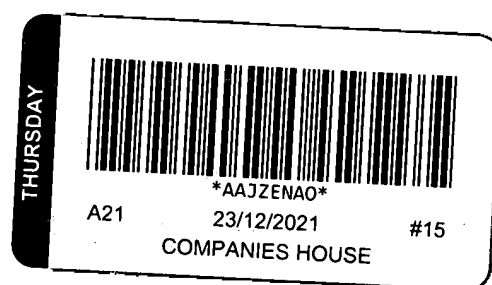


Orchard Academy Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2021



Orchard Academy Trust
(A company limited by guarantee)

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Reference and Administrative Details of the Academy Trust, its trustees and advisers For the Year Ended 31 August 2021

Members	Dr N Smetham Mrs J Hayes Mr M Costello Mrs R Gordon Mr M Higgs
Trustees	Dr N Smetham, Chair of Trustees ¹ Mrs J Young, Executive Headteacher and Accounting Officer ¹ Mrs H Crittall (resigned 12 July 2021) Mrs A Mailing Mr R Smith, Vice Chair ¹ Mr N Grant ¹ Rev W North (resigned 21 July 2021) Mr B Stepney Mrs J Julius (appointed 12 July 2021) Mr C Knight (appointed 13 September 2021) ¹ Members of the Finance and Premises Committee
Company registered number	08249884
Company secretary	Schofield Sweeney LLP 76 Wellington Street West Yorkshire Leeds. LS1 2AY
Registered office	Allington Primary School Hildenborough Crescent London Road Maidstone Kent. ME16 0PG
Senior leadership team	Mrs J Young - Executive Headteacher and Accounting Officer Mrs C Howson - Headteacher of Allington Primary School from 1 January 2021 Mr C Laker - Headteacher of Barming Primary School from 1 January 2021 Mrs L Abbasi - Deputy Headteacher of Allington Primary School from 1 January 2021 Miss H Rootes - Deputy Headteacher of Barming Primary School from 1 January 2021
Allington Primary School	Mrs C Howson - Headteacher of Allington Primary School from 1 January 2021 Mrs L Abbasi - Deputy Headteacher from 1 January 2021 Mrs E Burton-Grange - Inclusion Manager Miss N Flisher - EYFS and Key Stage 1 Lead
Barming Primary School	Mr C Laker - Headteacher of Barming Primary School from 1 January 2021 Mrs H Rootes - Deputy Headteacher of Barming Primary School Mrs B Rathbone - Key Stage 2 Lead Mrs V Ingram - EYFS & Key Stage 1 Lead Mrs S Appleby - EYFS & Key Stage 1 Lead Mrs M Stere - Inclusion Manager
Bankers	Lloyds Bank plc 25 Monument Street London. EC3R 8BR
Auditors	UHY Kent LLP trading as UHY Hacker Young Thames House, Roman Square Sittingbourne Kent. ME10 4BJ

Orchard Academy Trust
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Trustees' Report
For the Year Ended 31 August 2021

The trustees present their annual report and auditors' report of the Academy Trust for the year ended 31 August 2021.

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the company, which was established on 11 October 2012.

The Trustees of Orchard Academy Trust are also the directors of the charitable company for the purposes of company law.

Principal activities

The Academy Trust's principal objective and activity has been to manage the schools' provision of education to pupils between the ages of 2 and 11 in two primary academies in Maidstone, Kent. The Academies have a combined pupil capacity of 886 and had a roll of 875 in the school census in January 2021.

Members' liability

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

Trustees' indemnities

The Academy Trust maintains trustees, governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees and governors. The Academy Trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the Academy Trust.

Details of the insurance cover are provided in note 11 to the financial statements.

Method of recruitment and appointment or election of trustees

The Academy Trust has a Board of Members. The members of the Academy Trust shall comprise:

- a. the signatories to the Memorandum; and
- b. any members appointed by special resolution by the existing members.

Termination of membership is subject to provisions within the Articles of Association of the Academy. Members may resign by written notice provided that at any time the remaining number of members shall not be less than three.

Under the terms of its Articles, the Academy Trust shall have the following trustees and governors:

- a. A Trust Board, comprising:
 - One Trustee who is appointed by the Members and is also a Member.
 - Seven Trustees who are appointed by the Members, including the Executive Head who is *ex officio*.
 - Up to three co-opted Trustees, this will include the Chairs of the Local Governing Bodies.
 - The Secretary of State may give a warning notice to the Trust Board and appoint Trustees under circumstances laid out in the Articles of Association.
- b. Local Governing Bodies for each School, comprising:
 - Six co-opted Governors appointed by the Trust Board
 - One staff elected Governor
 - Two Parent elected Governors
 - The Headteacher for the Academy

The term of office for trustees and governors is four years, unless resignation of office is given by notice to the Trust or Local Governing Body as appropriate.

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Trustees' Report
For the Year Ended 31 August 2021

Parent Local Governors are elected to the Local Governing Bodies by parents of registered pupils at the School. A Parent Local Governor must be a parent of a pupil at the School at the time of them being elected.

Any election of Parent Governors which is contested will be held by secret ballot. If the number of parents standing for election is less than the number of vacancies then the Governing Body will appoint a Parent Governor to make the number up to the required level. In appointing a Parent Governor the Governing Body will appoint a person who is the parent of a registered pupil at the School but where this is not reasonably practicable, a person who is the parent of a child of compulsory school age will be appointed.

The Governing Body may appoint up to three co-opted Governors. Co-opted Local Governors are appointed by Governors who are not themselves co-opted. Employees of the School are not eligible to be a co-opted Local Governor if the number of Governors who are employees would exceed one third of the total number of Local Governors. When seeking new co-opted Local Governor, the Chair of the Local Governing Body assesses the skill-set of the current Local Governors and considers, in consultation with the Local Governing Body, what qualities and experience would enhance the team for the benefit of the School. There were no new Local Governor appointments to Allington Local Governing Body during the year; there were two co-opted Local Governor appointments at Barming.

