fair value at 31.8.19 £
Equities	6,287,000	5,831,000
Gilts	65,000	61,000
Other bonds	1,253,000	772,000
Property	1,066,000	997,000
Cash	296,000	228,000
Target return portfolio	<u>739,000</u>	<u>664,000</u>
Total market value of assets	9,706,000	8,553,000

The actual return on scheme assets was £659,000 (2019: £356,000).

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

25. PENSION AND SIMILAR OBLIGATIONS - continued

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

	31.8.20	31.8.19
	£	£
Current service cost	1,273,000	1,093,000
Past service costs	-	161,000
Net interest from net defined benefit asset/liability	128,000	128,000
Administration expenses	<u>5,000</u>	<u>2,000</u>
	<u>1,406,000</u>	<u>1,384,000</u>

The actuarial remeasurements for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial remeasurements recognised in the Statement of Financial Activities since the adoption of the relevant pensions accounting is a £2,286,000 loss (2019: £1,152,000 loss).

Changes in the present value of the defined benefit obligation are as follows:

	31.8.20	31.8.19
	£	£
At 1 September	(15,800,000)	(8,501,000)
Liabilities assumed on settlements	-	(4,225,000)
Current service cost	(1,273,000)	(1,093,000)
Past service cost	-	(161,000)
Contributions by scheme participants	(178,000)	(173,000)
Interest cost	(292,000)	(337,000)
Actuarial gains/(losses)	(1,520,000)	(1,479,000)
Benefits paid	<u>170,000</u>	<u>169,000</u>
At 31 August	<u>(18,893,000)</u>	<u>(15,800,000)</u>

Changes in the fair value of scheme assets are as follows:

	31.8.20	31.8.19
	£	£
At 1 September	8,553,000	5,096,000
Settlement prices received	-	2,506,000
Return on assets less interest	495,000	147,000
Contributions by employer	600,000	593,000
Contributions by scheme participants	178,000	173,000
Interest on assets	164,000	209,000
Administrative expenses	(5,000)	(2,000)
Actuarial gains/(losses)	(109,000)	-
Benefits paid	<u>(170,000)</u>	<u>(169,000)</u>
At 31 August	<u>9,706,000</u>	<u>8,553,000</u>

The estimated value of employer contributions for the year ending 31 August 2021 is £613,000 (2020: £600,000).

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

26. TRANSFER OF EXISTING ACADEMY INTO THE TRUST

On 1st September 2018 Walderslade Girls' School joined the Skills for Life Trust. All assets and liabilities of the former trust were transferred to Skills for Life Trust at fair value and recognised as a donation. The following table sets out the amounts which were recognised in the SOFA in the year ended 31 August 2019:

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Leasehold land and buildings	11,323,803	-	11,323,803
Fixtures and Fittings	267,730	-	267,730
Computer equipment	34,680	-	34,680
Non-current assets			
Debtors due after more than one year	94,465	-	94,465
Current assets			
Debtors due in less than one year	1,413,263	-	1,413,263
Cash at bank and in hand	725,397	-	725,397
Liabilities			
Creditors due in less than one year	(163,508)	-	(163,508)
Pensions			
Pension – pension scheme liabilities	(1,719,000)	-	(1,719,000)
Net assets	<u>11,976,830</u>	<u>-</u>	<u>11,976,830</u>

27. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook 2019 and the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the period of accounts:

Mr A Reese, a staff trustee, has a close family relationship with C Kari, an employee of the academy trust. The remuneration, including employer pension contributions, of the member of staff concerned for the year was in the range £55,000-£60,000 (2019: £45,000-£50,000). Mr Reese is a member of the Remuneration, finance and audit committee of the multi-academy trust, however he was not involved in the initial appointment and is not involved in any discussions surrounding that particular employee's pay, in accordance with the Academies Financial Handbook.

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

28. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In the accounting period ended 31 August 2020 the trust received £23,146 (2019: £25,639) and disbursed £21,860 (2019: £25,639) from the fund. An amount of £1,286 (2019: £nil) is included in other creditors relating to undistributed funds that is repayable to ESFA.

29. CONTINGENT LIABILITY

The trust may have a contingent liability in respect of term time annual leave calculation. During the year, certain trade unions began looking at potentially making claims against Kent and Medway based education employers regarding the calculation of term time only workers' annual leave. This has arisen across the Local Authorities as a whole and is not unique to this trust. The ultimate liability, if any, cannot be determined with any certainty and arises in respect of calculations of full-time equivalent hours of a small proportion of staff. It is possible that in the event of any claim the trust will be reimbursed for some or all of any liability arising. For these reasons, the trustees do not believe any liability should be included in the accounts for the year ended 31 August 2020.