The members and trustees who were in office at 31 August 2021 and served throughout the year, except where shown, are listed on page 1.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new Trustees and Local Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. Under normal circumstances all new Trustees and Local Governors are given a tour of the School and the chance to meet with staff and pupils; this will resume when COVID restrictions are lifted. All Trustees and Local Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees and Local Governors.

All Trustees and Local Governors are encouraged to attend training provided by the Trust and by Kent County Council Governor Services, much of which is currently available on line.

Organisation structure

The organisational structure exists at three levels: the Board of Members, the Trust Board and Local Governing Bodies, and the Senior Leadership Team. The Members will maintain a strategic overview of Orchard Academy Trust's performance and adherence to the terms within the Funding Agreement. The Trust Board, supported by the Local Governing Bodies, is responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust and each School by the use of budgets and making major decisions about the direction of the Trust and Schools, capital expenditure and senior staff appointments. The Senior Leadership Team is responsible for the day-to-day running of the Schools.

A Trust Finance Premises and Audit Committee is established, which considers budget and premises matters in detail and makes decisions, according to an agreed Scheme of Delegation and Terms of Reference. The Committee also undertakes the role of Audit to provide scrutiny over the financial systems and control. A Trust Pay and Personnel Committee is established, which considers pay and personnel matters in detail and makes decisions according to an agreed Scheme of Delegation and Terms of Reference.

A Staff Discipline Committee and an Appeals Committee are formed by the Governing Bodies from the pool of Local Governors as the need arises. The Trust and Local Governing Bodies will also establish ad-hoc working groups to address specific matters and report back to Trust Board and Local Governing Body as relevant.

The Local Governing Bodies operate under the "Circle" Model. All matters, including teaching and learning, curriculum, pupils and pupil welfare, premises, resources, ICT, and new developments and projects, are considered and discussed at meetings of the Local Governing Body.

From 1 January 2021 the Executive Headteacher reduced her hours to part time and the Heads of School became substantive Headteachers. Internal appointments were also made for a Deputy Headteacher in each school.

The Headteacher and Senior Leaders at each School control their School at an executive level implementing the policies laid down by the Trustees and Local Governors and reporting back to them. As a group, the Headteacher and Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. They are responsible for the day to day operation of the School, in particular organising the teaching staff, facilities and pupils. The Executive Headteacher is the Principal and the Accounting Officer for the Multi Academy Trust. The Trust agreed delegated financial authority to the Heads of School up to £8k; spending in excess of £8k and up to £25k is delegated to the Executive Headteacher; spending in excess of £25k and up to £50k is delegated to the Executive Headteacher and the Trust Finance and Premises Committee. All higher spending must be referred to the Trust Board.

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Trustees' Report
For the Year Ended 31 August 2021

Arrangements for setting pay and remuneration of key management personnel

The trust has retained responsibility for setting the pay and remuneration of the Accounting Officer. The trust has delegated the responsibility of setting the pay and remuneration of the other members of the senior leadership team to the Accounting Officer.

Disclosures in relation to remuneration paid to key management personnel during the year are provided in note 10.

Risk management

The Trustees have 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 Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks and the business continuity plans for each academy are in place and reviewed regularly.

Connected organisations, including related parties

There are no related parties that either control or significantly influence the decisions and operations of the Orchard Academy Trust.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object of the Academy Trust is to advance for 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.

Our aim is for our schools to be in the top 10% of schools nationally and we continue to strive to meet the aims and objectives of the schools by providing a safe, caring, fun and exciting environment for learning. We believe that we have a very talented and committed staff who are dedicated to making this happen.

Objective, strategies and activities

Our objectives, strategies and activities are outlined in each school's development plan, which lays out our aspirations for the future development of each school. Our aims are to:

- Ensure all teaching is at least good and all teachers deliver outstanding lessons on a regular basis, conducting rigorous and robust monitoring of standards.
- Address all areas of concern identified through rigorous analysis of performance data and target setting.
- Design a curriculum that builds upon local and national research and utilises the best possible resources, both human and physical.
- Make best use of those resources available beyond each school's grounds through community links and school-to-school support.
- Carry out accurate and honest self-evaluation

Each school is at the heart of their local communities and enjoy strong links with local groups including Football Clubs, Scout Groups, and Brownie/Guide groups who use the facilities on a regular basis (with the exception of current circumstances due to COVID). The schools also maintain strong links with their local churches and pre-schools/playgroups.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The criteria used to admit pupils to the school:

- Looked after children
- Siblings
- Staff children
- Proximity to the school

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Trustees' Report
For the Year Ended 31 August 2021

In September 2020 the furthest offer made at Allington Primary School was 4.441 miles from the school. The furthest offer made at Barming Primary School was 20.33 miles from the school.

STRATEGIC REPORT

Achievements and performance

Trust data is usually above the national data for all subjects in statutory tests in KS2. For 2020-2021 the data tracked by the schools demonstrate good and outstanding progress has been made by the children across the year. Attainment is not typically as we would expect and this is a focus for the next year's development plans. Data for the trust and each school for previous years can be found on the Orchard Academy Trust website, www.orchardacademytrust.co.uk. Performance tables for each school are also available on the schools' website which can be found through the links on the Trust website.

The Schools successfully remained open throughout the year with a limited number of bubble closures.

Key priorities for the year are contained in the School Development Plans which are available from the School Offices and are in line with the Trust's Improvement plan.

Key financial performance indicators

The trustees consider that the following are key performance indicators for the academy:

- Pupil numbers – The Trust endeavours to maintain the schools at full capacity through positive marketing and promoting the schools in a positive light, promoting and maintaining high standards;
- Continued financial stability – The Trust produces three year rolling budgets; makes the most of any opportunity to generate income and makes savings where applicable without detriment to our stakeholders;
- Staff costs – The Trusts target is to maintain staff costs within 80% of total income, this ensures financial stability. Allington is currently 74%, Barming is 78% and Belmont is 68%.
- Spend per pupil not to be more than 100% of per pupil funding. The schools spending per pupil was: Allington 91%, Barming 95% and Belmont 80%.

Financial review and position

Most of the Academy Trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA"). Core grant income has been supplemented by capital funding, and some other income such as income from the hire of facilities and other self-generated sources.

Total income for the year was £4.5m which compares to £4.17m in 2020. These figures include capital grant funding of £241k and £353k respectively.

Revenue income for the year was therefore £4.28m compared to £3.82m in 2019/20. Most of this revenue income comprises grant funding as detailed in note 5, and the largest element is core General Annual Grant (GAG) funding which has increased by £275k since the previous year. Local authority grants include SEN funding which has risen by £109k.

The Academy Trust has received specific funding from the DfE/ESFA this year to help with its response to the Covid-19 pandemic with £70k of catch-up premium. Our 3 key priorities at both schools for the catch-up premium are:

- Recovery of lost learning
- Re-engagement and re-establishing positive behaviour for learning
- Ensuring low experience pupils are not disadvantaged further

This plan will evolve as the needs of the children evolve across the year. Their needs will be identified through both formal and informal assessment procedures and both emotional and academic needs will be monitored and supported.

The SoFA shows total expenditure for the year of £4.36m, leaving an excess of income over expenditure for the year of £159k (2020: £280k). The actuarial loss of £245k (2020: £81k), which forms part of the movement on the Local Government Pension Scheme (LGPS) fund, means there was an overall reduction in funds of £86k (2020: increase of £199k).

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Trustees' Report
For the Year Ended 31 August 2021

This overall movement in funds includes an increase of £131k on the restricted fixed asset fund, which tracks capital grant income and depreciation charges arising on capitalised fixed assets, including the school buildings. The total movement on the LGPS pension reserve of £525k is also included. As a result the overall movement shown on the SoFA does not represent any form of meaningful operational result for the year.

The table below reconciles from the movement in funds per the SoFA to the result on revenue income funds, a surplus of £309k. The £82k transfers to the capital fund represent fixed assets acquired with revenue funds, and therefore the operation result, prior to these revenue to capital transfers, was a surplus of £391k.

	2021 (£000s)	2020 (£000s)
Overall net movement in funds for the year per SoFA	86	199
Add:		
Decrease / (increase) attributable to fixed asset fund	(130)	(231)
LGPS actuarial (gain)/loss	245	81
LGPS service and interest costs	280	196
Movement in revenue income funds during the year	309	245
Add: Transfers from revenue to capital to fund fixed asset additions	82	52
Operational surplus /(deficit) on revenue funds before transfers to capital	391	297

The financial result was significantly healthier than originally expected due to increased funding from the ESFA to acknowledge the additional form of entry in Year R, plus prudent spending due to the low levels of reserves brought forward into the year. Although income was reduced during the year due to Covid-19 the Trust managed to make savings to compensate, specifically agency budgets and maternity cover no longer needed. The trust is therefore left with revenue funds of £637k which it carries into 2021/22 split between unrestricted funds of £172k and restricted reserves of £465k.

As explained in the accounting policies section of the financial statements, the LGPS is a funded defined benefit pension scheme and a provision for estimated pension liabilities is included in the Academy Trust's Balance Sheet. The service and interest costs of £280k are included within expended resources (within restricted funds) on the SoFA and when added to the actuarial loss the carried LGPS deficit has increased by £525k to the £2.4m deficit shown on the Balance Sheet. The pension reserve is the only fund in deficit; it is important to note that this accounting deficit does not mean that an immediate liability crystallises and it has no direct effect on the employer contribution rate paid by the trust, which is determined using longer-term funding assumptions.

The final fund reflected in the trust's Balance Sheet is the fixed asset fund. Most of this balance related to the net book value of fixed assets on the Balance Sheet (£7.7m), largely the value of the trust's two academies' buildings. This fund also reflects the unspent capital funding of £19k and, finally, a Salix loan balance of £8k.

During the year the trust's assets were used almost exclusively for providing education and the associated support services to the pupils of the academy, the only exceptions to this being limited letting of the facilities to third parties such as local community groups.

Going concern

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

Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have revised the reserves policy to be in line with the DFE's recommended level of one months' salary bill (approximately £291k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy Trust holds revenue income reserves of £638k (2020: £329k), and within this the level of completely free reserves is the balance held as unrestricted funds £172k (2020: £139k).

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Trustees' Report
For the Year Ended 31 August 2021

PRINCIPAL RISK AND UNCERTAINTIES

The main risks that the academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance plans:

- *Strategic and Reputational* - This covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for academy service, competition from other schools with similar objects and little scope for differentiation. The Trustees hold the Executive Head to account for the performance of the schools and ensure high standards are achieved and that the schools are popular choices within the community. Allington Primary School is oversubscribed and the Number on Roll at Barming is steadily increasing and close to full capacity – 417 and for the first time the school has waiting lists in some year groups.
- *Finance risk* - The risk of the academy not operating within its budget and running a deficit. Risks linked to income not increasing at the same rate of inflation over the coming years. The risk that the implementation of the NFF will be delayed. There are also risks in connection with the deficit on the Local Government Pension Scheme, although the trustees are comfortable with the current level of employer contributions the academy is required to pay. The Trustees are constantly exploring possible ways of generating income and this includes the development of the pre-school at Barming Primary School and wrap around care across the Schools. Cash flow is monitored alongside monthly management accounts and shared with the trustees.
- *Safeguarding and child protection* – The Trustees continue to ensure that the highest standards are maintained in areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety, and discipline.
- *Failures in governance and/or management* – The risk in this area arises from the potential failure to effectively manage the trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees regularly review procedures during finance and trust meetings to ensure that appropriate measures are in place to mitigate these risks.
- *Staff* – The success of the academy trust and each individual academy is reliant on the quality of its staff and staff retention, and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Financial and risk management objectives and policies

The Academy Trust does not use complex financial instruments; it manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risk to which the trust is exposed from is making a deficit from unforeseen but necessary expenditure. The trust manages its cash resources so that all its operating needs are met without the need for short-term borrowing, and Trustees review the amount of surplus cash and invest as appropriate so as to maximise interest income.

The trust is also exposed to the following financial risks:

- *Interest rate risk* - the trust earns interest on cash deposits and with interest rates currently low, the trustees will take appropriate action to ensure they maximise the income from these deposits.
- *Credit risk* is managed through regular contact with funders. Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our principal bankers.

Fundraising

Each school within Orchard Academy Trust benefits from a separate self-administered PTFA, who fundraise for specific school-based requirements. These organisations are members of the Parent Kind national charity and run fund raising events with the approval and oversight of the Headteachers. Their accounts are audited annually and reported at the AGMs.

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Trustees' Report
For the Year Ended 31 August 2021

PLANS FOR FUTURE PERIODS

The trustees' main plans for future periods are:

- Ensure all teaching is at least good and all teachers deliver outstanding lessons on a regular basis, conducting rigorous and robust monitoring of standards.
- Address all areas of concern identified through rigorous analysis of performance data and target setting.
- Develop the curriculum to ensure that it is progressive and provides learners with sufficient opportunities to develop both skills and knowledge.
- Ensure a broad and balance curriculum that uses a vocabulary rich approach across all subjects.
- Make best use of those resources available beyond each school's grounds through community links and school-to-school support.
- For Allington Primary School to continue its work raising standards.
- Carry out accurate and honest self-evaluation
- To raise attainment and progress for all groups of children, including closing any gaps resulting from lockdown;
- Continue to increase Numbers on Roll at Barming;
- To embed and develop the good practice at Barming and work towards outstanding;
- To raise attainment and progress in writing and maths;
- To retain teaching staff across the MAT and ensure succession planning;
- To develop income generation to ensure future financial sustainability.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the trustees have taken all the steps 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.


AUDITORS

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report, incorporating the Strategic report, was approved by order of the Board of Trustees and signed on the Board of Trustees' behalf by:



Dr N Smetham
Chair of Trustees



Mrs J Young
Executive Head Teacher and Accounting Officer

Date: 9 December 2021

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Governance Statement for the Year Ended 31 August 2021

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows.

Trustee	Meetings attended	Out of a possible
Dr N Smetham, Chair of Trustees	7	7
Mrs J Young, Executive Head Teacher and Accounting Officer	7	7
Mrs H Crittall	5	7
Mrs A Malling	7	7
Rev W North	4	7
Mr R Smith, Vice Chair	4	7
Mr N Grant	6	7
Mr B Stepney	6	7
Mrs J Julius	1	1

The Finance and Premises Committee is a sub-committee of the main board of trustees. Its purpose is to:

- Agree and monitor the Trust budgets to ensure up-to-date balanced three year budget plan is maintained and resources are allocated in line with strategic priorities with clear links to the Schools' Development Plans and Staffing plans;
- Agree the proportion of academies funding to be allocated for central services;
- To receive and review monitoring reports from each academy, including cash flow, and approve any significant variances;
- Approve virements of funds between budget allocations in accord with the Trust Finance Policy;
- Monitor the implementation of financial procedures within the Trust and each academy, including segregation of duties;
- Review health and safety arrangements at each academy and receive reports on H&S monitoring from Local Governing Body;
- Agree and maintain a five year premises maintenance programme including capital funding through the Capital Improvement Fund (the Trust Asset Management Plan);
- Receive monitoring reports from each academy on buildings and maintenance, including an annual site report;
- Monitor use of assets and efficient use of financial resources through benchmarking and value for money reviews;
- Monitor the Trust Risk Register to ensure all significant risks are mitigated;
- Review insurance arrangements to ensure adequate levels of premises insurance and personal liability;
- Scrutinize draft Annual Report and Financial Statements and recommend approval to the Trust Board.

The Finance and Premises Committee's remit also includes the functions of an audit committee.

This year the Committee has focused on the following issues:

- Reviewing the strategic financial plan and budgets according to our growth plan;
- Further development of the Pre-School;
- Monitoring the roof, boiler and pipework projects at Barming Primary School;
- Premises development;
- Ensuring a strong financial position due to the loss of income from COVID closures.

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Governance Statement for the Year Ended 31 August 2021

Attendance at Finance, Premises and Audit Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Dr N Smetham, Chair of Trustees	5	5
Mrs J Young, Executive Head Teacher and Accounting Officer	5	5
Mr R Smith, Chair of Finance, Premises and Audit Committee	3	5
Mr N Grant, Vice Chair of Finance, Premises and Audit Committee	5	5
Also in attendance:		
Mrs C Howson (Headteacher)	5	5
Mr C Laker (Headteacher)	5	5
Mrs K Pellatt (Local Governor)	3	5
Mr D Hutchins (Local Governor)	4	5
Mrs C Cuddington (Chief Financial Officer)	5	5

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Orchard Academy Trust for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance & Premises 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;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The internal audit role has been fully delivered in line with ESFA requirements; Azets was appointed by trustees so that the external and internal audit services are split between different firms.

Azets carried out internal audits for the financial year 2020-21. There were two 'visits' during the year combined as one in June; due to COVID restrictions it was conducted remotely. This year specific checks have been carried out on:

- GDPR;
- Compliance;
- Risk register;
- Governor Induction; and
- Whistleblowing.

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Governance Statement for the Year Ended 31 August 2021

Review of Value for money

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

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

- Reinstated wrap around care and holiday club to generate income;
- Ensuring resources and specialist staff are deployed effectively across the Trust;
- Ensuring effective deployment of staff and resources to achieve maximum progress and achievement of all pupils;
- Ensure effective use of CPD across the trust;
- Development of the Pre-School to generate further income and improve results at Barming.

Review of Effectiveness

As Accounting Officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

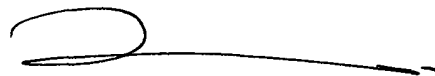
- the work of the independent reviewer;
- work of the external auditors;
- work of the internal auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees and signed on their behalf, by:



Dr N Smetham
Chair of Trustees



Mrs J Young
Executive Head Teacher and Accounting Officer

Date: 9 December 2021

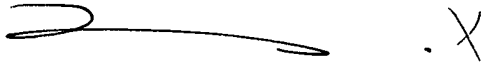
Orchard Academy Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Orchard Academy Trust I have considered my responsibility to notify the Academy Trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy 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 2020.

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

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



Mrs. J. Young
Executive Headteacher and Accounting Officer

Date: 9 December 2021

Orchard Academy Trust
(A company limited by guarantee)

Statement of trustees' responsibilities
For the year ended 31 August 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Dr. N. Smetham
Chair of Trustees

Date: 9 December 2021

Independent Auditors' Report on the financial statements to the Members of Orchard Academy Trust

Opinion

We have audited the financial statements of Orchard Academy Trust (the 'Academy Trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Independent Auditors' Report on the financial statements to the Members of Orchard Academy Trust (continued)

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 Trustees' report including the Strategic report.

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

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, 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.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

How the audit was considered capable of detecting irregularities including fraud:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the Academy Trust through discussions with management, and from our commercial knowledge and experience of the academy and wider education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the Academy Trust, including the Academies Financial Handbook, Annual Accounts Direction, Charity SORP and the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Academy Trust's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Orchard Academy Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of Orchard Academy Trust (continued)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management and representatives of Trustees as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 16 December 2021

Orchard Academy Trust
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 7 June 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Orchard Academy Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Orchard Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Orchard Academy Trust's funding agreement with the Secretary of State for Education dated 31 August 2012 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Orchard Academy Trust for the year ended 31 August 2021 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Orchard Academy Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Orchard Academy Trust and the Education & Skills Funding Agency (continued)

Conclusion

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



UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 16 December 2021

Orchard Academy Trust
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 August 2021

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from:						
Donations and capital grants	3	11	-	241	252	398
Funding for educational operations	5	60	4,138	-	4,198	3,672
Other trading activities	4	72	-	-	72	100
Total income		143	4,138	241	4,522	4,170
Expenditure on:						
Raising funds		-	-	-	-	1
Charitable activities	7	109	4,061	193	4,363	3,889
Total expenditure		109	4,061	193	4,363	3,890
Net income		34	77	48	159	280
Transfers between funds	19	-	(82)	82	-	-
Net movement in funds before other recognised gains/(losses)	19	34	(5)	130	159	280
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	28	-	(245)	-	(245)	(81)
Net movement in funds	19	34	(250)	130	(86)	199
Reconciliation of funds:						
Total funds brought forward		139	(1,679)	7,624	6,084	5,885
Net movement in funds		34	(250)	130	(86)	199
Total funds carried forward		173	(1,929)	7,754	5,998	6,084

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


The notes on pages 22 to 47 form part of these financial statements.

Orchard Academy Trust
(A company limited by guarantee)
Registered number: 08249884

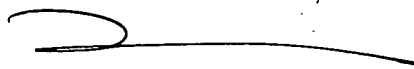
Balance sheet
As at 31 August 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	14	22	29
Tangible assets	15	7,721	7,567
		<u>7,743</u>	<u>7,596</u>
Current assets			
Debtors	16	268	255
Cash at bank and in hand		779	599
		<u>1,047</u>	<u>854</u>
Creditors: amounts falling due within one year	17	(391)	(497)
Net current assets		<u>656</u>	<u>357</u>
Creditors: amounts falling due after more than one year	18	(7)	-
Net assets excluding pension liability		<u>8,392</u>	<u>7,953</u>
Defined benefit pension scheme liability	28	(2,394)	(1,869)
Total net assets		<u><u>5,998</u></u>	<u><u>6,084</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	19	7,754	7,624
Restricted income funds	19	465	190
Pension reserve	19	(2,394)	(1,869)
Total restricted funds		<u>5,825</u>	<u>5,945</u>
Unrestricted income funds	19	173	139
Total funds	19	<u><u>5,998</u></u>	<u><u>6,084</u></u>

The financial statements on pages 19 to 47 were approved and authorised for issue by the trustees and are signed on their behalf, by:


Dr. N. Smetham
Chair of Trustees

Date: 9 December 2021


Mrs. J. Young
Trustee and Accounting Officer

The notes on pages 22 to 47 form part of these financial statements.

Orchard Academy Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	271	409
Cash flows from investing activities	23	(99)	(53)
Cash flows from financing activities	22	8	-
Change in cash and cash equivalents in the year		180	356
Cash and cash equivalents at the beginning of the year		599	243
Cash and cash equivalents at the end of the year	24, 25	<u>779</u>	<u>599</u>

The notes on pages 22 to 47 form part of these financial statements

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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.

1.3 Income

All income is 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 year is deducted from income and recognised as a liability.

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

• **Donations**

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

• **Other income**

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

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on 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.

Where applicable, expenditure is inclusive of irrecoverable VAT.

1.5 Operating leases

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

1.6 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.

1.7 Intangible assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life of 5 years.

1. Accounting policies (continued)

1.8 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Freehold property	-	2%
Long-term leasehold property	-	2%
Furniture and equipment	-	20%
Computer equipment	-	33%
Motor vehicles	-	20%

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

1.9 Debtors

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

1.10 Cash at bank and in hand

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

1.11 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.

1. Accounting policies (continued)

1.12 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 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.

1.13 Pensions

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. 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/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.14 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 funders where the asset acquired or created is held for a specific purpose.

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

There have been some specific issues which have been considered regarding the actuarial assumptions and closing pension scheme liability of all LGPS employers:

The "McCloud/Sargeant judgements". These employment tribunal cases relate to all public sector pension schemes and not specifically to the academy trust. The cases relate to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material and a past service cost adjustment was made, within staff costs, in the trusts 2018/19 financial statements.

Since then a consultation has taken place. Then, on 13 May 2021, the Government issued a ministerial statement which confirms that changes will be made to the LGPS Regulations to compensate members directly affected by the change to career average benefits from 1 April 2014. The Government's intention is that revised regulations will come into force on 1 April 2023, and draft regulations are expected later in 2021.

In July 2021 the actuary has indicated that they do not believe there are any material differences between the approach underlying the estimated allowance and the proposed remedy, and therefore no further subsequent adjustment has been made.

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3. Income from donations and capital grants

	Unrestricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Donations	11	-	11	45
Capital grants	-	241	241	353
	<u>11</u>	<u>241</u>	<u>252</u>	<u>398</u>
<i>Analysis of 2020 total by fund</i>	<u>45</u>	<u>353</u>	<u>398</u>	

4. Income from other trading activities

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Educational facilities	70	70	91
Lettings	-	-	5
Staff consultancy income	2	2	3
Sale of goods	-	-	1
	<u>72</u>	<u>72</u>	<u>100</u>
<i>Analysis of 2020 total by fund</i>	<u>100</u>	<u>100</u>	

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5. Funding for educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	<i>As restated Total funds 2020 £000</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,226	3,226	2,951
Other DfE/ESFA grants				
Pupil premium	-	152	152	133
Universal infant free school meals	-	116	116	124
Teachers' pension grant	-	121	121	115
Teachers' pay grant	-	43	43	41
Others	-	80	80	57
	-	3,738	3,738	3,421
Other Government grants				
Local authority grants	-	100	100	90
Local authority - Special educational projects	-	222	222	113
	-	322	322	203
Other income from educational operations	60	3	63	32
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	70	70	-
COVID-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	5	5	16
	60	4,138	4,198	3,672
<i>Analysis of 2020 total by fund</i>	30	3,642	3,672	

Following the reclassification in the Academies Accounts Direction 2020 to 2021 of some grants received from the Department for Education and ESFA, this funding is now reported as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The Academy Trust received Covid catch-up premium of £70k to support children and young people to catch up on missed learning caused by coronavirus (Covid-19). The costs incurred in respect of this funding totalled £36k, leaving £34k to be spent during 2021/22. The funding was spent in a variety of ways, including; paying for additional teaching time; external consultancy; and purchasing educational resources and ICT equipment.

The Academy Trust furloughed some of its wraparound care staff under the government's CJRS. The funding received of £5k relates to staff costs which are included within note 10 below as appropriate.

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6. Expenditure

	Staff Costs	Premises	Other	Total	Total
	2021	2021	2021	2021	2020
	£000	£000	£000	£000	£000
Expenditure on fundraising trading activities:					
Direct costs	-	-	-	-	1
Educational operations:					
Direct costs	2,874	143	238	3,255	2,970
Allocated support costs	629	179	300	1,108	919
	<u>3,503</u>	<u>322</u>	<u>538</u>	<u>4,363</u>	<u>3,890</u>
<i>Analysis of 2020 total</i>	<u>3,137</u>	<u>300</u>	<u>453</u>	<u>3,890</u>	

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2021	2021	2021	2020
	£000	£000	£000	£000
Educational operations	109	4,254	4,363	3,889
<i>Analysis of 2020 total by fund</i>	<u>67</u>	<u>3,822</u>	<u>3,889</u>	

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8. Analysis of expenditure by activities

	Direct costs	Support costs	Total	Total
	2021	2021	funds	funds
	£000	£000	2021	2020
			£000	£000
Educational operations	3,255	1,108	4,363	3,889
<i>Analysis of 2020 total</i>	<i>2,970</i>	<i>919</i>	<i>3,889</i>	

Analysis of support costs

	Total	Total
	funds	funds
	2021	2020
	£000	£000
Staff costs	629	471
Premises costs	179	163
Technology costs	62	54
Legal costs	-	2
Governance costs	57	49
Other support costs	181	180
	1,108	919

9. Net income

Net income for the year includes:

	2021	2020
	£000	£000
Operating lease rentals	4	4
Depreciation of tangible fixed assets	186	174
Amortisation of intangible assets	7	5
Fees paid to auditors for:		
- audit	9	8
- other services	3	4

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10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021	<i>2020</i>
	£000	<i>£000</i>
Wages and salaries	2,428	2,192
Social security costs	191	172
Pension costs	802	682
	<u>3,421</u>	<u>3,046</u>
Agency staff costs	82	85
Staff restructuring costs	-	6
	<u>3,503</u>	<u>3,137</u>

Staff restructuring costs comprise:

Redundancy payments	<u>-</u>	<u>6</u>
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b. Staff numbers

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

	2021	<i>2020</i>
	No.	<i>No.</i>
Management	5	4
Teachers	45	42
Administration and support	79	69
	<u>129</u>	<u>115</u>

The average headcount expressed as full-time equivalents was:

	2021	<i>2020</i>
	No.	<i>No.</i>
Management	5	4
Teachers	32	33
Administration and support	45	42
	<u>82</u>	<u>79</u>

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10. Staff (continued)

c. Higher paid staff

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

	2021	2020
	No.	No.
In the band £60,001 - £70,000	3	-
In the band £80,001 - £90,000	-	1

d. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £396k (2020 - £344k).

11. Trustees' remuneration and expenses

One trustee, the Executive Headteacher, has been paid remuneration and has received other benefits from an employment with the Academy Trust. The remuneration was only paid in respect of services she provides undertaking her role under her contract of employment. The value of her remuneration and other benefits was as follows:

		2021	2020
		£000	£000
Mrs. J. Young, EHT and Accounting Officer	Remuneration	60 - 65	80 - 85
	Pension contributions paid	5 - 10	10 - 15

During the year ended 31 August 2021, no trustee expenses have been incurred (2020 - £NIL).

12. Trustees' and Officers' insurance

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

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13. Central services

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

- School improvement
- Finance
- Insurance
- Audit and accountancy fees
- Solicitor fees
- Payroll
- Caretakers

The Academy Trust charges for these services on the following basis:

All of the above services are split on a 50:50 basis.

The actual amounts charged during the year were as follows:

	2021	<i>2020</i>
	£000	<i>£000</i>
Allington Primary School	120	<i>161</i>
Barming Primary School	120	<i>161</i>
Total	<u>240</u>	<u><i>322</i></u>

14. Intangible assets

	Goodwill
	£000
Cost	
At 1 September 2020	35
At 31 August 2021	<u>35</u>
Amortisation	
At 1 September 2020	6
Charge for the year	7
At 31 August 2021	<u>13</u>
Net book value	
At 31 August 2021	<u>22</u>
<i>At 31 August 2020</i>	<u><i>29</i></u>

The intangible asset above relates to goodwill on the acquisition of Belmont Pre School.

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15. Tangible fixed assets

	Freehold & Leasehold property £000	Furniture and equipment £000	Computer equipment £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 September 2020	7,972	76	129	320	8,497
Additions	151	34	68	87	340
Transfers between classes	320	-	-	(320)	-
At 31 August 2021	8,443	110	197	87	8,837
Depreciation					
At 1 September 2020	806	41	83	-	930
Charge for the year	143	10	33	-	186
At 31 August 2021	949	51	116	-	1,116
Net book value					
At 31 August 2021	7,494	59	81	87	7,721
At 31 August 2020	7,166	35	46	320	7,567

Included in land and buildings is freehold land at valuation of £687k (2020 - £687k) and leasehold land at valuation of £446k (2020- £446k), which are not depreciated.

16. Debtors

	2021 £000	2020 £000
Trade debtors	2	1
Recoverable VAT	55	32
Prepayments and accrued income	211	222
	268	255

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17. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Other loans	1	-
Trade creditors	112	130
Other creditors	-	2
Accruals and deferred income	278	365
	<u>391</u>	<u>497</u>
	2021	2020
	£000	£000
Deferred income at 1 September 2020	79	102
Resources deferred during the year	91	79
Amounts released from previous periods	(79)	(102)
	<u>91</u>	<u>79</u>

At the balance sheet date the Academy Trust was holding funds received in advance of the 2021/22 academic year for school trips, wraparound care, ESFA Universal Infant Free School Meals and pre-school funding.

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

	2021	2020
	£000	£000
Other loans	7	-

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2021	2020
	£000	£000
Payable or repayable by instalments	3	-

The Academy Trust took out a Salix loan in 2020 to fund improvement of the boilers at Barming Primary School. The loan is interest free and due to be fully repaid by 2028.

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Notes to the financial statements
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19. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
General funds	139	143	(109)	-	-	173
Restricted general funds						
General Annual Grant (GAG)	178	3,226	(3,006)	-	-	398
Other DfE/ESFA grants	12	512	(410)	(82)	-	32
Other government grants	-	322	(322)	-	-	-
Other restricted income	-	3	(2)	-	-	1
Covid-19 catch-up premium	-	70	(36)	-	-	34
Coronavirus Job Retention Scheme grant	-	5	(5)	-	-	-
Pension reserve	(1,869)	-	(280)	-	(245)	(2,394)
	(1,679)	4,138	(4,061)	(82)	(245)	(1,929)
Restricted fixed asset funds						
DfE/ESFA capital grants	28	241	-	(250)	-	19
Fixed assets	7,596	-	(193)	340	-	7,743
Salix loan	-	-	-	(8)	-	(8)
	7,624	241	(193)	82	-	7,754
Total Restricted funds	5,945	4,379	(4,254)	-	(245)	5,825
Total funds	6,084	4,522	(4,363)	-	(245)	5,998

19. Statement of funds (continued)

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

General Annual Grant "GAG" must be used for the normal running costs of the academy.

The other DfE/ESFA fund is used to track core non-GAG grant money received from the DfE/ESFA and connected bodies, and includes Pupil Premium, Teachers' Pay and Teachers' Pension grants, PE Sports premium and Universal Infant Free School Meals.

The other government grants fund is used to track grants provided by other government departments.

Covid catch-up premium relates to additional funding provided by the DfE to support children and young people to catch up on missed learning caused by coronavirus (Covid-19). This has been spent in a variety ways, as outlined in note 5.

The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfers into this fund represent capital items purchased during the year from revenue funds.

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19. Statement of funds (continued)

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

	<i>Balance at 1 September 2019 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2020 £000</i>
Unrestricted funds						
General funds	77	175	(68)	(45)	-	139
Restricted general funds						
General Annual Grant (GAG)	-	2,951	(2,773)	-	-	178
Other DfE/ESFA grants	7	470	(458)	(7)	-	12
Other government grants	-	219	(219)	-	-	-
Other restricted income	-	2	(2)	-	-	-
Pension reserve	(1,592)	-	(196)	-	(81)	(1,869)
	<u>(1,585)</u>	<u>3,642</u>	<u>(3,648)</u>	<u>(7)</u>	<u>(81)</u>	<u>(1,679)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	29	353	-	(354)	-	28
Fixed assets	7,364	-	(174)	406	-	7,596
	<u>7,393</u>	<u>353</u>	<u>(174)</u>	<u>52</u>	<u>-</u>	<u>7,624</u>
Total Restricted funds	<u>5,808</u>	<u>3,995</u>	<u>(3,822)</u>	<u>45</u>	<u>(81)</u>	<u>5,945</u>
Total funds	<u><u>5,885</u></u>	<u><u>4,170</u></u>	<u><u>(3,890)</u></u>	<u><u>-</u></u>	<u><u>(81)</u></u>	<u><u>6,084</u></u>

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19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £000	2020 £000
Allington Primary School	416	233
Barming Primary School	222	109
Central	-	(13)
Total before fixed asset funds and pension reserve	638	329
Restricted fixed asset fund	7,754	7,624
Pension reserve	(2,394)	(1,869)
Total	5,998	6,084

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2021 £000	Total 2020 £000
Allington Primary School	1,373	203	72	245	1,893	1,764
Barming Primary School	1,501	146	84	234	1,965	1,669
LGPS non-actuarial charges	-	280	-	-	280	196
Central services	-	-	32	-	32	87
Academy Trust	2,874	629	188	479	4,170	3,716

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20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	-	-	7,721	7,721
Intangible fixed assets	-	-	22	22
Current assets	186	842	19	1,047
Creditors due within one year	(13)	(377)	(1)	(391)
Creditors due in more than one year	-	-	(7)	(7)
Provisions for liabilities and charges	-	(2,394)	-	(2,394)
Total	173	(1,929)	7,754	5,998

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £000</i>	<i>Restricted funds 2020 £000</i>	<i>Restricted fixed asset funds 2020 £000</i>	<i>Total funds 2020 £000</i>
Tangible fixed assets	-	-	7,567	7,567
Intangible fixed assets	-	-	29	29
Current assets	152	674	28	854
Creditors due within one year	(13)	(484)	-	(497)
Provisions for liabilities and charges	-	(1,869)	-	(1,869)
Total	139	(1,679)	7,624	6,084

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

	2021	2020
	£000	£000
Net income for the year (as per Statement of financial activities)	159	280
Adjustments for:		
Amortisation	7	5
Depreciation	186	169
Capital grants from DfE and other capital income	(241)	(353)
Defined benefit pension scheme cost less contributions payable	251	167
Defined benefit pension scheme finance cost	29	29
Increase in debtors	(13)	(179)
(Decrease)/increase in creditors	(107)	291
Net cash provided by operating activities	271	409

22. Cash flows from financing activities

	2021	2020
	£000	£000
Cash inflows from new borrowing (Salix loan)	8	-

23. Cash flows from investing activities

	2021	2020
	£000	£000
Purchase of intangible assets	-	(20)
Purchase of tangible fixed assets	(340)	(386)
Capital grants from DfE Group	241	353
Net cash used in investing activities	(99)	(53)

24. Analysis of cash and cash equivalents

	2021	2020
	£000	£000
Cash in hand and at bank	779	599

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25. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	599	180	779
Debt due within 1 year	-	(1)	(1)
Debt due after 1 year	-	(7)	(7)

26. Contingent liabilities

The Academy Trust continues to have a contingent liability in respect of term time only workers' annual leave. This relates to trade unions encouraging their members to collectively make claims against Kent based education employers regarding the calculation of term time only workers' annual leave, following settlements made in other local authorities.

Since forming the Academy Trust has been free to set its own pay rates, but in common with most academies the Academy Trust has closely followed the local authority scales. The Kent County Council (KCC) 'Kent Scheme' Pay Scales were amended from 1 April 2020 following a change to the way leave for term time only staff is calculated, and the Academy Trust followed suit by altering its own approach and aligning its pay scales to KCC rates during August 2020, back dating the change to 1 April 2020.

At the time the 31 August 2020 financial statements were approved last year KCC were resisting making any collective settlement and encouraging individual employer schools and academies to do likewise. The issue has not yet been fully resolved, however KCC have now negotiated a settlement during 2021. Whilst this settlement was made by KCC, and does not directly affect academy trusts, which negotiate in their own right as their own employer, in line with the KCC recommendation and having taken further appropriate advice, the trust has chosen to make the same offer settlement to its affected staff.

The settlements are in the process of being quantified, however KCC have committed to reimbursing academies for any settlement they have to make. KCC have indicated that the actual reimbursement will be paid on a formulaic basis and therefore this is unlikely to match the liability exactly. Consequently there will be a small impact on the trust's financial position but this is expected to be trivial.

27. Capital commitments

	2021 £000	2020 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	62	160

The capital commitment in the current year relates to the CIF pipework replacement taking place at Barming Primary School and the playground equipment for Allington Primary School. Funding will be received for the majority of this commitment and this will therefore not strain current reserve balances.

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28. Pension commitments

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

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

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £367,000 (2020 - £346,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £198,000 (2020 - £181,000), of which employer's contributions totalled £163,000 (2020 - £142,000) and employees' contributions totalled £35,000 (2020 - £39,000). The agreed contribution rates for future years are 21 per cent for employers (rising to 22.5% in April 2022) and 5.5 to 12.5 per cent for employees.

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

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Notes to the financial statements
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28. Pension commitments (continued)

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	3.90	3.25
Rate of increase for pensions in payment/inflation	2.90	2.25
Discount rate for scheme liabilities	1.65	1.60
Inflation assumption (CPI)	2.90	2.25

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

	2021	2020
	Years	Years
<i>Retiring today</i>		
Males	21.6	21.8
Females	23.6	23.8
<i>Retiring in 20 years</i>		
Males	22.9	23.2
Females	25.1	25.2

Sensitivity analysis

	2021	2020
	£000	£000
Discount rate +0.1%	(121)	(96)
Discount rate -0.1%	124	98
Mortality assumption - 1 year increase	188	139
Mortality assumption - 1 year decrease	(181)	(135)
CPI rate +0.1%	114	91
CPI rate -0.1%	(112)	(88)

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28. Pension commitments (continued)

Share of scheme assets

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

	2021	2020
	£000	£000
Equities	1,614	1,278
Gilts	14	13
Corporate bonds	342	255
Property	254	217
Cash and other liquid assets	71	60
Other	172	150
Total market value of assets	2,467	1,973

The actual return on scheme assets was £209,000 (2020 - £133,000).

The amounts recognised in the Statement of financial activities are as follows:

	2021	2020
	£000	£000
Current service cost	(413)	(308)
Interest income	33	34
Interest cost	(62)	(63)
Administrative expenses	(1)	(1)
Total amount recognised in the Statement of financial activities	(443)	(338)

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

	2021	2020
	£000	£000
At 1 September	3,842	3,286
Current service cost	413	308
Interest cost	62	63
Employee contributions	35	39
Actuarial losses	509	146
At 31 August	4,861	3,842

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28. Pension commitments (continued)

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

	2021 £000	2020 £000
At 1 September	1,973	1,694
Interest income	33	34
Actuarial gains	264	65
Employer contributions	163	142
Employee contributions	35	39
Administrative expenses	(1)	(1)
At 31 August	<u>2,467</u>	<u>1,973</u>

29. Operating lease commitments

At 31 August 2021 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Not later than 1 year	2	4
Later than 1 year and not later than 5 years	-	2
	<u>2</u>	<u>6</u>

30. Members' liability

Each member of the Academy Trust 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.

31. Related party transactions

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

The following related party transactions took place during the year:

Expenditure related party transaction

During the year the following close family members of key management personnel were employed by the trust and paid a salary under an employment contract for their individual roles:

Siobhan Young	-	daughter of Executive Headteacher
Emma Elliott	-	niece of Executive Headteacher
Naomi Elliott	-	niece of Executive Headteacher
Alexander Jibb	-	spouse of Member

In each case the member of key management had no involvement in the appointment of their close family members, and the Board of Directors are comfortable that both employees' salaries provide value for money and are not at a preferential rate.

Income related party transaction

During the year, donations of £1k were received from Allington PTA (2020 - £23k) and £7k from Barming PTA (2020 - £10k).

32. Controlling party

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.